

Annual Report 2018

*Leading Manufacturer
in Reciprocating Compressor
for Refrigeration and
Air Conditioning Products*



KULTHORN KIRBY
PUBLIC COMPANY LIMITED

VISION

To be the leader in the reciprocating motor compressor business in ASEAN and response to the world demand.

MISSION

1. To manufacture quality motor compressors with on time delivery and at a competitive price
2. To strengthen and improve partners relationship and satisfaction
3. To increase product development capability to serve and fulfill customersw needs
4. To enhance the knowledge and improve the quality of life of the company's staff at all levels
5. To conduct its business in line with the social responsibility principles and environment regulations

VALUES “ – BEST”

1. Doing it right the first time
2. Learning and self development
- 3 Team working



CONTENTS

02	Message from the Chairman
03	Summary of the company's financial information
04	Business Overview And Policy
06	Sustainable Growth
08	Company's Shareholding Structure
12	Characteristics Of Business
16	Business Risks
18	The company's information
22	Shareholders
23	Management Structure
27	Corporate Governance
42	Related party transactions
43	Management Discussion And Analysis
58	Audit Committee's Report
60	Declaration of the Directors'
	Responsibility for the Financial Statements
62	Report of Independent Auditor
68	Financial Statements



MESSAGE FROM THE CHAIRMAN

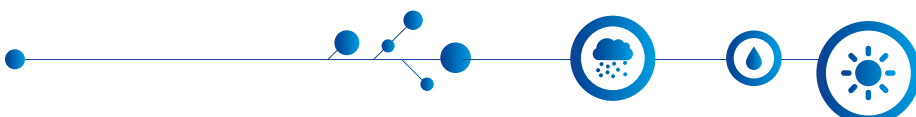
The global economy, social and politics are continuing to be unstable, resulting from a worldwide economic slowdown. Therefore, Kulthorn Kirby Public Company Limited is experiencing a sharp fall of our business in the past two years while still fully expecting to recover in the near future.

Our Board of Director and Executive Management team are striving to exploit the methodologies and approaches to strengthen the Company in this challenging situation. The Company has embraced several keys investmentsto lower the production cost, invested in automation and semi-automation processes to ultimately improve our outputs and productivities. Employing a number of industrial experts from abroad to assist and transfer knowledge and knowhow of technology. The newly enhanced SAP systems are underway to better achieve our production processes, and precise management. This project is scheduled to be completed by the end of 2019.

In retrospect, the Company will be able to control cost structure, improve productivity and be in a better position to compete in the market. We are continually making higher quality motor compressors whilemaintaining green environmental processes to serve our customers.

The Company values our customers, shareholders, Board of Director including our financial institute supports. The Company would like reiterate our thanks to the Executive Management and every fellow team member across all departments who dedicate their hardworking professions to our success.

(Mr Sumeth Simakulthorn)
Chairman of the Board of Directors



Summary of the company's financial information

Consolidated Financial Statements (Thousand Baht)

	2018	2017	2016	2015	2014
Total assets	7,142,111	7,297,335	7,746,906	8,216,797	8,949,394
Total liabilities	5,573,815	5,071,842	5,208,941	5,567,271	6,889,913
Shareholder's equity	1,568,296	2,225,493	2,537,965	2,649,526	2,059,481
Sales and services income	7,428,495	9,476,915	8,665,888	10,544,381	11,330,118
Total revenues	7,482,715	9,559,515	8,851,816	10,770,918	11,747,444
Gross income (loss)	38,504	559,511	654,284	796,926	385,104
Net income (loss)	(605,795)	(172,753)	63,303	212,379	57,420
Financial Ratio (%)					
Net profit margin	(8.10)	(1.81)	0.72	1.97	0.49
Return on equity	(38.63)	(7.76)	2.49	8.02	2.79
Return on total assets	(8.48)	(2.37)	0.82	2.58	0.64
Per share data (Baht)					
Net income (loss)	(0.505)	(0.144)	0.053	0.19	0.057
Dividend	- *	0.05	0.10	0.15	0.50
Book value	1.31	1.85	2.11	2.38	2.06

* The Board of Directors Meeting No. 1/2019, held on 20 February 2019 resolved to propose the Ordinary Shareholders meeting No. 40/2019, to be held on 24 April 2019 approving the dividend omission for 2018's operational results.



Business Overview and Policy

Kulthorn Kirby Company Limited ("the Company") was established on 24 March 1980 by the cooperation between Simakulthorn Group, Kirby Group Australia, refrigerator producers in Thailand, and the Industrial Finance Corporation of Thailand to operate as a manufacturer and seller of motor compressor, reciprocating type for refrigeration products i.e., refrigerators, freezers, water coolers, and commercial refrigerators. The Company is the first motor compressor manufacturer in Thailand.

The Company was listed in the Stock Exchange of Thailand on 22 February 1991, and later expanded its production to the motor compressor for the air conditioning products. Furthermore, the Company and other investors invested and established new companies to produce major parts of compressor to replace imported parts in order to reduce the production costs and to improve product quality. The company has continuously grown its business, and reached 36th anniversary in 13 January, 2018.

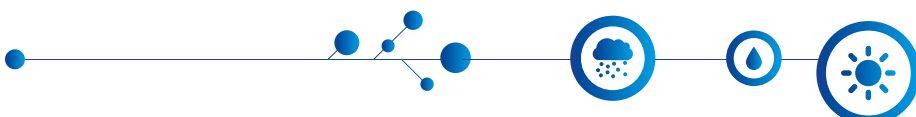
With the goal to become the leader of motor compressor manufacturing, the company sets up business operating process as follows.

Vision :

To be the leader in the reciprocating motor compressor business in ASEAN and response to the world demand.

Mission :

1. To manufacture quality motor compressors with on time delivery and at a competitive price.
2. To strengthen and improve partners relationship and satisfaction.
3. To increase product development capability to serve and fulfill customers' needs.
4. To enhance the knowledge and improve the quality of life of the company' staff at all levels.
5. To conduct its business in line with the social responsibility principles and environment. Regulations.

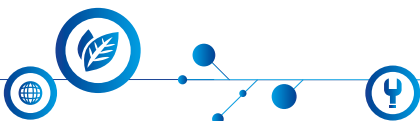


Values “ - BEST ” :

1. Doing it right the first time
2. Learning and self development
3. Team working

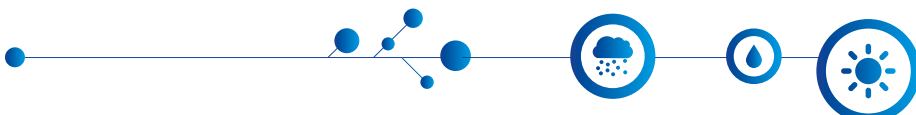
Business Strategies :

- 1 Reduce cost to maintain competitive ability.
2. Develop products conforming to market demand.
3. Reinforce knowledge and ability of the staffs.
4. Expand existing market and penetrate into new market.
5. Invest or acquire the business (M&A).
6. Increase the advantage network of Backward Vertical Integration.
7. Support activities which fortify responsibility in society and environment.
8. Increase competitive advantage by increasing production capacity.
9. Apply information technology for operating data to increase efficient business management.
10. Develop management system to be Quality Management System by TQM.



Sustainable Growth

- 1980 : Kulthorn Kirby Co., Ltd. (KKC) was established March 24
- 1981 : Production of AE compressors commenced August 8
- 1982 : Grand opening on January 13 and starting the production
- 1989 : Starting the production of AZ small refrigerator compressors
 - : Kulthorn Kirby Foundry Co., Ltd. (KKF) was established November 24
- 1990 : Kulthorn Controls Co., Ltd. was established August 31
- 1991 : Registered on the Stock Exchange of Thailand's list on February 22
- 1993 : Starting the production of non-CFC and AW (12.5 HP) compressors
- 1998 : CE mark, CB and ISO 9002 : 1994 certified
- 2000 : ISO 14001 : 1996 certified
- 2001 : Starting the production of WJ compressor, the company's proud invention
 - : ISO 9001 : 2000 certified and UL approved
- 2002 : OHSAS 18001 : 1999 certified
- 2004 : Hold the share 80% of Kulthorn Premier Co., Ltd. (KPC). Producing and selling small hermetic compressors under the license of Sanyo Universal Electric Co., Ltd. Japan
- 2005 : ISO 17025 :1999 and ISO 14001 : 2004 certified
- 2006 : 20th million compressor was produced
 - : Hold the share 100% of Kulthorn Premier Co., Ltd. (KPC) on 29 September 2006.
- 2007 : Kulthorn Steels Co., Ltd. was established for steels coil center
- 2008 : Starting the production of KA and LA compressors for large air conditioners
- 2009 : Starting the production of CA compressors for large refrigerators
 - : Thailand Kaizen awards (Excellence Technique - Automation) from Technology Promotion Association (TPA) - Thai Japan
- 2010 : 30th million compressor and 5th million AW compressor were produced.
 - : Golden Award (Thailand 5S Award) from the Technology Promotion Association (TPA) - Thai Japan
 - : Thailand Kaizen awards (Excellence Technique - Automation) from Technology Promotion Association (TPA) — Thai Japan
 - : Hold the share 100% of Kulthorn Materials and Controls Co., Ltd. and its subsidiaries (Kulthorn Metal Products Co., Ltd. and Suzhou Kulthorn Magnet Wire Co., Ltd.)
- 2011 : ISO/IEC 26000 Certificate



- 2012 : KKC celebrated its 30th anniversary January 13
- 2013 : Non CFC awards of Thailand from Government Department of Industrial works
 - : Thailand Kaizen awards (Golden awards - Automation) from Technology Promotion Association (TPA) - Thai Japan
 - : ISO/IEC 17025:2005 Certificate from Thai Industrial standard institute ministry of industry
 - : Our Skills Our Future awards of Thailand from Department of Skill Development
 - : Hearing Conservation in the Establishment awards (Level 2) from Ministry of public health
- 2014 : Thailand Kaizen awards (Bronze awards - Office) from Technology Promotion Association (TPA) - Thai Japan
 - : 40th million compressor was produced.
- 2015 : Thaipat Institute granted a Certificate of ESG 100 COMPANY to certified KKC as one of the 100 Public Company Limited of Environmental, Social and Governance Carefulness on 27 May 2015.
 - : Thailand Kaizen Silver awards and Golden awards from Technology Promotion Association (TPA) - Thai Japan
- 2016 : Thailand Kaizen Silver awards from Technology Promotion Association (TPA) - Thai Japan
 - : 46th million compressor was produced.
- 2017 : Kulthorn Research and Development Co., Ltd. was established for Research and development center on 14 December 2016.
 - : Thailand Kaizen Golden awards from Technology Promotion Association (TPA) -Thai Japan
 - : 48th million compressor was produced.
- 2018 : Thailand Kaizen Silver awards from Technology Promotion Association (TPA) -Thai Japan

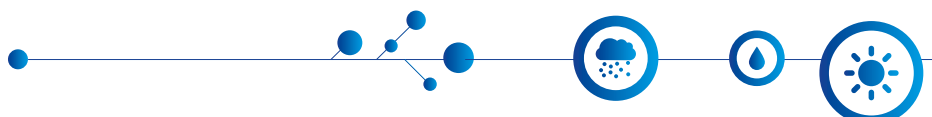


Company's Shareholding Structure

At present, the company has 7 subsidiary companies

- : Kulthorn Premier Company Limited (KPC)
- : Kulthorn Kirby Foundry Company Limited (KKF)
- : Kulthorn Steel Company Limited (KSC)
- : Kulthorn Materials and Controls Company Limited (KMC)
- : Kulthorn Metal Products Company Limited (KMP)
- : Suzhou Kulthorn Magnet Wire Company Limited (SKMC)
- : Kulthorn Research and Development Company Limited (KRD)

The structure of the company and its subsidiary is as follow.



Business Overview of the Company and its Subsidiaries

The Company is the manufacturer and seller of reciprocating compressors for refrigeration and air conditioning products and the subsidiaries are the manufacturers and the sellers of related materials and parts and the research & development provider for reciprocating compressors, details are as follows:

- **Kulthorn Kirby Public Company Limited** is the manufacturer and seller of motor compressor, reciprocating type for refrigeration products i.e. refrigerators, freezers, water coolers, commercial refrigerators, and air conditioners. The reciprocating compressor can be used with many types of refrigerant including Ozone Friendly Substance such as R22, R290, R134a, R404A, R407C, R410A, R507, and R600a with the sizes from 1/20 horsepower to 10 horsepower. The Company also produces Condensing Unit which is the component of refrigeration products, electrical motor parts, and other motor compressor parts.
- **Kulthorn Premier Company Limited** is the manufacturer of the motor compressors.
- **Kulthorn Kirby Foundry Company Limited** is the manufacturer of the quality iron casting for motor compressor and automotive parts.
- **Kulthorn Steel Company Limited** is the Steel Coil Center for the manufacturer of motor compressor, electrical motor, and other parts.
- **Kulthorn Materials and Controls Company Limited** is the manufacturer of the enameled copper wire and thermostat used in refrigerators.
- **Kulthorn Metal Products Company Limited** is the manufacturer of the forging, Heat Treatment metal parts.
- **Suzhou Kulthorn Magnet Wire Company Limited** is the manufacturer of the enameled copper wire and motor parts of compressor.
- **Kulthorn Research and Development Company Limited** is the research and development provider for motor compressor and related parts.

The Company and all subsidiary companies are in sole business activity is to manufacture and then sell the components and parts for refrigeration and air conditioning products.



Major income from sales of motor compressors by company and subsidiary

1. Sales of motor compressors by Kulthorn Kirby Public Company Limited

- Sales quantity (sets)

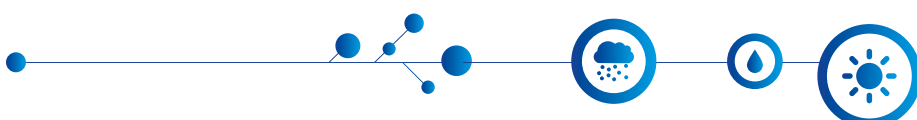
Motor Compressors for	Cooling Capacity (B.T.U. / Hrs)	Sales quantity (sets)					
		2018		2017		2016	
Refrigerator, Freezer, Water Cooler	160 - 900	283,390	21.90%	495,247	25.61%	665,457	34.44%
Refrigerator, Commercial Refrigerator	900 - 5,000	443,450	34.32%	472,690	24.44%	480,757	24.89%
Commercial Refrigerator, Air Conditioners	5,000 - 35,000	564,012	43.65%	964,864	49.89%	784,462	40.60%
Large Size Air Conditioner	37,000 - 120,000	1,369	0.11%	1,065	0.06%	1,337	0.07%
Total		1,292,221	100%	1,933,866	100%	1,932,013	100%

- Sales amount (Thousand Baht)

Motor Compressors for	Cooling Capacity (B.T.U. / Hrs)	Sales amount (Thousand Baht)					
		2018		2017		2016	
Refrigerator, Freezer, Water Cooler	160 - 900	249,388	8.79%	427,109	9.80%	589,696	14.26%
Refrigerator, Commercial Refrigerator	900 - 5,000	838,662	29.57%	809,296	18.57%	860,688	20.81%
Commercial Refrigerator, Air Conditioners	5,000 - 35,000	1,733,876	61.13%	3,110,019	71.37%	2,670,315	64.57%
Large Size Air Conditioner	37,000 - 120,000	14,556	0.51%	11,535	0.26%	14,896	0.36%
Total		2,836,482	100%	4,357,959	100%	4,135,595	100%

2. Sales of motor compressors by Kulthorn Premier Company Limited (Subsidiary)

Motor Compressors for Refrigerator, Freezer , Water Coolers (Sizes 106-1775 B.T.U. / Hrs)	Sales transaction		
	2018	2017	2016
Sales quantity (sets)	415,960	505,607	801,372
Sales amount (Thousand Baht)	434,960	548,724	818,149



Revenue structure by products of the Company and Subsidiaries

Products	Operate by	% of holding shares	2018 Revenue (Million Baht)	%	2017 Revenue (Million Baht)	%	2016 Revenue (Million Baht)	%
Compressors and parts	KKC, KPC	100	4,157.67	56	5,848.10	62	5,573.95	64
Enameled wires	KMC, SKMC	100	1,401.79	19	1,600.86	16	1,214.91	14
Steels sheets and forming	KSC	100	946.49	13	1,098.40	12	906.18	11
Casting parts	KKF	100	864.50	11	849.36	9	896.17	10
Metal parts	KMP	100	58.03	1	80.19	1	74.68	1
Total			7,428.50	100	9,476.92	100	8,665.89	100

KKC	:	Kulthorn Kirby Public Company Limited
KPC	:	Kulthorn Premier Company Limited
KKF	:	Kulthorn Kirby Foundry Company Limited
KSC	:	Kulthorn Steel Company Limited
KMC	:	Kulthorn Materials and Controls Company Limited
KMP	:	Kulthorn Metal Products Company Limited
SKMC	:	Suzhou Kulthorn Magnet Wire Company Limited

Revenue from external customers by locations (Thousand Baht)

	2018	2017	2016
Thailand	5,018,523	5,806,946	5,480,552
Hong Kong	1,351,670	2,381,771	1,650,106
China	276,811	294,375	226,640
Indonesia	36,226	46,112	160,051
Saudi Arabia	40,211	50,142	54,237
Others	705,054	897,569	1,094,302
Total	7,428,495	9,476,915	8,665,888



Characteristics of Business

Motor compressors available around the world are many types but it's recommended the 3 types of widely use for the household market by cooling capability (horse power), characteristics of products, and product applications as follows:

Type	Reciprocating (RE)	Rotary (RO)	Scroll (SL)
Size	1/20 HP to 25 HP	1 HP to 7 HP	1.5 HP to 30 HP
Application	Household refrigerator, Freezer, commercial Refrigerator, ice machine, water cooler, air condition and heat pumps	Small tonnage air conditioner, Room air conditioner, Package air conditioner and heat pumps	Air conditioner and heat pumps
Strength	Machine efficiency, reliability, and durability in high- ambient temperatures. Wide range of HP to be chosen from to suit with various applications	Energy saving and low cost, Twin Rotary types (Similar to Scroll)	Energy saving and high efficiency
Weakness	Noisy and more expensive than rotary type	Moderate cooling efficiency, and unreliable.	Costly and a few manufacturers

Reciprocating and rotary compressors are widely used in household refrigerators, freezer, commercial refrigerator, ice machine, water cooler, and air conditioner.

- Industrial Overview of Reciprocating Compressors

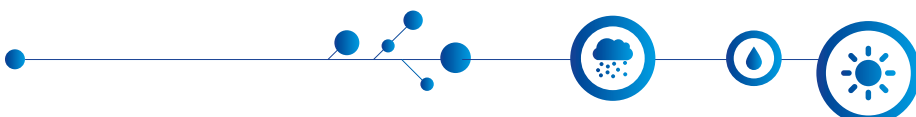
Reciprocating compressor is the first type of compressors that have been used for a longer period of time when compared to other types of compressors. Reciprocating compressors offer a wide range of horse power, enabling users to select compressors with appropriate horse power that is suitable with various applications of refrigerators and air-conditioners and also has been developed to be more energy-saving and environmentally-conscious products.

Reciprocating compressors can be divided into hermetic, semi-hermetic, and open types. Hermetic types are mainly used in household refrigerators commercial refrigerators and freezers, while semi-hermetic, and open types are mainly used in commercial refrigeration and air conditioning applications.

Hermetic types dominate the entire reciprocating compressor market. Most hermetic reciprocating compressors are less than 0.5 kW and are used in household refrigerators, freezers, and light commercial refrigeration systems. All major producers now have product portfolios compatible with various refrigerants such as R22, R290, R134a, R404A, R407C, R410A, R507, and R600a

The effects from Global Warming Potential and Worldwide energy saving project reflect to have some changing of the designed parts of motor compressor to serve high efficiency for energy saving and using the environment friendly refrigerants.

However, competition among manufacturers is intense. There is significant on going challenges from Chinese manufacturers. They are the biggest players who hold competitive advantages due to their production capacity and their use of mergers and acquisitions to expand.



- Market Overview of Reciprocating Compressors

Use of reciprocating compressors has been gradually decreasing in the air conditioning industry in parallel with the increased use of scroll, screw, and even rotary compressors. Reciprocating compressors have a large number of parts, which increases their initial cost as well as production expenses. This is another factor behind the declining numbers of reciprocating compressors used in air conditioning equipment. As a result, few hermetic-type reciprocating compressors are used in the global air conditioner market today. And most of these units are produced in the United States of America by major manufacturers such as Tecumseh, Copeland (Emerson), Bristol, and by Kulthorn Kirby as Thailand manufacturer.

Reciprocating compressors are still the standard in the refrigeration sector due to their high reliability and performance under harsh working conditions. Reciprocating compressors also dominate the household refrigerator market. In the commercial and industrial sectors, the main applications are refrigeration for food and perishables, cold storage chains, and process cooling. Despite rising income levels in emerging countries and also the effects of the hot climate worldwide creating more demand of buying household refrigerators and room air conditioners, the unclear world economic situation and a slightly turndown of China economic growth has slowed demand.

World's Major Hermetic Compressor Manufacturers

Embraco (Nidec)	Brazil, China, Italy, Slovakia
Donper	China
Panasonic	Singapore, China
LG	Korea, China
Tecumseh	Brazil, France, India
Jiaxipera/Huayi/Cubigol	China, Spain
Samsung	Korea, China
Secop (Nidec)	Slovenia, China, Germany, Austria
Kulthorn Kirby	Thailand

Compressor manufacturing industry has a relatively high competition in both domestic and international market. During 2018, even though the production cost including with raw materials were high increasing but the effects from excess production capacity in the world of China manufacturers lead to have a high competition of price reduction. As a result, most of manufacturers including the Company applied strategies to reduce cost and to create a competitive advantage including maintaining close customer relationship, new models offering, and improve production efficiency in order to response customers' demand of higher quality products and cheaper prices.



Marketing and Competitions

Customers of the Company are divided into 3 types, as follows:

- (1) Large industrial Original Equipment Manufacturers (OEM) for refrigerators, commercial refrigerators, and air conditioners. The Company supplies products directly to both local and international markets excluding markets in Australia and New Zealand.
- (2) Small manufacturers of air conditioners and refrigerators. The Company appoints local distributors to supply its products to local manufacturers but exports directly to the international manufactures.
- (3) Spare parts traders.

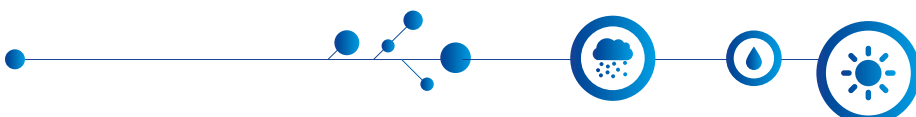
The Company's key marketing strategy is clearly differentiated among other manufacturers since the Company does not manufacture finished products, such as refrigerators, water coolers, freezers or air-conditioners to compete with its customers. The Company sells its products domestically and internationally, while the domestic sales and international sales is approximately 35% and 65 % of total revenues from sales respectively. The Company determines its products prices by considering various factors, such as competitions and customers demand.

Motor compressor of Kulthorn Kirby in the market

Products of Kulthorn Kirby are Hermetic Reciprocation Compressor with have widely displacement to cover all requirement of the market as follows

Company	Model	Displacement	Application	Refrigerant
Kulthorn	C - Q	1.79 cc—3.92 cc	Refrigeration & Freezer	R134a, R600a
Premier	C - B	2.55 cc—9.82 cc	Refrigeration & Freezer	R134a, R600a, R404A, R290
Company				
Limited				
	AZ	2.23 cc—5.60 cc	Refrigeration & Freezer	R134a
	AZA	2.73 cc—6.00 cc	Refrigeration & Freezer	R134a, R600a, R404A, R290, R507
	AE	3.10 cc—10.9 cc	Refrigeration & Freezer	R134a, R600a, R404A, R290, R507, R22
	AEL	12.05 cc—18.0 cc	Commercial Refrigeration	R134a, R600a, R404A, R290, R507, R22
Kulthorn Kirby	BA	8.85 cc — 18.0 cc	Commercial Refrigeration	R134a, R600a, R404A, R290, R507
Public Company	CA	18.0 cc — 22.3 cc	Commercial Refrigeration	R134a, R404A, R290, R507
Limited	WJ	19.8 cc — 34.5 cc	Commercial Refrigeration	R134a, R404A, R290, R407C, R22
	AW	27.8 cc — 71.0 cc	Residential & Commercial AC	R134a, R404A, R410A, R407C, R22
	KA	65.0 cc — 115.0 cc	Residential & Commercial AC	R22, R404A, R134a
	LA	174.0 cc—211.0 cc	Residential & Commercial AC	R22

The compressor business has intense competition both locally and internationally. This has been affected excess production capacity in the world of China manufacturers leading to competition over the sales price. Under such circumstance, the Company has employed many strategies in order to respond to customers' needs in terms of prices, develop strong relationship with its customers, productivity improvement, new features offering, as well as reducing the product costs. Pricing of the Company is determined by factors such as changing production costs which can be impacted by fluctuation of costs of steel and copper to aluminum, competitive landscape, and customer order quantity. The Company still faced intense competition when compared with sales prices of China manufacturer and which lead to decrease sales of the company in 2018.



Promotional privileges

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.	From 1 July 2013 until 1 July 2018	
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.		
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.



Business risks

- Risks associated with costs of raw materials by fluctuation of World selling prices

The Company engages in the manufacture of motor compressor business, of which major raw materials for production are copper and steel. The prices of major raw materials of the Company and its subsidiaries impact the costs of product approximated 65 % of total production cost that mean any changing in the market prices of copper or steel will effect the cost of product and the gross profit rate of the Company.

To prevent the Company from materials sourcing problems, the Company has been sourcing materials from various suppliers, who are able to supply substitute products with comparable quality. Sourcing from a choice of suppliers provide the Company with several positives, including maintaining its competitiveness, enhancing the success of its business operation, reducing a chance of a supply shortage of raw materials, as well as fulfilling the needs of customers of the Company. Furthermore, the Company employs efficient inventory control and monitors closely impacts from the changing market prices.

- Risks associated with technology

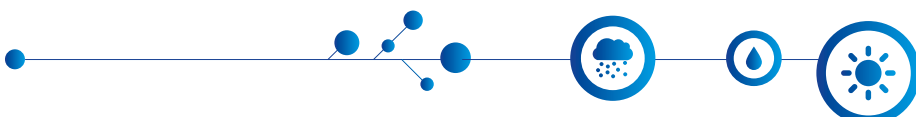
Motor compressors available around the world are many types but it's recommended the 3 types namely reciprocating, rotary, scroll. Reciprocating and rotary compressors are widely used in household refrigerators, freezer, water cooler, commercial refrigerator and room air conditioners.

Reciprocating compressor is the first type of compressors that have been used for a long period of time. The reciprocating technology also has been developed to be able to run with environmentally-friendly refrigerants. Although the reciprocating type has less energy saving capability, as well as higher manufacturing costs compared with rotary and scroll types, this reciprocating type of compressor is superior to rotary and scroll types in terms of cooling efficiency and durability especially in high ambient temperatures. Given the positives, the reciprocating compressors are well-accepted in a niche market, Middle East and widely used in a general group of customers.

The Company aims to make the product technology and production of motor compressor congruent with market needs and comply with the rules and regulation of refrigerants in relation to environmental issues. The company has an in-house R&D working team and by their efforts and capability many output of the developed products can be served to customers' demand relatively compared with other world's leading compressor manufactures.

- Risks associated with trade credits

The management team of the Company and its subsidiaries has prudent approaches to restricted policies and procedures in managing risks from trade credits in relation to account receivables and other receivables. Besides, the Company offers trade credits only to customers with creditworthiness and enters into the insurance policy for the uncollection of export customers. In addition, thanks to a wide customer base, the Company is able to diversify the risks from trade credits, not concentrate on the particular group of customers. Then the risk from trade credits will be immateriality.



Financial risks

- Risks associated with currency exchange volatility

Given its international market expansion and its sales mainly in US\$, the Company's revenue and performance are affected by the fluctuation of Baht exchange rate. However, the Company reduces exchange rate risk or possible exposure on the foreign currency by entering to some extent Forward Exchange Contracts, which mitigate exchange rate risks.

- Risks associated with interest rate

The Company and its subsidiaries' 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 Company and its subsidiaries' 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.

- Risks associated with financial liquidity

The financial structure of the group has both short and long-term liabilities. At present, the short-term liabilities are more than long-term that incur some risks of financial liquidity. The Company is mitigating this risk by restructuring its financial structure and set aside short-term liabilities to support working capital.



The Company's information

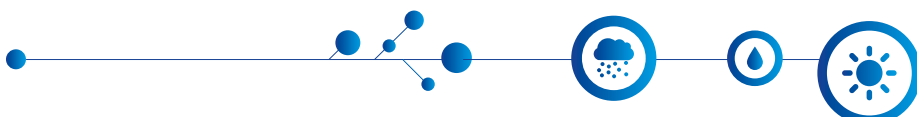
Kulthorn Kirby Public Company Limited

Head Office / Factory	:	126 Soi Chalong Krung 31, Chalong Krung Road, Khwaeng Lam Pla Thio, Khet Lat Krabang, Bangkok 10520 Tel : +66 (0)2326 0831, +66 (0)2739 4893 Fax : +66 (0)2326 0837, +66 (0)2739 4892 E-mail : kkc@kulthorn.com http : //www.Kulthorn.com
Nature of Business	:	Manufacturer of Reciprocating Compressors for Refrigeration and Air conditioning Products
Registered No	:	0107537002150
Registered Capital	:	Baht 1,200 Million
Paid up Capital	:	Baht 1,200 Million
Issued Shares	:	Ordinary 1,200,000,000 Shares, Par Value at Baht 1/share

Subsidiary Companies

1. Kulthron Premier Company Limited

Head Office/Factory	:	446/3 Moo 9, Nong Kee,Kabin Buri, Prachin Buri 25110 Tel : +66(0)3720 4835-41 Fax : +66(0)3720 4844
Branch	:	129 Soi Chalong Krung 31, Chalong Krung Road, Khwaeng Lam Pla Thio, Khet Lat Krabang, Bangkok 10520 Tel : +66(0)2326 0612 Fax : +66(0)2326 0802
Nature of Business	:	Manufacturer of Reciprocating Compressor
Issued Shares	:	Ordinary 12,600,000 shares, Par Value at Baht 100/share
Shareholding by KKC	:	100%



2. Kulthron Kirby Foundry Company Limited

Head Office/Factory : 1 Moo 22 Suwintawong Road, Saladaeng, Bang Nam Priao, Chachoengsao 24000

Tel : +66(0)3859 3016-9

Fax : +66(0)3859 3015

Branch : 42/2 Moo 1, Suwintawong Road, Klong Udom Cholajorn, Amphur Muang, Chachoengsao 24000

Tel : + 66(0)3884 6072-4

Fax : +66(0)3884 5677

Nature of Business : Manufacturer of Quality Iron Casting

Issued Shares : Ordinary 5,750,000 shares, Par Value at Baht 100/share

Shareholding by KKC : 100%

3. Kulthorn Steel Company Limited

Head Office/Factory : 124 Soi Chalong Krung 31, Chalong Krung Road, Khwaeng Lam Pla Thio, Khet Lat Krabang, Bangkok 10520,

Tel : +66(0)2326 0851

Fax : +66(0)2326 0766

Nature of Business : Steel Coil Center

Issued Shares : Ordinary 4,000,000 shares, Par Value at Bath 100/share

Shareholding by KKC : 100%

4. Kulthorn Materials and Controls Company Limited

Head Office/Factory : 1/2 Moo 22 Suwintawong Road. Saladang, Bangnumpreaw, Chachoengsao 24000

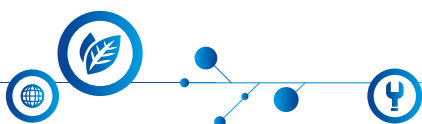
Tel : +66(0)3859 3030-3

Fax : +66(0)3859 3028

Nature of Business : Manufacturer of Enameled Copper Wire and Thermostat used in refrigerators

Issued Shares : Ordinary 6,500,000 shares, Par Value at Bath 100/share

Shareholding by KKC : 100%



5. Kulthorn Metal Products Company Limited

Head Office/Factory : 123 Soi Chalong Krung 31, Chalong Krung Road, Lam Pla Thio, Khet Lat Krabang, Bangkok 10520

Tel : +66(0)2739 6638-9, +66(0)2326 0314-7

Fax : +66(0)2739 6643, +66(0)2326 0318

Nature of Business : Manufacturer of Forging, Heat Treatment metal parts

Issued Shares : Ordinary 1,500,000 shares, Par Value at Bath 100/share

Shareholding : 100% by Kulthorn Materials and Controls Co., Ltd

6. Suzhou Kulthorn Magnet Wire Company Limited

Head Office/Factory : 18 Long Pu Road, SIP, Jiangsu Province, 215126 China

Tel : 86 (512) 6283 3750 / 86 (512) 6265 0058

Fax : 86 (512) 6283 3763a

Nature of Business : Manufacturer of Enameled Copper Wire

Issued Shares : Ordinary 347 shares, Total Capital USD 24,185,000

Shareholding : 100% indirectly held by Kulthorn Materials & Controls Co., Ltd.

7. Kulthorn Research and development Company Limited

Head Office / Factory : 126 Soi Chalong Krung 31, Chalong Krung Road, Khwaeng Lam Pla Thio, Khet Lat Krabang, Bangkok 10520

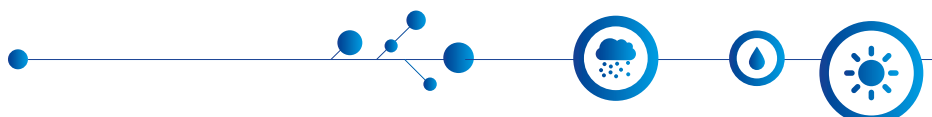
Tel : +66 (0)2326 0831, +66 (0)2739 4893

Fax : +66 (0)2326 0837, +66 (0)2739 4892

Nature of Business : Research & Development for motor compressors and related products

Issued Shares : Ordinary 500,000 shares, Par Value at Bath 100/share, and 25% paid up

Shareholding by KKC : 100%



Other References

Registrar :

Thailand Securities Depository Co., Ltd.
93 The Stock Exchange of Thailand Building,
Ratchadaphisek Road, Dindeang, Bangkok 10400
Tel. +66 (0)2009 9000 Fax. +66 (0)2009 9001

Auditor :

Ms Satida Ratananurak,	Certified Public Accountant	no. 4753 and/or
Mr Wichart Lokatekrawee,	Certified Public Accountant	no. 4451 and/or
Ms Siriwan Suratepin,	Certified Public Accountant	no. 4604

EY Office Limited
33rd Floor, Lake Rajada Office Complex
193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110
Tel. +66 (0)2264 0777 Fax. +66 (0)2264 0789-90

Law Consultant :

Chor. Chanasongkram Advocates & Solicitors
52/3 Phrasumene Road, Khwaeng Chana Songkram,
Khet Phra Nakhon, Bangkok 10200
Tel. +66 (0)2282 2955-6 Fax. +66 (0)2281 3008



Shareholders

Major Shareholders

List of major shareholders (shareholding in excess of 0.50%)

As of the registered increasing shares date 9 March 2018

	No. of Shareholdings	%
1. Simakulthorn Group	660,708,992	55.059
2. Heatcraft Australia Pty. Ltd.	65,255,000	5.438
3. Ms U-rai Khemumnaj	50,220,078	5.466
4. 1 st Lt Supakorn Chantasasawat	48,531,818	4.044
5. Ms Kalpapas Phanpitchtawee	42,577,429	3.548
6. Ms Sasi Ingkanant	30,934,389	2.578
7. UBS AG, Singapore Branch	26,523,929	2.210
8. Mr Thaweechat Jurangkul	24,800,000	2.067
9. Mrs Supatra Kumtien	19,074,902	1.590
10. Ms Pojanee Khemumnaj	17,479,418	1.457
11. UOB Kay Hian, Private Limited	14,600,000	1.217
12. Mr Wiboon Seree yothin	7,893,300	0.658
13. Mr Surapong Phitakburanaphat	6,720,000	0.560
14. Others	184,680,745	15.389
Total	1,200,000,000	100.000

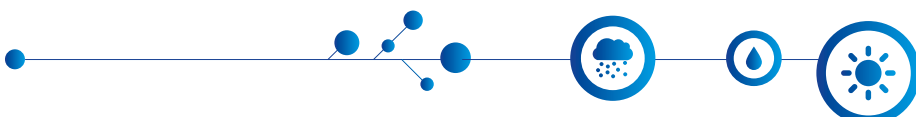
Dividend Payment Policy

By the dividend policy of the company, in the normal case, the Board of Directors may propose the shareholder meeting to consider the dividend payment of the year at the rate approximately 60 % of the net profits after tax of the company statements.

For subsidiary companies, Board of Directors of each company may propose the shareholder meeting to consider the dividend payment of the year of the net profits after tax of the company statements.

Company paid the dividend in the current 5 years as follows

	2018	2017	2016	2015	2014
Net profit pre share	(0.530)	0.030	0.204	0.452	0.257
Dividend per share	-	0.05	0.10	0.15	0.50
Dividend payment/net profit (%)	-	166.76	49.02	33.19	194.55



Management Structure

The Board of Directors

As at 31 December 2018

		SHAREHOLDING (%)
1. Mr Sumeth Simakulthorn *	Chairman	2.525
2. Mr Sutee Simakulthorn *	President	0.719
3. Mr Tawatchai Jaranakarun	Independent Director	0.0001 ⁽¹⁾
4. Vice Admiral Naruedom Sa-ardyen RTN	Independent Director	-
5. Mr Padoong Techasarintr	Independent Director	-
6. Mr Somlak Jiamtiranat	Independent Director	-
7. Mr Kattiya Kraikarn	Independent Director	-
8. Mr Suraporn Simakulthorn *	Director	2.525
9. Mr Praphad Phodhivorakhun *	Director	-
10. Mr Titisak Simakulthorn *	Director	0.483
11. Pol. Gen. Patee Tanprasert *	Director	0.0017 ⁽¹⁾
12. Mr Dhana Bubphavanich	Director	0.050
13. Mr Prasan Tanprasert*	Director	-
14. Mr Kanok Suriyasat	Director	-
15. Mr Abhijit Simakulthorn *	Director	0.483

(1) shareholding by the spouse

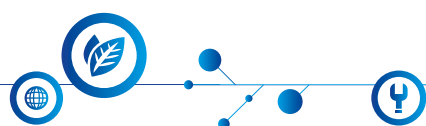
* Authorized Director

The Audit Committee

As at 31 December 2018

1. Mr Tawatchai Jaranakarun	Chairman of the Audit Committee
2. Vice Admiral Naruedom Sa-ardyen RTN**	Member of the Audit Committee
3. Mr Padoong Techasarintr **	Member of the Audit Committee

** The director who have adequate expertise and experience to review creditability of the financial reports



The Management

As at 31 December 2018

		SHAREHOLDING (%)
1. Mr Sutee Simakulthorn	Managing Director/President	0.719
2. Mr Titisak Simakulthorn	Executive Vice President (Manufacturing & Marketing)	0.483
3. Mr Jakphong Pittayanukoon	Executive Vice President (Administration)	-
4. Mr Chanachai Kulnoppaleark	Vice President (Office of the Company Secretary)	-
5. Ms Penpak Assarat	Manager (Finance Department)	-
6. Ms Urai Atipak	Manager (Accounting & Costing Department)	-

COMPANY SECRETARY

The Board of Directors Meeting No. 1/2019 held on 20 February 2019 appointed Pol. Gen. Pateep Tanprasert, a company director to be Company Secretary, effective as from 21 February 2019 due to Mr Chanachai Kulnoppaleark was retired by age as of 31 December 2018.

Investor Relations

The Company realizes that its information, both financial and non-financial, affect the decision-making process for investors and stakeholders. Therefore the management values accurate and full disclosure in a regular and timely manner, in accordance with SEC and SET regulations.

The Investor Relations department is not yet set up due to a few concerned activities then the Company assigned Pol. Gen. Pateep Tanprasert, a company director to communicate with investors, shareholders and stakeholders, and all investors can contact to the company by Website www.kulthorn.com Tel. +66(0)2326-0831, +66(0)2739-4893 Fax +66(0)2326-0837, +66(0)2739-4892 E-mail : pateep.t@kulthorn.com

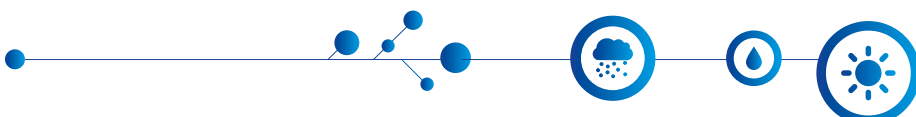
Remuneration to the Company's Executives in year 2018

To Directors

Remuneration to company's directors of 15 persons as monthly director fee and the meeting allowance was Baht 3,004,333 and the monthly fee to the members of the audit committee of 3 persons was Baht 309,000.

To Management

Remuneration to the Management, excluding the Finance Department Manager and the Accounting & Costing Department Manager in terms of salary and bonus was Baht 494,133.



DIRECTORS IN SUBSIDIARY COMPANIES

As at 31 December 2018

Kulthorn Premier Company Limited

Chairman	:	Pol. Gen. Pateep Tanprasert
Managing Director	:	Mr Sutee Simakulthorn
Directors	:	Mr Titisak Simakulthorn
		Mr Paiboon Boonpermvitaya
		Mr Dhana Bubphavanich

Kulthorn Kirby Foundry Company Limited

Chairman	:	Pol.Gen. Pratheep Tanprasert
Managing Director	:	Mr Sutee Simakulthorn
Director	:	Mr Abhijit Simakulthorn
		Mr Paiboon Boonpermvitaya
		Mr Titisak Simakulthorn
		Mr Dhana Bubphavanich

Kulthorn Steel Company Limited

Chairman	:	Pol.Gen. Pratheep Tanprasert
Managing Director	:	Mr Sutee Simakulthorn
Directors	:	Mr Paiboon Boonpermvitaya
		Mr Titisak Simakulthorn
		Mr Dhana Bubphavanich

Kulthorn Materials and Control Company Limited

Chairman	:	Pol.Gen. Pratheep Tanprasert
Managing Director	:	Mr Sutee Simakulthorn
Directors	:	Mr Titisak Simakulthorn
		Mr Paiboon Boonpermvitaya
		Mr Dhana Bubphavanich



Kulthorn Metal Products Company Limited

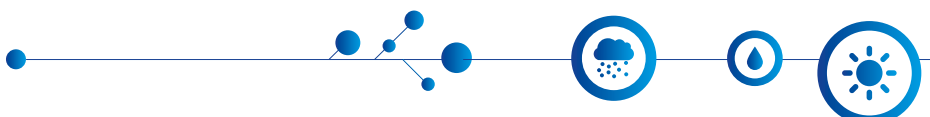
Chairman	:	Pol.Gen. Pratheep Tanprasert
Managing Director	:	Mr Sutee Simakulthorn
Directors	:	Mr Paiboon Boonpermvitaya Mr Titisak Simakulthorn Mr Dhana Bubphavanich

Suzhou Kulthorn Magnet Wire Company Limited

Chairman and Managing Director	:	Mr Suraporn Simakulthorn
Directors	:	Mr Sutee Simakulthorn Mr Titisak Simakulthorn Mr Prommarat Simakulthorn Ms Sunisa Simakulthorn

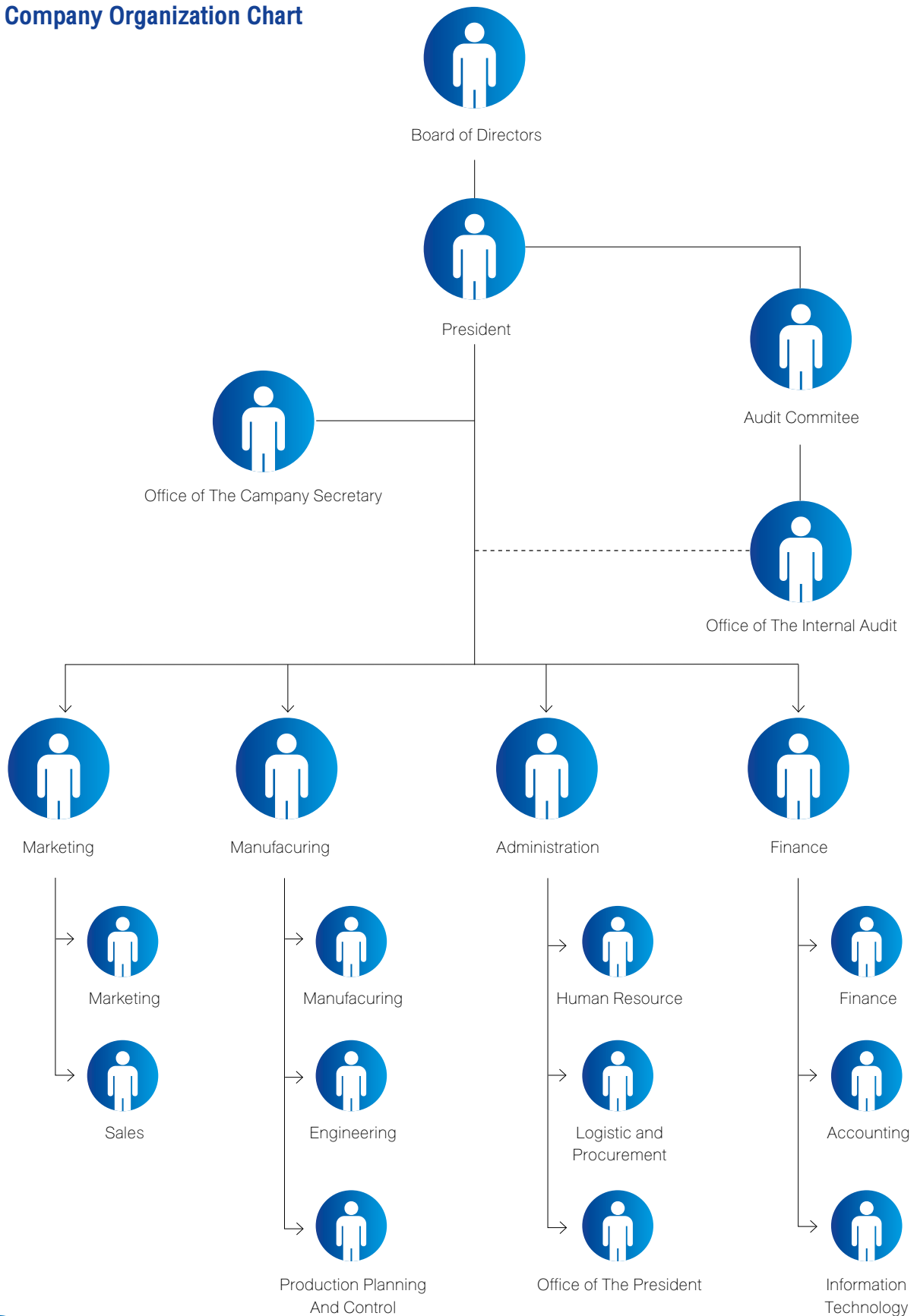
Kulthorn Research and Development Company Limited

Chairman	:	Pol.Gen. Pratheep Tanprasert
Managing Director	:	Mr Sutee Simakulthorn
Directors	:	Mr Titisak Simakulthorn Mr Paiboon Boonpermvitaya Mr Dhana Bubphavanich Mr Jakphong Pittayanukoon



Corporate Governance

Company Organization Chart



Corporate Governance Policy

Kulthorn Kirby Public Company Limited (“KKC” or “the Company”) is aware of the importance of Good Corporate Governance, which leads to a transparent management system that is able to be audited in order to maintain the confidence of shareholders, investors, stakeholders and related persons.

The Board of Directors (BOD) of the Company has prepared the Corporate Governance Policy and Business Ethics as guidance for the operation of the business and to provide guidelines for management and employees, as follows :

1. Rights of Shareholders

The Company emphasizes and recognizes the importance of the rights of all shareholders equitably. The rights that the Company provides for its shareholders as fundamental are as follows:

- Rights to get share certificate, sell, purchase or transfer the Company's shares

Thailand Securities Depository Co., Ltd. (“TSD”) has been appointed as the Company's registrar to provide all services for all transactions related to registration of the Company's shares

- Rights to propose agenda and enquiries for the Shareholders' Meeting

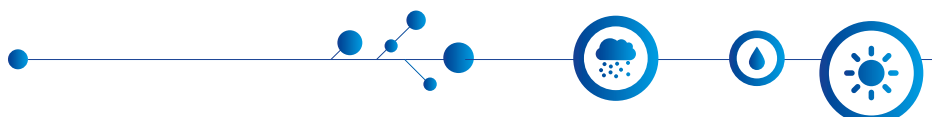
The Company is aware of the shareholders' rights and equitable treatment to the shareholders under the good corporate governance. It's the Company policy to allow the shareholders to propose matter(s) for consideration of the Board of Directors as agenda of the shareholders' meeting. The shareholders are allowed to submit any enquiries prior to the Annual General meeting of shareholders. Shareholders who would like to propose the agenda have to comply with the Company's procedures and criteria of the above matter. The Company allow the shareholders to propose the matter for consideration as agenda or submit the enquiries in advance since October of the current year to January of the next year and has specified the shareholding proportion of the shareholders entitled to propose the agenda must not be less than 0.5 percent of total number of the voting rights. The Company will notify and disclose contact channels and period for proposing agenda and enquiries via SET and also provide details of the procedures on the company' website (www.kulthorn.com).

- Participation in the Shareholders' Meeting.

The Company is aware of the shareholders' rights and equitable treatment to participate in the shareholder's meeting, be informed conditions and procedures of meeting as well as having proxy to vote and comment in the meeting on behalf of the shareholders. The date, time and place of meeting will be set by consideration of Shareholders' convenience with the following process of meeting:

Before the Meeting Date

The shareholders will be informed on the date and agenda of the meeting via SET's communication system prior to the meeting date which been complied with SET's regulations. At the same time, the Company will also disclose the invitation letter as well as related documents in both languages, Thai and English, on the Company's website no less than 30 days before meeting date for the shareholders to have sufficient time for consideration. Same documents will be directly delivered to the shareholders by TSD, the Company's registrar, at least 7 days or 14 days before the meeting date depends on consideration matter that required by law and regulations. The invitation letter will contain facts, rationales, opinion from the Board of Directors for each agenda, conditions and procedures of meeting as well as other related document with sufficient information for shareholders' consideration. Moreover, the invitation letter will be 3 days continually published on the newspaper at least 3 days prior to the meeting date to be in line with law.



On the Meeting Date

Meeting procedures has been set to conform to regulations and considering on shareholders' convenience. The Company is aware of the equitable of shareholders' right and their comfort to participate in the shareholders' meeting. Appropriated methodology and equipment are sufficient for registration reviewed on required documents prior to commencement of the meeting.

In every Shareholders' Meeting, the Board of Directors, Chairman of all committees, the Company's management and external auditors will also present in the meeting. Chairman of the Board of Directors who is Chairman of the meeting will introduce all Board members and the management to the shareholders. The Chairman will also declare to the shareholders how to exercise their right and vote before commencement and conducts the meeting to be in line with the agenda without any additional topic from what have been expressed in the invitation letter. Voting cards will be provided for significant agenda. Voting result in term of approval, disapproval or abstain for each agenda will be transparently presented to the meeting. The shareholders will be encouraged to express their opinions and raise any questions, either in the agenda or any other questions related to the Company's business, at the meeting. All questions will be answered and taken in the minutes of meeting as well as the opinions from the shareholders.

After the Shareholders' Meeting

Resolutions of the meeting will be disclosed to SET on the next day after the meeting date. Full minutes of meeting of which contained the attendance record of the directors, summary of questions and answers during the meeting with voting details, approved, disapproved and sustained, of each agenda in both Thai & English will be sent to SET and related parties within 14 days after the meeting date as well as posed on the Company's website (www.kulthorn.com) for verification.

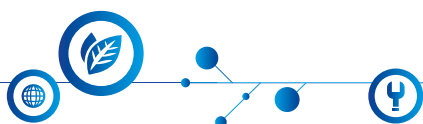
- **Appointment / Dismission of Directors of the Company and Approve their Remuneration**

According to the Company's Articles of Association, at the Annual General Meeting of Shareholders, one third (1/3) of the Directors has to be retired by rotation. Election for replacement is required. The retired directors are eligible to be re-elected for another term. And the shareholders have the rights to consider and approve the remuneration for all directors and members of sub-committees. Adequate Information of all candidates for being considered and appointed as directors or members of sub-committees was also delivered for shareholders' consideration.

The election of the Board of Directors shall be in accordance with the rules and procedures as follows:

- Each shareholder shall have one vote on each share.
- In voting, a shareholder shall vote in accordance with the number of votes each shareholder has under (1) for one or several directors. The said shareholder may not allot any number of his votes to any person.
- The person obtaining the highest and higher votes respectively shall be elected as directors equal to the number of directors required or ought to be elected at such a meeting. In the event that persons receiving votes in respective orders receive equal votes and the number of directors exceeds the positions required or ought to be, the chairman of the meeting shall have a casting vote.

Apart from the appointment of Directors, the shareholders also have rights to remove any director from the office before the expiration of his term of office by having votes of no less than three quarters (3/4) of the number of shareholders attending the meeting and having the rights to vote and the aggregate number of shares shall be no less than one half (1/2) of the shares held by all the shareholders attending the meeting and having the rights to vote.



- **Appointment of Auditors and approval of their remuneration**

In every Annual General Meeting of Shareholders, one of the agenda is the appointment of Company's auditors and consideration of their remuneration. The Company will propose name of the auditors with sufficient details and remuneration for consideration of the shareholders.

- **Regularly and timely obtained adequate information, business performance and management policy.**

The Company concerns on Shareholders' rights and not only disclosed Company's information via SET's communication system but also posed all significant and updated information on the Company's website (www.kulthorn.com).

- **Getting profit.**

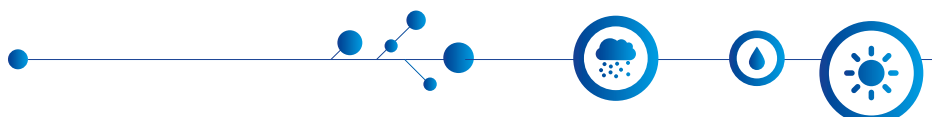
The Company will return profit to its shareholders by way of dividend payment. The Board of Directors of company will propose dividend payment is "no less than 60% of its separated net profit after corporate income tax subject to need for future investment and business plan, future necessity and appropriation. The Company's subsidiary companies have to pay dividend based on the resolution of its Board of Director meeting.

2. Equitable Treatment of Shareholders

The Company realizes to protect and due care for the interests of all major and minor shareholders as fairly basis. In addition, the Company sets policy for equitably treatment to all shareholders for attending and vote in the shareholders' meetings, sharing in profits, obtained adequate information, business performance and management policy. In the shareholders' meeting, each shareholder shall have one vote on each share. Proxy form requiring documents were delivered together with the invitation letter for shareholders who would like to appoint a proxy. Proxy form, which contains detail of voting as approve, disapprove or abstain, as well as details of 4 independent directors also are attached for shareholders consideration as alternative proxy. In addition, voting cards were provided for each agenda, especially, the agenda of appointment of directors of which been appointed by individual. In every shareholders meeting, the meetings were conducted to be in line with the agenda without any additional topic from what have been expressed in the invitation letter otherwise rights of the shareholders who could not participate in the meeting by themselves will be deprived.

The Company will inspect to ensure no inside information of which is material, undisclosed and confidential leak to public or be used from unauthorized for personal benefit. IT system has been implemented for a secure access for all users inside and outside the firewall in conjunction with the Company's own user authentication and security system. It was also set forth in the Company's Corporate Governance Policy to refuse directors, management and employees of the Company to use Company's inside information for personal benefits. The Directors and management of the Company had been informed on their duties and punishment regarding to report on securities holdings of themselves, their spouse and any minor children to the Stock Exchange of Thailand (SET) within 3 days from the transaction date according to the Securities and Exchange Act B.E. 2535. Any change in securities holdings, such directors and managements have to report the Company Secretary for coordination and preparing report submit to the Securities and Exchange Commission (SEC). In addition, the Company has set as a policy to report on securities holdings of directors in every meeting of the Board of Directors.

In case of conflict of interest, it is the Company's Policy to have the directors, management, employees and related parties to disclose such interests to the Audit Committee for consideration of the transaction to be complied to SET's regulations and any governing laws and regulations prior to further submit for consideration of either the Board of Directors or the shareholders. The directors who have conflict of interest will not participate in any agenda that they have conflict of interest. Moreover, any conflict of interest transactions with the connected persons will be disclosed in the Company's Annual Report and the Annual Information Disclosure (56-1).



General practices for conflict of interest protection have been set in the Company's Business Ethics. Such practices have been delivered to all directors, management and employees.

3. Roles to Stakeholders

The support from each stakeholder should increase the competitiveness and ability to generate more benefit for long-term succession. The Company realized the importance of all stakeholders i.e. shareholders, employees of the Company and its subsidiaries, customers, competitors, lenders, societies and environment. Thus, general rules and practices have been set for directors, management and employees in the Company's Business Ethics for directors, managements, and employees to perform and disclosed on the Company's website (www.kulthorn.com) as well as providing more channels for the stakeholders to contact directly to the Company in order to provide either comments or recommendations which will be benefit to the Company.

4. Disclosure and Transparency

The Company has strong determination to reveal accurate complete, consistent and updated information, both financial and general information that related to Company's business. The Complete, consistent and updated information will truly reflect Company's financial performance and future business direction. Such information were disclosed to shareholders, investors and any related parties via SET's Communication system, Company's website (www.kulthorn.com), press release and Company's Annual Report as well as participated in the "Opportunity Day" which arranged by SET.

The Board of Directors has to ensure that the Company's disclosures are transparency and strictly complied by laws, Company's and any related regulations. The Board has Major concerned on transparency and disclosure in the following area:

- **Provide multi channels for disclosure of information**

Annual Report and Form 56-1

The Board of Directors has to ensure that Annual Report / Form 56-1 contained adequate information with accuracy, clarity and could create understanding to the shareholders and related parties on the Company's operation and its performance for the previous year as well as the management structure, performance of the Board of Directors and all Committees.

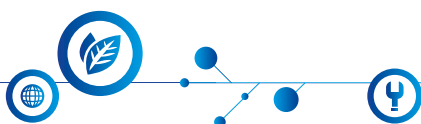
Company's website

The Board of Directors is aware of the efficiency of website disclosure to the shareholders and related persons as well as equitably and easily of getting information. The Board of Directors therefore ensure the Company not only provide all significant information of the Company in the Company's Annual report but also on the Company's website (www.kulthorn.com) in both languages, Thai and English. The disclosed information comprised of Corporate Governance Policy, Business Ethics, General News, Financial Statement as well as Annual Report and the Annual Disclosure Information (56-1), etc.

Investor Relations

The Company realizes that its information, both financial and non-financial, affect the decision-making process for investors and stakeholders. Therefore the management values accurate and full disclosure in a regular and timely manner, in accordance with SEC and SET regulations.

The Investor Relations department is not yet set up due to a few concerned activities then the Company assigned Pol. Gen. Pateep Tanprasert, a company director and the company secretary to communicate with investors, shareholders and stakeholders, and all investors can contact to the company by Website www.kulthorn.com Tel. +66(0)2326-0831, +66(0)2739-4893 Fax +66(0)2326-0837, +66(0)2739-4892 E-mail: pateep.t@kulthorn.com



- **Disclosure of Information of the Board of Directors and the Audit Committees**

- Structure, Roles and Responsibilities of the Board as well as performance of the Board of Directors and the Audit committee.
- Directors and Management's Remunerations: Policy of Directors' Remuneration has been clearly and transparently set to be comparable to the general practice in same industry and be appealing enough to attract and retain qualified directors. The directors who also be appointed to be the member of any sub Committees will be paid appropriately more in accordance with the extra work. The Board of Directors will consider the remuneration and propose for approval from the meeting of shareholders. The remuneration of the Board of Directors, the Audit Committees and the Management have been disclosed in the Company's Annual Report and the Annual Information Disclosure (56-1)

- **Accountability to the Financial Statement**

The Board of Directors is responsible for the Company's consolidated financial statements and any financial information which been disclosed in the Company's annual report. Such financial statements were prepared in accordance with the general acceptance-accounting standard in Thailand with appropriated financial policy. The reports were carefully considered and prepared with sufficient information in the notes to the financial statements. The financial statements have been audited and commented independently by the authorized auditors of SEC.

The Board of Directors also set out and maintained for the efficiency of the Company's internal control system to ensure that the financial information had been correctly and accurately booked and sufficient to maintain the Company's assets and be aware of weak point in order to prevent whether from any dishonesty or significant error. The Board of Directors had appointed the Audit Committee of which comprised independent directors to be responsible for the quality of the financial statements and the internal control system and disclosed such opinion in the Annual Report under the Report of the Audit Committee. The opinion of the Audit Committee has already been disclosed in the annual report. Moreover, Report of the Board of Directors' responsibility on the Company's Financial Statements was also attached in the Company's Annual Report.

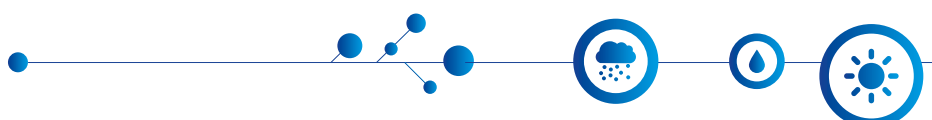
5. Roles and Responsibilities of the Board of Directors

5.1 Composition

The Board of Directors has at least 5 members, and there are 15 members at the present. The Board consists of Chairman, and other members of which more than one-half will be Non - Executive Directors. The Board composed of independent directors with at least one-third of total numbers and shall at least 3 members. No less than one half of the total number of directors shall have residence within the Kingdom.

5.2 Qualifications

1. Has qualifications which comply to Public Company Act B.E. 2535, regulations of the Stock Exchange of Thailand, Securities and Exchange Commission, and Company's Articles of Association and any other related laws.
2. Does not run any business, which is competed with the Company, and not being a shareholder of any legal entities whose business is the Company's competitors except obtained approval from the share holders.
3. Having leadership, vision, and independent consideration for best benefit of the Company and the share holders.



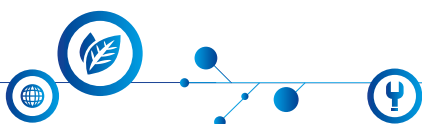
4. Having various knowledge, experience, and specific skill that suitable for the Company business.
5. Having Integrity.
6. Having sufficient time for fully participated as a Director of the Company.

Qualifications of Independent Director (With a higher standard than the regulations of the Security Exchange of Thailand)

1. Shall not hold shares exceeding 0.5% of the total number of voting shares of the Company, its parent company, subsidiary, associated company, major shareholder or controlling person including shares held by related persons of such independent director.
2. Shall neither be nor have ever been a director with management authority, employee, staff member, advisor who receives a salary or be a controlling person of the Company, its parent company, subsidiary, associated company, same level subsidiary, major shareholder or controlling person unless the foregoing status ended not less than 2 years prior to the date of appointment to be an independent director.
3. Shall not be a person related by blood or legal registration as father, mother, spouse, sibling, or child, including spouse of child, of an executive, major shareholder, controlling person or person to be nominated as executive or controlling person of the Company or its subsidiary.
4. Shall neither have nor have ever had a business relationship with the Company, its parent company, subsidiary, associated company, major shareholder or controlling person, in a manner that may interfere with his/her independent judgment, and neither be nor have ever been a significant shareholder or controlling person of any person having a business relationship with the Company, its parent company, subsidiary, associated company, major shareholder or controlling person, unless the foregoing status ended not less than 2 years prior to the date of appointment to be an independent director.

The term 'business relationship' in the preceding paragraph shall include any normal business transaction, rental or lease of immovable property, transaction relating to assets or services, or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions which result in the Company or its counterparty being subject to indebtedness payable to the other party in the amount of 3 % or more of the net tangible assets of the Company or Baht 20 million or more, whichever is lower.

5. Shall neither be nor have ever been an auditor of the Company, its parent company, subsidiary, associated company, major shareholder or controlling person, and shall not be a significant shareholder, controlling person or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, associated company, major shareholder or controlling person, unless the foregoing status ended not less than 2 years prior to the date of appointment to be an independent director.
6. Shall neither be nor have ever been a provider of any professional service including legal advisor or financial advisor who receives service fees exceeding Baht 2 million per year form the Company, its parent company, subsidiary, associated company, major shareholder or controlling person, and shall not be a significant shareholder, controlling person or partner of the office of professional service provider, unless the foregoing status ended not less than 2 years prior to the date of appointment to be an independent director.
7. Shall not be a director appointed as representative of the director of the Company, the major shareholder or any other shareholder who is related person to the major shareholder.



8. Shall not undertake any business in the same nature and in competition with the business of the Company or its subsidiary, or shall not be a significant partner in a partnership, or an executive director, employee, staff member, advisor who receives a salary, or holds shares exceeding 1% of the total number of voting shares of another company which undertakes business in the same nature and in competition with the business of the Company or its subsidiary.
9. Shall not have any other characteristic that limits his/her ability to express independent opinions regarding the Company's business operations.

After having been appointed as an independent director with qualifications complying with the criteria under 1 to 9, the independent director may be assigned by the Board of Directors to take part in the business decisions of the Company, its parent company, subsidiary, associated company, major shareholder or controlling person, on condition that these actions must be collective decision and it's not mean that the independent director do a part of management.

Furthermore, in case of the amendment of Independent Director's qualifications which announced by the Board of Capital Market Supervisory or the Securities and Exchange Commission, such amendment will be complied.

5.3 Terms of positions

Pursuant to the Public Company Acts B.E. 2535, at first Annual General Meeting of Shareholders after the registration of the Company and at the first Annual General Meeting of Shareholders in every subsequent year one-third of the directors, who have been longest in office, shall retire. The retired directors are eligible to be re-elected for another term by obtaining majority approval from the Board of Directors and the Shareholders of company.

5.4 The Independent of the Board of Directors

5.4.1 Separation of CEO and President

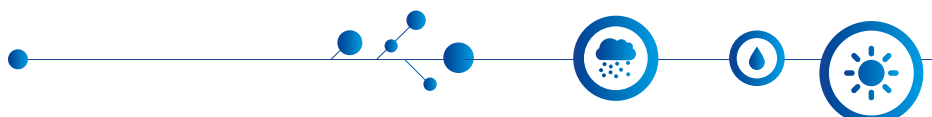
For best benefit of the shareholders and to strike a balance of power within the Company, the positions of Chairman of the Board of Directors and President must not be attained by the same person. Roles and responsibility of the management have been clearly classified.

5.4.2 Balance between members

More than half of the members of the Board of Directors are not a part of executive team. Within this half, one third of the directors at least 3 members are independent and have no relations, business or personal, with the Company's executives. Free from executives' influences, they oversee the Company's direction with neutrality and pay careful attention to the rights of shareholder and stakeholder and to strike a balance of power within the Company.

5.4.3 Separate Roles and Responsibilities of the Board of Directors and President

The Board of Directors must take part in setting out the Company goals and carry out all the policies with an objective to optimize benefits to all shareholders and stakeholders without an obligation to personal benefits or any particular party. They must avoid all actions that may cause conflicts of interest between companies within the same umbrella. They have to operate the business with morality, responsibility, due care and integrity, as well as supervise the management to comply with Company's Objectives, Articles of Association, resolutions of the Board of Directors and shareholders' meeting along with rules and regulations stated by The Stock Exchange of Thailand and Office of the Securities and Exchange Commission (SEC). Their duties include:



1. Conduct business with responsibility, due care, and integrity uphold the duties according to the law, and Company's objectives, Articles of Association, resolutions of the Board of Directors and shareholders' meeting
2. Formulate policies and directions for the Company's operations. The Board must also supervise managerial and administrative departments to deliver all policies with effectiveness and efficiency
3. Consider and approve the Company's investment and annual budget
4. Appoint directors and Committee members to replace of those who will retire by rotation as well as consider the remuneration package for such directors and committee members, prior to propose for further consideration of the shareholders
5. Appoint audit committees to oversee administrative process and internal system to coincide with Company's policies, and propose to the Board of Directors prior to propose for further consideration of the shareholders
6. Appoint and consider remuneration package for top executives of the Company and appoint Company Secretary.
7. Summarize Profit & Loss Statement and Statement of Financial Position of the Company for every fiscal year's ended period. Authorize the statements and present them during the Annual General Meeting of Shareholders for further consideration
8. Nominate appropriated persons with remuneration for further consideration, proposed from the Audit Committee, and approval of shareholders for the appointment of the Company's auditors
9. Ensure the Company's to have written Corporate Governance Policy and Business Ethic as well as to ensure that there will be no conflicts of interest at the same time to establish systematic plans for internal control and risk management
10. Ensure that good corporate governance is implemented to demonstrate Company's commitment to operate the business with ethics and to bring fair treatment to all stakeholders
11. In case of entering into any direct or indirect transaction with the Company and subsidiaries, such director has to immediately inform his/her or related parties' personal interest to the Company
12. In case of holding the company's securities, such director has to immediately inform his/her changing of his/her holding of the company's shares.

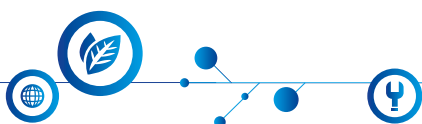
Duties and responsibilities of the Chairman of the Board

1. To be responsible as the leader of the Board of Directors to oversee, monitor and supervise the operations of the Management and the Audit Committees to make them achieve the objectives pursuant to the specified plan
2. To act as the Chairman of the Board of Directors' meeting and the Shareholders' meeting
3. To have a casting vote in case the Board of Directors' meeting has a tie vote.

Roles and Responsibilities of President

Roles and responsibilities of the management have been clearly classified. The President will be the chairman of the management in terms of running the business of which will cover the following roles:

1. General operation management and control in business of the Company to comply with its objectives, policy and the Articles of Association
2. Consideration in business investment plans prior to propose to the Board of Directors for further approval in case of the over limit amount from the assigned authority.



3. Entering into any transaction binding the Company conforming to the Company's Delegation of Authorities
4. Carry out any assignment from the Board of Directors and/or the shareholders of the Company.

The delegation authorities of the President should not be delegated or further assigned that authorize the President or its attorney to approve any connected transactions between themselves or any persons who may have conflict of interest (according to the concept of conflict of interest of the Securities Exchange Commission's notification) with the Company or subsidiaries except such transactions are handled in line with the connected transaction procedure or policy which been approved by the Board of Directors of the Company shareholders' meeting to be complied to regulations of SET/ SEC or any related laws and regulations.

5.5 Transparency of Nomination

The Board of Directors select, and nominate appropriate candidates for positions of Chairman of the Board, members of the Board, the Audit committee and the President as well as consider the appropriate remuneration for such directors. In the case of a vacancy in the board of directors for reasons other than retire by rotation, the Board of Directors will elect a person as the substitute director. The resolution of the Board of Directors shall be by a vote of not less than 3/4 of the number of directors remaining. In case of a vacancy due to directors retire by rotation, the Board of Directors will select and nominate a person to Shareholders Meeting electing for director who shall obtain majority vote form shareholders who attend the meeting and have voting right. For election of independent directors, the Board of Directors will nominate any person who is fully complied with the qualifications of Independent Directors under the company's policy as well as complying to such requirements of SEC/SET as a minimum. Moreover, the Board of Directors of the Company has also appointed the Audit Committee's members to help the Board of Directors on its business either audit or consideration any significant matters.

Executive Succession Plan

The Company is aware of the importance of executive succession plan when any executive position is vacant. In order to create confidence for investors, shareholders and employees on the continuity operation of the Company, an Executive Succession Plan has been considered. The potential candidate will be selected, trained and developed to be ready to accommodate the vacant position in the future.

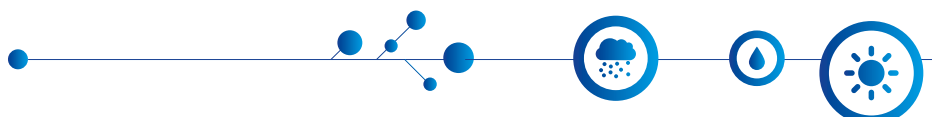
5.6 Directors' Remuneration

Policy of Directors' Remuneration have been clearly and transparently set to be comparable to the general practice in same industry and be appealing enough to tract and retain qualified directors. The directors who also be appointed to be the member of any sub Committees will be paid appropriately more in accordance with the extra work. The Board of Directors will consider the remuneration and propose for approval from the shareholders. The directors' remuneration by individual has been disclosed in the Company's annual information disclosure (Form 56-1) and the Annual Report.

5.7 Accountabilities of the Board of Directors

5.7.1 Set Policy and Business Direction

The Board of Directors involved and agreed on setting out the Company's vision, mission, Corporate Governance Policy, Business Ethics, strategies, goal, direction, business plan, budget, internal control and internal audit systems, including risk management . The Board has to ensure that the management had efficiently followed the Company's business plan and budget for profit ability and economic value to the Company as well as for best stability to the shareholders. In addition, the Board of Directors has not only to ensure the Company and its management to



oversee the value of all stakeholders, neither derive personal benefit nor create any rivalry with the Company and its subsidiaries, but also conducted the business with great awareness in ethical, moral and compliance to the Company's Articles of Associations as well as laws and regulations of the SET and the SEC.

5.7.2 Set up of Committees

For governing the management to comply with the approved policies and having better efficiency, the Board of Directors appointed the Audit committee to help the Board for consideration in significant matters.

The Audit Committee's members have to be the independent directors who were elected by the Board of Directors and proposed for the Company's Board of Directors' and/or the shareholders' approval. The Audit Committee has at least 3 members.

Qualifications of Audit Committee

1. Has been appointed from the Board of Directors and/or the shareholders
2. The Members of the Audit Committee have to be the Independent director qualification from the SEC
3. Not being a person who has been empowered by the Board of Directors for any decision in the business operation of the Company, Parent Company, Subsidiary or affiliated Companies, Same-Level of Subsidiaries as well as any juristic person, major shareholder, or controlling person of the Company
4. Not being a director in parent Company Subsidiaries and any same-Level of subsidiaries which is a listed Company
5. Having sufficient knowledge, experience, and time to perform duties as the Audit Committee members
6. At least one member of the Audit Committee should have sufficient knowledge and experience to review the financial statement credibility and the Company has to put his/her name in the filing of 56-1 form and annual report. In addition, such qualification also has to be put in the committee certified letter which will be submitted to SET.

Term of the Audit Committee member is 3 years. The retired directors are eligible to be re-elected for another term by obtaining approval from Board of Directors and/or the Company's Shareholders.

Roles and Responsibilities of the Audit Committee

1. Review the Company's financial statement to ensure its accuracy and adequacy
2. Ensure that the Company has an appropriate and efficiency internal control, internal audit system, and consider the independence of the internal audit as well as to appoint, rotate or dismiss chief of internal audit of the Company or any other related function who takes responsibilities to internal audit
3. Ensure that the Company has complied to the Securities and Exchange Act, regulations of SEC/SET and any other related regulations



4. Nominate appropriated and independent persons with remuneration for further consideration and approval of the Board of Directors and shareholders for the appointment of the Company's auditors
5. Arrange meeting with auditors without the management of the Company at least once a year
6. Review, comment and ensure that all connected transactions and any other conflict of interest transactions have been complied to laws, and regulations of SET/SEC as well as to ensure that the transactions are reasonable with best benefit to the Company
7. Provide the Audit Committee report for disclosure in the annual report of the Company with minimum contents as required by regulations of SET/SEC
8. Consider any other activities assigned by the Board of Directors.

5.7.3 Board of Directors' Meeting

The Board of Directors' Meeting schedule have been set as quarterly basis with certain agenda. The meeting schedule will be sent to each director by the Company Secretary for preparation and arrangement for meeting participation. To comply with the Company's Articles of Association, unless any urgent matters, the invitation letter as well as meeting materials will be delivered by the Company Secretary to all directors not less than 10 days prior to the meeting date for consideration. However, additional unscheduled Board meetings may be called upon appropriate notice at any time either to address specific needs of the Company or to fulfill requirement of any directors.

5.8 Internal Control / Audit

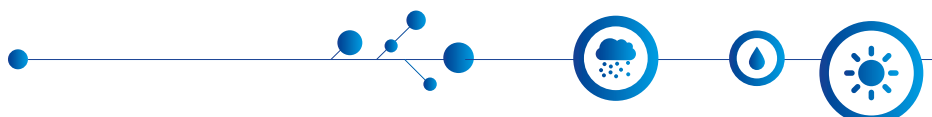
The Company organized an internal audit department to review compliance control of all departments to investigate the errors and weaknesses and then proposes the suggestions to improve the operational efficiency. This is to ensure the consistent and appropriate compliance with existent internal control as well as strengthen the confidence of management and stakeholders. This department is independent and reports directly to the Audit Committee. The Company organized that good internal control allows the Company to notice irregularity and gives early warning for possible risks as well as manage risk to acceptable level.

The Company provides Internal control system in accordance with the system suggested by the Committee of Sponsoring Organizations of the Tread way Commission (COSO) that covers organizational and control environment, risk management, management control, information and communication and monitoring.

5.9 Operation of Business Risk

The Company has operated to serve business risk by mitigating any potential impact caused by economic, political changes, and domestic and global financial crisis. Policy also includes the criteria for risk prevention and detection will be designed from Top Management in the meeting. All concerning management therefore complied with the policy and implemented the risk prevention and mitigation measures in accordance with the designed prevention and detection of Top Management with the collaboration of concerned department as follows:

1. Preparation of risk prevention and detection by each department to support the Company's master business plan and to cope with business risks for the Company's goal achievement;
2. Each responsible department has prioritized the risks by evaluating the overall risk profile and its potential impact to the organization. The appropriate risk mitigation criteria shall be determined in conjunction with each department.



3. All prevention and detection shall be implemented and regularly followed up by the Top Executives comprising of each concerning management in a quarterly meeting as outlined in the risk management plan. All countermeasures shall be followed and reviewed by internal audit department to ensure that the final outcome is agreeable with the Company's proposed objectives.

Besides, the Company held risk management seminar and training for each business. The risk training also focused on concepts and principles of practicing on risk management throughout the organization which would contribute ensuring the sustainable growth of the Company as well as create long term value for stakeholders and shareholders.

5.10 Development of Directors and Management

To support and increase knowledgeable of the directors and Management, periodical training will be provided and especially the Director Accreditation Program (DAP) and Director Certification Program (DCP) arranged by the Thai Institute of Directors (IOD).

5.11 Company Secretary

The Board of Director considered and appointed a potential and experienced person as the Company Secretary proposed for further approval of the Board of Directors. Roles and responsibilities of the appointed Company Secretary are as follows:

1. Perform her duty with responsibility, due care and royalty as well as has to comply by laws and any other related regulation.
2. Support the Board of Directors for their activities including provide consultation with related to Company's Articles of Association, and any other regulations from related authorities.
3. Arrange meetings for Board of Directors, Committees and Shareholders as well as coordinate to ensure all resolutions have been implemented complying with Company's Objectives, Articles of Association, laws and related regulations.
4. Preparing and keeping important documents of the Company, i.e. a register of directors, notices calling directors' and shareholders' meetings as well as the reports of such meeting and the annual report, ect.
5. Keeping the report on interest filed by Directors and executives as well as submit a copy of such report to the Chairman and the Chairman of Audit Committee within seven business days from the date on which the Company has received the report.

5.12 Contact the Board of Director

Shareholders who wish to communicate directly with the Board of Directors, any committee of the Board or any individual director may submit their questions by:

- **Sending Electronic Mail to**

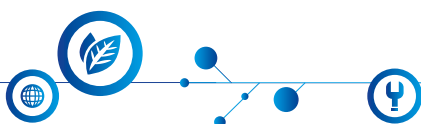
Board of Director : kkc-bod@kulthorn.com

Audit Committee : kkc-auditcom@kulthorn.com

- **Mailing a letter to**

Board of Director : Kulthorn Kirby Public Company Limited No. 126 Soi Chalong Krung 31, Chalong Krung Road, Khwaeng Lam Pla Thio, Khet Lat Krabang, Bangkok 10520.

Audit Committee : Kulthorn Kirby Public Company Limited No. 126 Soi Chalong Krung 31, Chalong Krung Road, Khwaeng Lam Pla Thio, Khet Lat Krabang, Bangkok 10520.



The Company Secretary will be responsible for forwarding those communications to the Board of Directors and relating directors or the standing committee and summarizing all directors' communications received during the most recent quarter to the Board. Communications to the Audit Committee will be delivered directly to the Audit Committee without any screening.

Business Ethics

Code of conduct for Management and Directors :

1. To the Company and Shareholder

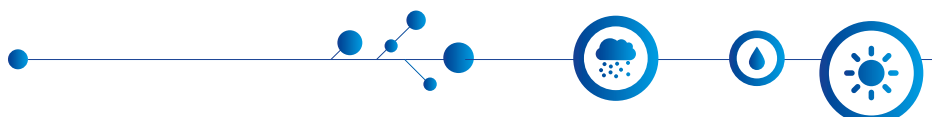
- 1.1. Act with honesty, including making any decision with good faith and fairness to major and minority shareholders for the best benefits of the Company and the shareholders
- 1.2. Manage with the best skills and knowledge
- 1.3. Protect any assets of the Company from illegitimately loss and damage.
- 1.4. Accurately and Completely Report the actual status and operating performance of the Company, consistently.
- 1.5. Not disclose the confidentiality of the Company and not exploit the information and/or the confidentiality of the Company by misconduct.
- 1.6. Eliminate the conflict of interests with caution and rationale, including disclosing the sufficient information.

2. To Employee

- 2.1. Equally treat the employees with good manner and respect to a human dignity and basic human rights.
- 2.2. Award fare and appropriate benefits, base on the responsibility, skill & knowledge and performance of each employee.
- 2.3. Appoint and transfer, including reward and punish the employees with good faith, base on skill & knowledge and suitability of each employee.
- 2.4. Care for the working environment to be safe for life and health of employees.
- 2.5. Thoroughly and consistently encourage, support, train and develop knowledge and skill of employee.
- 2.6. Listen to opinion and suggestion, base on the professional knowledge of employees
- 2.7. Strictly follow any rules, regulations and codes related to employees.
- 2.8. Avoid any unfair action to employees and open for complain regarding any troubles or unfairness in order to come up with the right solutions.

3. To Customer

- 3.1. Treat the customer with honest and fair, including disclose and provide accurate and sufficient information regarding goods and services to the customer without distortion.
- 3.2. Strictly Follow the conditions and liabilities to the customer, including treating and providing the service to customer with hospitality.
- 3.3. Instantly consider and fairly process the complaint of the customers for their satisfaction.
- 3.4. Keep the trade confidentiality of the customers from using for their own and/or related persons' benefits or misconduct.



- 3.5. Produce good quality of goods and services with consistently standard.
- 3.6. Not overcharge the price, compared with the quality of goods and services and avoid an unfair trade conditions to the customers.

4. To Business Partner and/or Creditor

- 4.1. Not request or accept or pay any non-good faith benefit to a business partner and/or a creditor.
- 4.2. In case of evidence of request or accept or pay any non-good faith benefit, the detail of information will be immediately revealed to a business partner and/or a creditor to mutually consider for the fair and prompt solution.
- 4.3. Strictly follow any agreement and condition to a business partner and/or a creditor. In case of any breach, the information will be immediately revealed to a business partner and/or a creditor to mutually consider for the solution.
- 4.4. Consistently and accurately report the financial data to the creditors on time.

5. To Trade Competitor

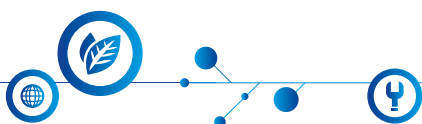
- 5.1. Play by the rules.
- 5.2. Not seek for the confidentiality information of the trade competitor by misconduct or inappropriateness.
- 5.3. Not undermine the reputation of the trade competitor by accusing without any evidence support.

6. To Society

- 6.1. Do no harm to the country, national resource, environment or society as a whole.
- 6.2. Frequently Support an activity that benefits a community and society as a whole or a creative activity to society.
- 6.3. Seriously build conscious and social responsibility among employees in any level, continuously.
- 6.4. Strictly act or supervise to act by the rules, regulation and codes, accordingly.

Code of conduct for Employee :

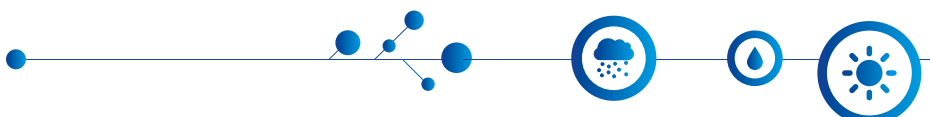
- 1. Work with honest, diligence, endeavor, discipline and responsibility for delegated duty.
- 2. Strictly and regularly act by the rules, regulations, the Company's code of conduct and related laws, including behaving as a good citizen under laws and orders of society for both in and out of the company.
- 3. Strictly keep the confidentiality of the Company, customers and business partners and do not disclose and confidentiality related to the Company or exploit the internal information of the company for their own and/or others' benefits.
- 4. Do not run or be partner or involve in any business or take any position in the business with the same business or competitive business or conflict of interests with the Company without the permission of the Company.
- 5. Utilize assets of the Company for the most effectiveness with care and maintain at the ready-to-use condition at all time, including not cause any damage or loss or use for their own and/or others' benefits.
- 6. Cooperate and assist in overall work, including any activity with the co-worker, respectfully.
- 7. Care for and act to maintain the working environment to be safe, clean and beautiful.



8. Keep and create the unity among group and co-worker.
9. Not accuse the Company, management and/or co-worker.
10. Inform a supervisor or related agency in case of any misconduct in the company or illegal action or any action may cause the damage to the work, asset or reputation of the Company and/or co-worker.

Related party transactions

During the years, the Company and its subsidiaries 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 summarized below. All related details were disclosed in note to financial statement no. 6



Management Discussion and analysis

Performance and Financial Position

In 2018, the Company sold its products both domestically and internationally. Domestic sales were 51% and export sales were 49% of total sales of the total unit of 1.71 million sets of compressors sold. Total revenues from sales and services income was Baht 7,428.50 million, with a 0.52% gross profit margin and a net loss operation of Baht 605.79 million. This operation loss was impacted by the world economic situations, and stiff competition from China for compressors. This pressure of high competition continues to effect prices especially for small reciprocating motor compressors for household refrigerators reflected in the lower sales amount and quantity, while at the same time higher costs of product impacted by increasing price of main materials such as copper and steel. Copper prices increased by more than 10% in the last year and steel prices by more than 11%.

Under such circumstances, the Company has employed many strategies in order to respond to customers' needs in terms of prices, develop strong relationship with its customers, improve production productivity, as well as reducing the product costs by using alternative raw materials and aims to make the product technology and production of motor compressor congruent with market needs and comply with the rules and regulation of refrigerants in relation to environmental issues.

Performance

(1) Revenues from sales and services income

The revenues from sales and services income of the Company and its subsidiary for 2018 was Baht 7,428.502 million, compared to the approximated Baht 9,476.91 million of sales and services income of the previous year, a decrease of Baht 2,048.41 million or 21.61%, was due to less demand which effected by both the world wide and Thailand economic situations. There was a high competition in the industry, which caused continuing price reductions especially for small reciprocating motor compressors for household refrigerators that is reflected in the lower sales amount and quantity.

(2) Gross profit margin

The gross profit margin of 2018 and 2017 of the company were 0.52% and 5.90%, a decrease of 5.38% caused from the increasing price of main materials of copper and steels, which increased respectively by more than 10% and 11%. In addition, the appreciated value of Thai Baht affected the selling price in a competitive sales market.

(3) Operation Expenses

- Selling Expenses of the Company and its subsidiary for 2018 approximated Baht 86.99 million, compared to the approximated Baht 136.22 million of the previous year, a decrease of Baht 49.23 million caused from the decrease amount of warranty products and commission expenses of sales.
- Administrative Expenses of the Company and its subsidiary for 2018 approximated Baht 545.86 million, compared to the approximated Baht 522.15 million of 2017 was nearly same amount.
- The company and its subsidiaries got gain on foreign exchange rate for 2018 approximated Baht 6.54 million while the 2017 got gain on foreign exchange rate approximated Baht 17.93 million which resulted from import transactions of copper and steel materials and export sales of compressors and the efficient management for forward exchange contracts.



(4) Others Income

- Income from scrap sales of the Company and its subsidiary for 2018 approximated Baht 27.36 million, compared to the approximated Baht 32.00 million of the previous year, a decreasing of Baht 4.64 million or 14.50%

(5) Finance Cost

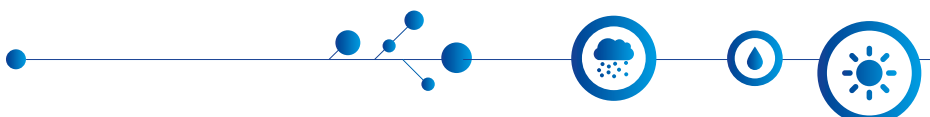
- Finance cost of the Company and its subsidiary for 2018 was Baht 187.13 million while it was Baht 183.17 million in year 2017.

Financial Position

The consolidated total assets in 2018 was Baht 7,142.11 million, a decrease of Baht 115.22 million from Baht 7,297.33 million in 2017.

The consolidated total liabilities in 2018, was Baht 5,573.81 million, an increase of Baht 501.97 million from Baht 5,071.84 million in 2017, mainly resulted by the increase of long term loans, net of current portion approximated of Baht 475.50 million.

The consolidated total shareholders' equity in 2018 was Baht 1,568.29 million, compared to the approximated Baht 2,225.49 million of the previous year, a decrease of Baht 657.20 million caused from the loss operations of 2018 approximated Baht 605.79 million.



Financial Information

Financial Statements

Statement of comprehensive income for the year ended 31 December 2018, 2017 and 2016

Unit : Baht

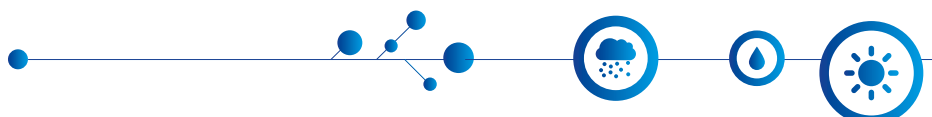
	2018	2017	2016
Revenues			
Sales and service income	7,428,495,457	9,476,914,619	8,665,887,862
Other income			
Income from scrap sales	27,356,566	32,000,279	168,902,584
Gain on exchange rate	6,541,358	17,932,338	-
Interest income	2,617,535	1,066,996	1,176,163
Dividend income	4,572	6,018	4,523
Others	17,704,583	31,500,867	15,844,833
Total revenues	7,482,715,499	9,559,515,099	8,851,815,965
Cost of sales and services	7,389,991,234	8,917,404,408	8,011,603,678
Gross profit	38,504,223	642,110,691	654,284,184
Gross profit %	0.52%	5.90%	7.55%
Operating expenses			
Selling expenses	86,986,429	136,222,138	87,154,720
Administrative expenses	545,860,715	522,148,364	446,764,644
Loss on exchange rate	-	-	11,860,450
Total expenses	632,847,144	658,370,502	545,779,814
Profit (loss) before finance cost and corporate income tax	(540,122,879)	(16,259,811)	294,432,473
Finance cost	(187,133,027)	(183,168,544)	(186,841,093)
Profit (loss) before corporate income tax	(727,255,906)	(199,428,355)	107,591,380
Income tax expenses	121,460,974	26,675,354	(44,288,515)
Profit (loss) for the year	(605,794,932)	(172,753,001)	63,302,865
Other comprehensive income:			
Exchange differences on translation of financial statements in foreign currency	8,598,029	319,986	5,136,721
Actuarial losses	-	(23,500,125)	-
Less : Income tax effect	-	3,460,330	-
Profit or loss in subsequent periods-net of income tax	-	(20,039,795)	-
Other comprehensive income for the year	8,598,029	(19,719,809)	5,136,721
Total comprehensive income for the year	(597,196,903)	(192,472,810)	68,439,586
Basic earnings per share	(0.505)	(0.144)	0.053
Weighted average number of ordinary shares (shares)	1,200,000,000	1,200,000,000	1,200,000,000



- Statement of financial position as at 31 December 2018, 2017 and 2016

Unit : Baht

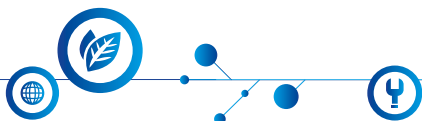
	2018	2017	2016
Assets			
Current assets			
Cash and cash equivalents	96,962,936	225,680,509	316,890,747
Trade and other receivables	1,231,190,984	1,776,836,809	1,834,931,629
Inventories	2,343,848,986	2,122,406,144	2,327,112,970
Current tax assets	16,078,227	25,536,722	12,676,416
VAT receivable	61,020,028	48,143,025	53,047,960
Other current assets	38,249,965	28,400,410	22,226,018
Total current assets	3,787,351,126	4,227,003,619	4,566,885,740
Non-current assets			
Property, plant and equipment	2,784,555,695	2,794,237,664	3,019,407,338
Other intangible assets	86,988,048	71,080,189	75,270,674
Advance payment for purchase of fixed assets	232,123,332	75,284,680	-
Deferred tax assets	249,733,806	127,457,129	83,230,429
Other non-current assets	1,358,696	2,271,814	2,112,378
Total non-current assets	3,354,749,577	3,070,331,476	3,180,020,819
Total assets	7,142,110,703	7,297,335,095	7,746,906,559
Liabilities and shareholders' equity			
Current liabilities			
Bank overdrafts and short-term loans from financial institutions	3,046,122,514	3,029,785,282	2,801,694,296
Trade and other payables	752,299,052	879,098,264	1,003,573,813
Current portion of long-term loans	400,000,000	200,000,000	200,000,000
Other current liabilities	89,766,286	102,275,964	107,704,954
Total current liabilities	4,288,187,852	4,211,159,510	4,112,973,063
Non-current liabilities			
Long-term loans, net of current portion	1,075,300,000	600,000,000	800,000,000
Liabilities under financial lease agreements, net of current portion	11,166,643	63,830,759	125,689,955
Provision for long-term employee benefits and others	199,160,275	196,851,990	170,277,895
Total non-current liabilities	1,285,626,918	860,682,749	1,095,967,850
Total liabilities	5,573,814,770	5,071,842,259	5,208,940,913
Shareholders' equity			
Share capital registered 1,200,000,000 ordinary shares of Baht 1 each			
Issued and fully paid up 1,200,000,000 ordinary shares of Baht 1 each	1,200,000,000	1,200,000,000	1,200,000,000
Share premium	700,000,000	700,000,000	700,000,000
Surplus from Business combination under common control	207,897,949	207,897,949	207,897,949
Retained earnings Appropriated - statutory reserve	120,000,000	120,000,000	120,000,000
Unappropriated	(657,449,686)	8,345,246	321,138,042
Other components of shareholders' equity	(2,152,330)	(10,750,359)	(11,070,345)
Total shareholders' equity	1,568,295,933	2,225,492,836	2,537,965,646
Total liabilities and shareholders' equity	7,142,110,703	7,297,335,095	7,746,906,559



Cash flow statements for the year ended 31 December 2018, 2017 and 2016

Unit : Baht

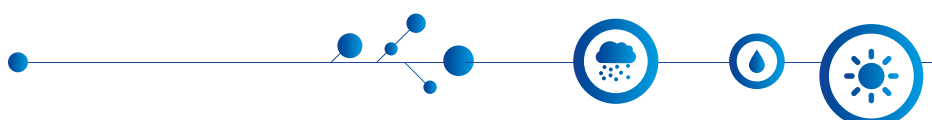
	2018	2017	2016
Cash flows from operating activities			
Profit (loss) before tax	(727,255,906)	(199,428,355)	107,591,380
Adjustments to reconcile profit (loss) before tax to			
net cash provided by (paid from) operating activities			
Depreciation and amortization	408,038,399	473,054,831	494,203,314
Allowance for impairment loss on property plant and equipment	(2,560,350)	4,646,262	-
Allowance for doubtful accounts (reversal)	(41,859,802)	14,810,362	30,413,106
Bad debt	40,941,474	-	-
Reduction of inventory value to net realizable value (reversal)	55,436,173	30,203,130	17,232,199
Gain on sales of property, plant and equipment	(433,054)	(246,023)	(82,647)
Loss on write-off property, plant and equipment and intangible assets	10,429,626	555	3,753,294
Transfer fixed assets to expenses	-	-	2,000,000
Write-off withholding tax	385,035	2,008,820	841,102
Dividend income	(4,572)	(6,018)	(4,523)
Deferred interest	5,943,091	10,214,628	14,438,367
Provision for long-term employee benefits	19,159,740	14,066,845	17,503,950
Subsidies income from Government grants	(3,654,958)	(953,370)	-
Interest income	(2,617,535)	(1,066,996)	(1,176,163)
Unrealised (gain) loss on exchange	(2,987,261)	832,368	14,607,582
Interest expenses	170,565,678	162,981,868	157,795,834
Profit from operating activities before changes in			
operating assets and liabilities	(70,474,222)	511,118,907	859,116,795
Operating assets (increase) decrease			
Trade and other receivables	571,456,185	(57,115,828)	260,624,139
Inventories	(276,879,015)	174,503,696	93,423,621
Other current assets	(20,916,800)	16,766,334	50,080,601
Other non-current assets	913,118	(159,436)	1,230,305
Operating liabilities increase (decrease)			
Trade and other payables	(137,261,485)	(114,267,363)	(133,623,738)
Other current liabilities	(13,824,864)	(5,746,452)	(35,846,203)
Cash flows from operating activities	53,012,917	525,099,858	1,095,005,520
Cash paid for long-term employee benefits	(16,851,454)	(10,992,876)	(9,243,749)
Cash received from interest income	2,617,535	1,066,996	1,176,163
Cash paid for interest expenses	(170,910,353)	(162,131,324)	(158,178,285)
Cash paid for corporate income tax	(17,808,885)	(45,352,153)	(76,757,406)
Net cash flows from (used in) operating activities	(149,940,240)	307,690,501	852,002,243



Cash flow statement for the year ended 31 December 2018, 2017 and 2016 (Continued)

Unit : Baht

	2018	2017	2016
<u>Cash flows from investing activities</u>			
Acquisition of property, plant and equipment and intangible assets	(345,398,905)	(267,227,564)	(331,543,738)
Proceeds from sales of property, plant and equipment and intangible assets	3,185,261	1,293,214	5,413,947
Cash receipt from Government grants	11,651,149	11,568,990	-
Dividend income	4,572	6,018	4,523
Net cash flows from (used in) investing activities	(330,557,923)	(254,359,342)	(326,125,268)
<u>Cash flows from financing activities</u>			
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(217,420,471)	(246,739,501)	(875,347,947)
Cash receipt from long-term loans	-	-	-
Repayment of long-term loans	(250,000,000)	(200,000,000)	(263,200,000)
Proceed from long-term loan from financial institutions	-	-	1,000,000,000
Cash received from increase share capital	-	-	-
Cash paid for liabilities under financial lease agreements	(64,394,543)	(77,964,041)	(83,782,250)
Proceed from long-term loan from financial institutions	925,300,000	-	-
Dividend paid	(59,990,950)	(119,966,189)	(179,957,197)
Net cash flows from (used in) financing activities	333,494,036	(151,190,729)	(402,287,394)
Increase (decrease) in translation adjustments	18,286,554	6,649,332	20,269,869
Net increase (decrease) in cash and equivalents	(128,717,573)	(91,210,238)	143,859,450
Cash and cash equivalents at beginning of year	225,680,509	316,890,747	173,031,297
Cash and cash equivalents at end of year	96,962,936	225,680,509	316,890,747



Financial Ratio

	2018	2017	2016
<u>Liquidity Ratio</u>			
Current Ratio	0.88 Times	1.00 Times	1.1 Times
Quick Ratio	0.31 Times	0.48 Times	0.52 Times
Cash Ratio	(0.04) Times	0.07 Times	0.18 Times
Account Receivable Turnover	5.02 Times	5.18 Times	4.64 Times
Average Collection Period	72 Days	70 Days	78 Days
Inventory Turnover	3.03 Times	3.73 Times	3.17 Times
Inventory Cycle	119 Days	97 Days	114 Days
Payable Turnover	9.06 Times	9.47 Times	7.48 Times
Payable Cycle	40 Days	38 Days	48 Days
Cash Cycle	151 Days	128 Days	144 Days
<u>Profitability Ratio</u>			
Gross Profit	0.52 %	5.90 %	7.55 %
Net Profit	(8.10) %	(1.81) %	0.72 %
Return on Equity	(38.63) %	(7.76) %	2.49 %
<u>Efficiency Ratio</u>			
Return on Assets	(8.48) %	(2.37) %	0.82 %
Return on Fixed Assets	(7.45) %	9.95 %	17.60 %
Assets Turnover	1.04 Times	1.27 Times	1.11 Times
<u>Financial Policy Ratio</u>			
Debt to Equity Ratio	3.55 Times	2.28 Times	2.05 Times
Interest Coverage Ratio	(2.89) Times	(0.09) Times	1.58 Times
Dividend Payout	* %	** %	*** %

* In 2019, the Board of Directors Meeting No. 1/2019, held on 20 February 2019 unanimously proposed to the Shareholders meeting No. 40/2019 which will be held on 24 April 2019 to approve the dividend omission for 2018' operational results.

** In 2018, the Shareholders meeting No. 39/2018, held on 25 April 2018 approved the dividend payment for the year 2017 from the accumulated profit of 20% taxable rate at Baht 0.05 (Five Satang) per share for 1,200,000,000 ordinary shares. The company will pay the said dividend on 24 May 2018.

*** In 2017, the Shareholders meeting No. 38/2017 held on 20 April 2017 approved the dividend payment for the year 2016 from the accumulated profit of 20% taxable rate at Baht 0.10 (Ten Satang) per share for 1,200,000,000 ordinary shares. The company will pay the said dividend on 18 May 2017.



Assets and liabilities management

1 Trade and other receivables

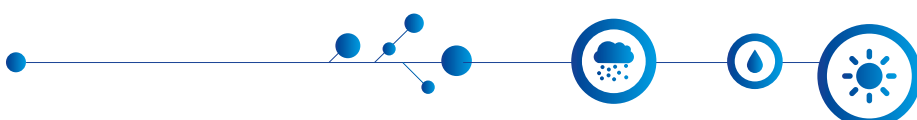
(Unit : Thousand Baht)

	2018		2017		2016	
<u>Trade receivable - related parties</u>						
Not yet due	90,842	7.38 %	84,980	4.78 %	74,499	4.06 %
Over due						
Less than 3 months	22,829	1.85 %	21,629	1.21 %	21,214	1.16 %
3 - 6 months	-	-	94	0.01 %	370	0.02 %
Over 6 months	4,797	0.39 %	5,466	0.31 %	8,583	0.47 %
Total	118,468	9.62 %	112,169	6.31 %	104,666	5.70 %
Less: Allowance for doubtful debts	-	-	-	-	-	-
Total trade receivables -related parties, net	118,468	9.62 %	112,169	6.31 %	104,666	5.70 %
<u>Trade receivable - unrelated parties</u>						
Not yet due	713,029	57.91 %	1,336,041	75.19 %	1,324,810	72.20 %
Overdue						
Less than 3 months	290,361	23.58 %	279,145	15.71 %	302,412	16.48 %
3 - 6 months	8,972	0.73 %	8,723	0.49 %	33,560	1.83 %
Over 6 months	22,867	1.86 %	66,978	3.77 %	93,428	5.09 %
Total	1,035,229	84.08 %	1,690,887	95.16 %	1,754,210	95.60%
Less: Allowance for doubtful debts	(12,775)	(1.04 %)	(54,635)	(3.07 %)	(39,825)	(2.17 %)
Total trade receivables - unrelated parties, net	1,022,454	83.05 %	1,636,252	92.09 %	1,714,385	93.43 %
Total trade receivable - net	1,140,922	92.67 %	1,748,421	98.40 %	1,819,051	99.13 %
<u>Other receivables</u>						
Advances - related party	3,611	0.29 %	1,168	0.07 %	1,161	0.06 %
Other	86,658	7.04 %	27,248	1.53 %	14,720	0.81 %
Total other receivables	90,269	7.33 %	28,416	1.60 %	15,881	0.87 %
Total trade and other receivables- net	1,231,191	100 %	1,776,837	100 %	1,834,932	100 %

Details of the company's trade and other receivable were summarized as the above aging table.

The Company offers trade credits only to customers with creditworthiness and enters into the insurance policy for the uncollection of export customers. In addition, thanks to a wide customer base, the Company is able to diversify the risks from trade credits, not concentrate on the particular group of customers. Then the uncollected loss will be immateriality.

During the years, the Company and its subsidiaries had significant business transactions with related parties mainly in respect of purchases and sales of goods for motor compressor products. Such transactions, which have been concluded on commercial terms, at fair prices and bases agreed upon in the ordinary course of business between the Company and those related parties and have been quarterly reviewed and disclosed by the Audit Committee in the Board of Directors meeting.



2 Inventories

(Unit : Thousand Baht)

	2018		2017		2016	
Cost						
Finished goods	956,839	37 %	696,350	30 %	803,847	32 %
Work in process	434,690	17 %	457,312	20 %	460,260	19 %
Raw materials	1,153,952	45 %	1,150,035	50 %	1,168,906	47 %
Goods in transit	35,673	1%	578	-	45,766	2 %
Total	2,581,154	100 %	2,304,275	100 %	2,478,779	100 %
Allowance for diminution in value of inventories	(237,305)	9.19%	(181,869)	7.89%	(151,666)	6.12 %
Net amount	2,343,849		2,122,406		2,327,113	

The Company has been sourcing materials from various suppliers, who are able to supply substitute products with comparable quality and provide the Company with several positives. Furthermore, the Company employs efficient inventory control and monitors closely impacts from the changing market prices.

Inventories are valued at the lower of cost (first-in, first-out basis) and net realizable value. Cost of work in process and finished goods includes raw materials, direct labor and production overhead. And allowance for diminution in inventory value will be set up for old, obsolete or deteriorated inventories.

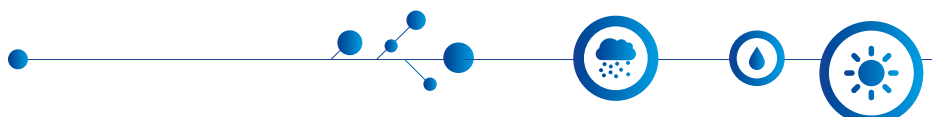
During the current year, the Company and its subsidiaries reduced cost of inventories by Baht 55.40 million to reflect the net realisable value. This was included in cost of sales.



3. Property, plant and equipment

(Unit : Thousand Baht)

	Land	Land improvement and plant	Machinery	Plant equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Total
Cost:								
As at 1 January 2016	349,728	1,856,531	7,697,379	1,212,452	186,398	139,826	245,862	11,688,176
Additions	-	77	13,386	8,655	5,806	7,143	301,773	336,840
Transfer and Disposals	-	81,874	66,987	30,572	3,000	(1,983)	(199,707)	(19,257)
Translation adjustments	-	17,522	(29,921)	-	(757)	(559)	-	(48,759)
As at 31 December 2016	349,728	1,920,960	7,747,831	1,251,679	194,447	144,427	347,928	11,957,000
Additions	-	636	2,518	8,548	6,288	15	230,186	248,191
Transfer and Disposals	-	167,483	17,230	23,529	(1,218)	3,904	(244,073)	(33,145)
Translation adjustments	-	(5,987)	(10,271)	-	(258)	(183)	(507)	(17,206)
As at 31 December 2017	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 and Disposals	-	(34,260)	147,787	11,833	2,310	32	(185,804)	(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
Accumulated depreciation:								
As at 1 January 2016	-	1,120,935	6,027,933	1,078,835	154,758	111,931	-	8,494,392
Transfer and Disposals	-	-	(2,924)	-	(453)	(4,694)	-	(8,071)
Depreciation for the year	-	82,508	325,039	50,225	14,702	10,741	-	483,215
Translation adjustments	-	(8,665)	(23,658)	-	(642)	(468)	-	(33,433)
As at 31 December 2016	-	1,194,778	6,326,390	1,129,060	168,365	117,510	-	8,936,103
Transfer and Disposals	-	-	(28,144)	(364)	(3,589)	-	-	(32,097)
Depreciation for the year	-	89,817	310,357	49,347	11,094	10,508	-	462,123
Translation adjustments	-	(3,152)	(8,126)	-	(226)	(159)	-	(11,663)
As at 31 December 2017	-	1,281,443	6,591,477	1,178,043	175,644	127,859	-	9,354,466
Transfer and Disposals	-	83,569	255,121	41,402	10,107	7,667	-	397,866
Depreciation for the year	-	(37,895)	-	(1,122)	(7,490)	(1,666)	-	(48,173)
Translation adjustments	-	(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
Allowance for impairment loss:								
As at 31 December 2016	-	-	(973)	-	-	-	(517)	(1,490)
As at 31 December 2017	-	-	(5,619)	-	-	-	(517)	(6,136)
Increase during the year	-	-	3,376	-	(707)	(625)	517	2,561
Translation adjustments	-	-	269	-	-	-	-	269
As at 31 December 2018	-	-	(1,974)	-	(707)	(625)	-	(3,306)
Net book value:								
As at 31 December 2016	349,728	726,182	1,420,468	122,619	26,082	26,917	347,411	3,019,407
As at 31 December 2017	349,728	801,649	1,160,212	105,713	23,615	20,304	333,017	2,794,238
As at 31 December 2018	349,728	716,502	1,055,696	85,213	25,358	13,824	538,235	2,784,556



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
Machinery	5, 8, 10, 15 years
Plant equipment	5 years
Furniture, fixtures and office equipment	3, 5, 10 years
Motor vehicles	5 years

Depreciation is included in determining income.

No depreciation is provided for land and construction in progress.

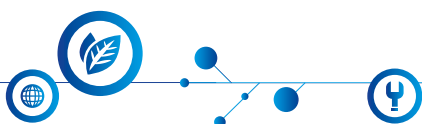
An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

The Company and its subsidiaries pledged their land and buildings thereon, of which net book value amounted to approximately Baht 423 million (2017: Baht 627 million) (The Company's: Baht 223 million 2017: Baht 306 million)

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

As at 31 December 2018, certain items of plant and equipment of the Company and its subsidiaries were fully depreciated but are still in use. The gross carrying amount, before deducting accumulated depreciation, of those assets amounted to Baht 5,893.0 million (2017: Baht 5,839.4 million)

As at 31 December 2018, the Company and its subsidiaries had machineries, vehicles and equipment with net book values of Baht 86.4 million (2017: Baht 116.5 million)



4. Investments in subsidiaries

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2018	2017	2018 (%)	2017 (%)	2018	2017	2018	2017
Kulthorn Kirby Foundry Company Limited	575,000	575,000	100	100	739,999	739,999	-	100,050
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	-	50,000
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	-	150,050
Less: Allowance for impairment loss on investments in subsidiaries					(1,043,007)	(783,007)	-	-
Total investments in subsidiaries - net					2,586,872	2,846,872	-	150,050

On 28 September 2018, the Board of Directors' Meeting of the Company passed a resolution approving the sale of assets and the transfer of employees of Kulthorn Metal Products Company Limited (a subsidiary company) to Kulthorn Steel Company Limited (another subsidiary) for the purpose of reducing operating expenses and enhancing the efficiency and competitiveness of the Group. The two subsidiaries have already completed asset acquisition and the transfer of employees in October 2018. Kulthorn Metal Products Company Limited plans to liquidate the business and register the dissolution within 3 years.

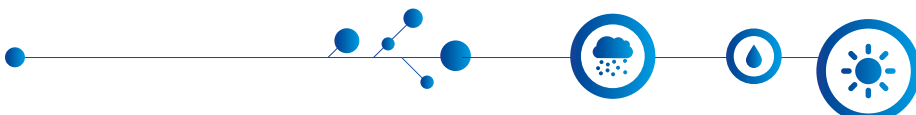
During the current year, the Company recorded additional allowance for impairment loss on investment in Kulthorn Premier Company Limited amounting to Baht 260 million.

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

(Unit : Thousand Baht)

	Interest rate (percent per annum)	2018	2017	2016
Bank overdrafts	7.12	131	5,627	14,900
Short-term loans	4.17 - 4.96	874,600	974,500	545,689
Trust receipts	2.85 - 5.41	1,531,518	1,674,341	1,434,558
Packing credit	3.18 - 5.66	639,874	375,317	806,547
Total		3,046,123	3,029,785	2,801,694

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



6. Trade and other payables

(Unit : Thousand Baht)

	2018	2017	2016
Trade payables - related parties	6,264	10,790	18,028
Trade payables - unrelated parties	513,384	638,096	724,386
Other payable - related parties	3,884	6,130	7,948
Other payable - unrelated parties	158,039	138,716	153,318
Accrued interest expenses to unrelated parties	-	-	380
Accrued interest expenses to unrelated parties	2,766	2,954	2,288
Accrued expenses	67,962	82,412	97,226
Total trade and other payables	752,299	879,098	1,003,574

The 2018 outstanding balances of the Company's trade and other payables was Baht 752.30 million and for the 2017 outstanding balances was Baht 879.10 million caused from the efficient management for purchasing and inventory control in 2018.

During the years, the Company and its subsidiaries had significant business transactions with related parties mainly in respect of purchases and sales of goods for motor compressor products. 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 and have been quarterly reviewed and disclosed by the Audit Committee in the Board of Directors meeting.

7. Long-term loans

(Unit : Thousand Baht)

	2018	2017	2016
Long-term loans	1,475,300	800,000	1,000,000
Less: Current portion of long-term loans	(400,000)	(200,000)	(200,000)
Long-term loans, net of current portion	1,075,300	600,000	800,000

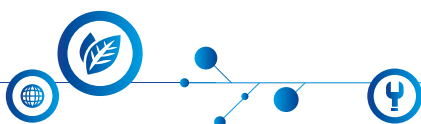
In December 2016, the Company and its subsidiaries entered into a Credit Facility Agreement with three financial institutions to obtain long-term syndicated loans facility amounting to Baht 2,000 million.

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

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

In December 2017, the Company and its subsidiaries received a waiver letter from three financial institutions, approving a waiver for certain financial conditions including a waiver maintenance of the interest bearing debt to EBITDA plus extraordinary items and non-cash items ratio for the year ended 31 December 2017.

As at 31 December 2017, the Company and its subsidiaries were able to comply with all conditions as specified in the waiver letter and the loan agreement.



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

In December 2018, the Company and its subsidiaries received a waiver letter from three financial institutions, approving a waiver for certain financial conditions including a waiver maintenance of the interest bearing debt to EBITDA plus extraordinary items and non-cash items ratio and debt to equity ratio for the year ended 31 December 2018.

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

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

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

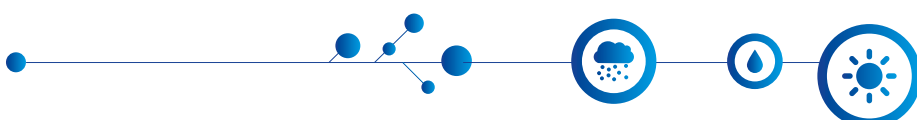
The Company has entered into an interest rate swap contract for a portion of the above loans.

8. Liabilities under financial lease agreements

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Liabilities under financial lease agreements	69,569	134,800	2,642	9,413
Less: Deferred interest expenses	(2,374)	(9,154)	(190)	(480)
Total	67,195	125,646	2,452	8,933
Less: Portion due within one year	(56,028)	(61,815)	(901)	(6,438)
Liabilities under financial lease agreements, net of current portion	11,167	63,831	1,551	2,495

The Company and its subsidiaries have 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.



9. Provision for long-term employee benefits.

Provision for long-term employee benefits, which represents compensations payable to employees' retirement and long service awards.

The outstanding balance of provision for long-term employee benefit for 2018 was Baht 199.16 million was higher than the 2017 outstanding balance of Baht 196.85 million.

Management View

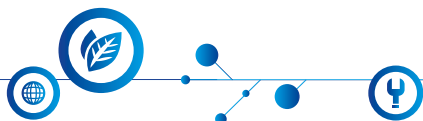
The world economic situations in 2017 and 2018 were a partial recovery in some countries. However, in Thailand the economic situation in 2018 improved but nationwide the farmers were facing lower purchasing power due to the lower price of agriculture products which has reflected in the suppressed demand of consumption. Another factor is the world biggest manufacturers in China created price reduction especially for small reciprocating motor compressors for household refrigerators.

However, other factors such as Global Warming and a worldwide increase in purchasing power created rising world demand for refrigeration products and air-conditioning products. This presents a good business opportunity and as manufacturers aim at improve and further develop reciprocating motor compressors to satisfy customers demand as it's competitive in terms of both price and quality.

The management of company aims to continuously manage the company in the ways which reinforce good competitive advantages and cover business risks. For instance,

1. Accelerate the growth in current markets while going into new markets and at the same time being responsive to serve the customers demand.
2. Create and maintain good relationships with current business alliances and customers.
3. Focus on developing new products to satisfy the market demand of better quality, lower cost and low energy consumption to respond the market demand and serve the changing regulation and environmental concerns relating to refrigerants for refrigerators and air conditioner.
4. To continue both efficiency improvements and cost reduction activities.
5. Emphasize the company and subsidiary companies' management to ensure efficiency by having a competitive advantage from the in line business operations of the group of company and improve productivity of all production process.
6. Manage and control all financial transaction of the company and subsidiaries to allied with all conditions of the signed credit facilities agreement with Kasikorn Bank Public Company Limited, Bangkok Bank Public Company Limited, and ICBC (Thai) Bank Public Company Limited.
7. Manage the effects foreign exchange rate or possible exposures on the foreign currency by entering to some extended Forward Exchange Contracts.
8. To negotiate with new partner in order to increase the market share.
9. To negotiate with other manufacturer to take over the business, to get patent, machinery especially the American business in order to increase the market share and/or Know How of new model of motor compressors.

By all defined countermeasures, the Management believes that the business competitive advantages of company will be secure and the operations will be growth and success as the target.



Audit Committee's Report

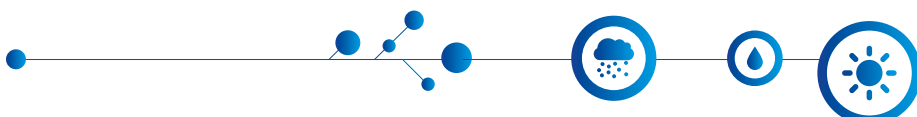
The Audit Committee of the Kulthorn Kirby Public Co.,Ltd. consisted of the 3 independent directors who were fully qualified in accordance with the Audit Committee's Charter; Acting Sub. Lieut. Samart Mekavanitchakul, as the Chairman of the Audit Committee, Mr. Tawatchai Jaranakaran and Mr. Padoong Techasarintr, as the members. Later, Mr. Padoong Techasarintr retired from the Committee on 21 st February 2018 and Acting Sub. Lieut Samart Mekavanitchakul retired too. Furthermore, on 7 th May 2018 The Committee reset Mr Padoong Techasarintr back to the independent Audit Committee. Then, The Audit committee assigned Mr. Tawatchai Jaranakaran , as the Chair man of the Audit Committee. Vice Admiral Naruedom Saardyen and Mr. Padoong Techasarintr ,as the members.

During the year 2018, the Audit Committee had 8 meetings as following detail:

	Number of Meeting	Number of Enter
Acting Sub. Lieut. Samart Mekavanitchakul	2	2
Mr.Tawatchai Jaranakaran	8	8
Mr. Padoong Techasarintr	8	8
Vice Admiral Naruedom Saardyen	6	6

There were also meeting with the internal auditors and for some agendas the management also participated in order to have more information as well as suggestions and ideas which benefited the company. Moreover all activities performed were regularly reported to the Board of Directors quarterly which covered the key points as follows:

- 1 Financial Statements:** the Audit Committee reviewed the key data of the quarterly and annually financial statements of the company and its subsidiaries for the year 2018 which were reviewed and endorsed by the external auditors in order to ensure that the mentioned statements were prepared in accordance with the enforcement of the current accounting standards with complete and sufficient disclosure of information and reliable. Moreover there were meeting with the external auditors without the participation of the company's management in order to review the independency and to listen to comments and observations from them.
- 2 Review and revise the sufficiency and the appropriateness of the Internal Control System:** the Audit Committee reviewed and assessed the sufficiency of the internal control and internal auditing systems for appropriateness and effectiveness. This also covered the subsidiary companies. The annual auditing plan was considered and endorsed. The internal auditing reports were reviewed and the process of suggested improvements were also continuously followed up. There was no significant weakness. The Audit Committee found that the company and its subsidiaries had sufficient and appropriate internal control system.
- 3 Risk Management:** according to the review it was found that the company had an appropriate risk management system which was suitable to the business conditions. There were meetings to establish the working procedures in order to prevent the problems or reduce the impacts which might affect the company's businesses and keep them at the acceptable level.



- 4 **Related transactions or transactions which might cause conflict of interests:** the Audit Committee reviewed the related transactions between the company, its subsidiaries and all related parties as well as the transactions which might cause conflict of interests that occurred during the year 2018 for accuracy and reasonableness. This was to ascertain that the mentioned transactions were carried out according to the normal business conditions and to the optimum benefit of the company. No benefits were siphoned off. The information was sufficiently disclosed. Additionally works in accordance with the regulations instructed by the Securities Exchange Commission (SEC) were also being observed.
- 5 **Good Corporate Governance:** the Audit Committee reviewed the company's operation to ensure that it was in compliance with the Securities Exchange Act, the regulations of the Stock Exchange of Thailand and all the key laws which were relevant to the company's businesses. Additionally works in accordance with the good corporate governance principles were also observed for transparency and reliability.
- 6 **The self-assessment of the Audit Committee:** the Audit Committee reviewed and assessed their performance during the year 2018. This was to comply with the good corporate governance guidelines suggested by the SEC. The assessment results showed that the Audit Committee has effectively carried out their duties in accordance with the scope, duties and responsibilities as stipulated in the Audit Committee's Charter.
- 7 **Appointment of Auditors:** the Audit Committee considered and proposed to the company's Board of Directors to be further approved at the General Meeting of the shareholders, appointment of Ms. Siriwan Suratepin, a certified public accountant number 4604, and/or Ms. Sathida Ratananurak, certified public accountant number 4753, and/or Mr. Wichart Lokatekrawee, a certified public accountant number 4451 of the EY Office Limited as the company's auditors for another year in 2019 at the auditing and reviewing fees of 1,870,000 baht which was 170,000 baht increased from last year. This was due to the expected increase in the auditing workload and the responsibilities to review and to audit more according to the newly announced accounting standards.

The Audit Committees had freedom in carrying out their assigned duties and received good cooperation from the Management. The external auditor were invited for consultations, ideas and/or observations relating to the internal control system of accounting and finance. There were no irregularities and significant errors found.

February 15th, 2019

On behalf of the Audit Committee

Mr. Tawatchai Jaranakaran

Chairman of the Audit Committee

Declaration of the Directors' Responsibility for the Financial Statements

The Board of Directors of the Kulthorn Kirby Public Company Limited (KKC) has prepared the Company's financial statements to show its financial status and performance for 2018 under the Public Company Limited Act of 1992, the Accounting Act of 2000, the Securities and Exchange Act of 1992 and the announcement of the Capital Market Supervisory Board concerning the criteria, conditions and reporting method for the disclosure of information on financial status and performance of companies that issue securities.

The Board recognizes its duties and responsibility for directing a listed company, particularly the responsibility for financial statements of the Company and its subsidiaries including financial information that appears in the annual report of 2018. Such statements have been prepared under generally accepted accounting principles, with a suitable accounting policy chosen and due discretion exercised for sensible estimation. Adequate significant information has been disclosed in the notes to these financial statements for transparent use by shareholders and investors at large.

The Board has instituted and maintained effective practices for the risk of company business and internal control systems to become reasonably confident of accurate, complete and adequate accounting information to retain Company assets and prevent frauds or significant anomalies in operation.

The audit Committee, acting on behalf of the Board, has been assigned responsibility for the quality of financial reports and internal control system and its opinions duly appear in its own report found in this publication.

It is our view that KKC's internal control system is, on the whole, satisfactory and can reasonably assure us that the financial statements of KKC and its subsidiaries ended December 31, 2018 are reliable in accordance with Thai Financial Reporting Standards, legally sound and acceptable to relevant regulations.



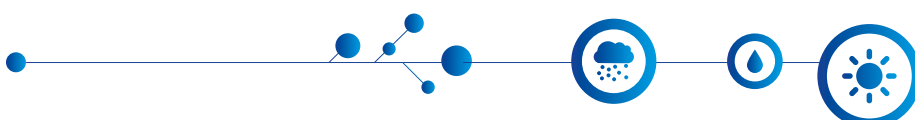
Mr. Sumeth Simakulthorn

Chairman



Mr. Sutee Simakulthorn

President





REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2018

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 2018, 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 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

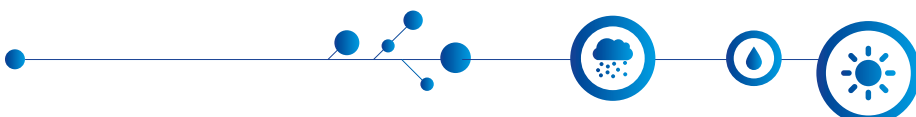
Basis for Opinion

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.

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.



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 Company'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 Company'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 Company 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 Company 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:

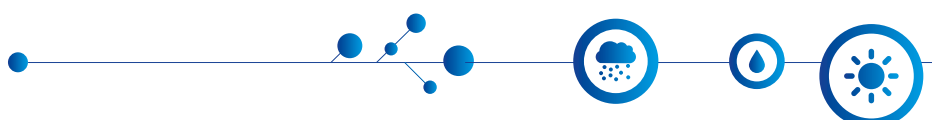


- Gaining an understanding of the basis applied in determining the provision for diminution in value of inventory and reviewing the consistency of the application of that basis, and the rationale for the recording of specific provisions.
- Comparing the inventory holding periods and inventory movements 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 1,043 million in the separate financial statements as disclosed in Note 10 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 investment in subsidiaries.

I assessed the management's consideration regarding the impairment on investment 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 through 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.

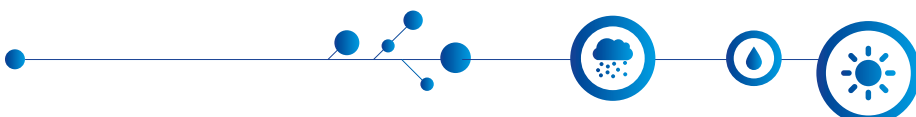


Auditor's Responsibilities for the Audit of the Financial Statements

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.

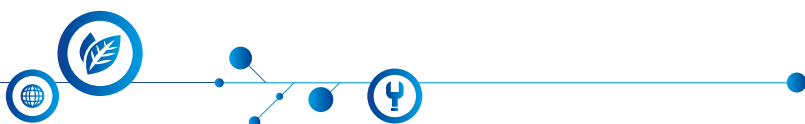
S. Ratananurak

Satida Ratananurak

Certified Public Accountant (Thailand) No. 4753

EY Office Limited

Bangkok: 28 February 2019



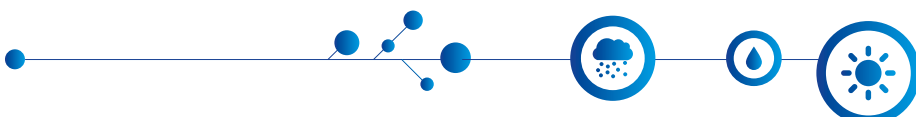
Statements of financial position

Kulthorn Kirby Public Company Limited and its subsidiaries

As at 31 December 2018

(Unit: Baht)					
	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Assets					
Current assets					
Cash and cash equivalents	7	96,962,936	225,680,509	68,759,262	149,225,357
Trade and other receivables	8	1,231,190,984	1,776,836,809	695,726,953	1,032,477,488
Short-term loans to related parties	6	-	-	70,000,000	113,000,000
Inventories	9	2,343,848,986	2,122,406,144	1,434,236,706	1,184,681,542
Current tax assets		16,078,227	25,536,722	1,030,454	16,088,185
VAT receivable		61,020,028	48,143,025	30,160,765	37,067,852
Other current assets		38,249,965	28,400,410	9,458,353	7,920,607
Total current assets		3,787,351,126	4,227,003,619	2,309,372,493	2,540,461,031
Non-current assets					
Investments in subsidiaries	10	-	-	2,586,872,497	2,846,872,497
Property, plant and equipment	11	2,784,555,695	2,794,237,664	1,307,578,673	1,265,389,656
Goodwill on business combination	12	-	-	-	-
Other intangible assets	13	86,988,048	71,080,189	45,203,549	27,855,299
Advance payment for purchase of fixed assets		232,123,332	75,284,680	187,223,338	-
Deferred tax assets	22	249,733,806	127,457,129	151,591,094	62,129,682
Other non-current assets		1,358,696	2,271,814	1,141,638	1,225,628
Total non-current assets		3,354,759,577	3,070,331,476	4,279,610,789	4,203,472,762
Total assets		7,142,110,703	7,297,335,095	6,588,983,282	6,743,933,793

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



Statements of financial position (continued)

Kulthorn Kirby Public Company Limited and its subsidiaries

As at 31 December 2018

(Unit: Baht)					
		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from					
financial institutions	14	3,046,122,514	3,029,785,282	1,629,452,680	1,509,334,100
Trade and other payables	15	752,299,052	879,098,264	671,788,490	754,951,333
Short-term loans from related parties	6	-	-	614,493,365	765,206,054
Current portion of long-term loans	16	400,000,000	200,000,000	400,000,000	200,000,000
Current portion of liabilities under					
financial lease agreements	17	56,027,937	61,815,273	900,571	6,437,770
Dividend payable		891,162	882,112	887,121	878,070
Income tax payable		217,709	1,120,428	-	-
Other current liabilities	18	32,629,478	38,458,151	25,433,171	35,095,549
Total current liabilities		4,288,187,852	4,211,159,510	3,342,955,398	3,271,902,876
Non-current liabilities					
Long-term loans, net of current portion	16	1,075,300,000	600,000,000	1,075,300,000	600,000,000
Liabilities under financial lease agreements,					
net of current portion	17	11,166,643	63,830,759	1,550,794	2,495,287
Provision for long-term employee benefits	19	199,160,275	196,851,990	90,734,517	94,773,359
Total non-current liabilities		1,285,626,918	860,682,749	1,167,585,311	697,268,646
Total liabilities		5,573,814,770	5,071,842,259	4,510,540,709	3,969,171,522

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



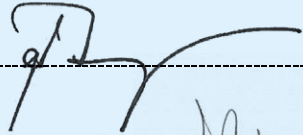
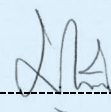
Statements of financial position (continued)

Kulthorn Kirby Public Company Limited and its subsidiaries

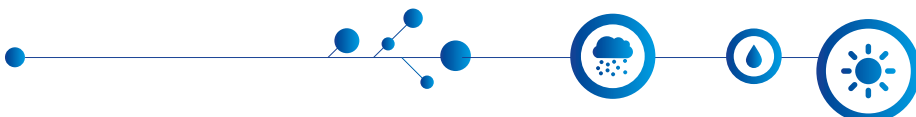
As at 31 December 2018

(Unit: Baht)					
		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Shareholders' equity					
Share capital					
Registered					
1,200,000,000 ordinary shares of Baht 1 each		1,200,000,000	1,200,000,000	1,200,000,000	1,200,000,000
Issued and fully paid up					
1,200,000,000 ordinary shares of Baht 1 each		1,200,000,000	1,200,000,000	1,200,000,000	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	20	120,000,000	120,000,000	120,000,000	120,000,000
Unappropriated		(657,449,686)	8,345,246	58,442,573	754,762,271
Other components of shareholders' equity		(2,152,330)	(10,750,359)	-	-
Total shareholders' equity		1,568,295,933	2,225,492,836	2,078,442,573	2,774,762,271
Total liabilities and shareholders' equity		7,142,110,703	7,297,335,095	6,588,983,282	6,743,933,793

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

Directors



Statements of comprehensive income

Kulthorn Kirby Public Company Limited and its subsidiaries

For the year ended 31 December 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Profit or loss:					
Revenues					
Sales and service income	6, 23, 25	7,428,495,457	9,476,914,619	3,861,403,661	5,426,421,817
Other income					
Income from scrap sales	6	27,356,566	32,000,279	19,854,375	40,439,078
Interest income	6	2,617,535	1,066,996	4,878,001	8,004,166
Dividend income	6, 10	4,572	6,018	4,572	150,055,946
Gain on exchange		6,541,358	17,932,338	2,965,362	2,015,655
Others		17,700,011	31,594,849	30,961,213	23,046,154
Total revenues		7,482,715,499	9,559,515,099	3,920,067,184	5,649,982,816
Expenses					
Cost of sales and services	6	7,389,991,234	8,917,404,408	3,863,485,781	5,140,238,933
Selling and distribution expenses		86,986,429	136,222,138	36,584,084	83,797,639
Administrative expenses		545,860,715	522,148,364	346,398,156	288,311,187
Impairment loss on investment in subsidiary	10	-	-	260,000,000	-
Total expenses		8,022,838,378	9,575,774,910	4,506,468,021	5,512,347,759
Profit (loss) before finance cost and income tax		(540,122,879)	(16,259,811)	(586,400,837)	137,635,057
Finance cost		(187,133,027)	(183,168,544)	(139,380,273)	(127,766,953)
Profit (loss) before income tax		(727,255,906)	(199,428,355)	(725,781,110)	9,868,104
Income tax	22	121,460,974	26,675,354	89,461,412	26,173,046
Profit (loss) for the year		(605,794,932)	(172,753,001)	(636,319,698)	36,041,150
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of financial statements in foreign currency		8,598,029	319,986	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		8,598,029	319,986	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Actuarial loss	19	-	(23,500,125)	-	(15,233,141)
Less: Income tax effect	22	-	3,460,330	-	2,580,900
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		-	(20,039,795)	-	(12,652,241)
Other comprehensive income for the year		8,598,029	(19,719,809)	-	(12,652,241)
Total comprehensive income for the year		(597,196,903)	(192,472,810)	(636,319,698)	23,388,909
Basic earnings per share					
Profit (loss) attributable to equity holders of the Company	24	(0.505)	(0.144)	(0.530)	0.030

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



Cash flow statements

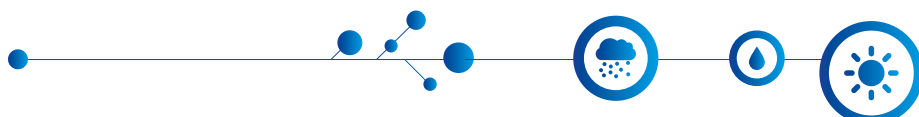
Kulthorn Kirby Public Company Limited and its subsidiaries

For the year ended 31 December 2018

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash flows from operating activities				
Profit (loss) before tax	(727,255,906)	(199,428,355)	(725,781,110)	9,868,104
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	408,038,399	473,054,831	177,937,669	209,526,239
Allowance for impairment loss on property, plant and equipment (reversal)	(2,560,350)	4,646,262	-	-
Allowance for impairment loss on investment in subsidiary	-	-	260,000,000	-
Allowance for doubtful accounts (reversal)	(41,859,802)	14,810,362	(418,103)	2,619,771
Bad debt	40,941,474	-	-	-
Reduction of inventory to net realisable value (reversal)	55,436,173	30,203,130	41,920,308	(8,177,552)
Gain on sales of property, plant and equipment	(433,054)	(246,023)	(172,283)	(73,613)
Loss on write-off property, plant and equipment and intangible assets	10,429,626	555	1,305	-
Write-off withholding tax	385,035	2,008,820	-	-
Dividend income	(4,572)	(6,018)	(4,572)	(150,055,946)
Deferred interest	5,943,091	10,214,628	289,729	966,368
Provision for long-term employee benefits	19,159,740	14,066,845	9,308,870	4,375,332
Subsidies income from Government grants	(3,654,958)	(953,370)	(3,654,958)	(953,370)
Interest income	(2,617,535)	(1,066,996)	(4,878,001)	(8,004,166)
Unrealised (gain) loss on exchange	(2,987,261)	832,368	(3,303,200)	(111,818)
Interest expenses	170,565,678	162,981,868	134,392,255	122,947,540
Profit (loss) from operating activities before changes in operating assets and liabilities	(70,474,222)	511,118,907	(114,362,091)	182,926,889
Operating assets (increase) decrease				
Trade and other receivables	571,456,185	(57,115,828)	417,733,091	16,468,722
Inventories	(276,879,015)	174,503,696	(291,475,472)	225,987,229
Other current assets	(20,916,800)	16,766,334	7,199,888	(5,073,978)
Other non-current assets	913,118	(159,436)	83,990	(233,979)
Operating liabilities increase (decrease)				
Trade and other payables	(137,261,485)	(114,267,363)	(88,441,057)	(228,111,332)
Other current liabilities	(13,824,864)	(5,746,452)	(17,658,570)	8,101,496
Cash flows from (used in) operating activities	53,012,917	525,099,858	(86,920,221)	200,065,047
Cash paid for long-term employee benefits	(16,851,454)	(10,992,876)	(9,916,410)	(6,636,240)
Cash received from interest income	2,617,535	1,066,996	4,772,826	8,063,483
Cash paid for interest expenses	(170,910,353)	(162,131,324)	(134,743,892)	(122,331,209)
Cash paid for income tax	(17,808,885)	(45,352,153)	(1,030,454)	(16,088,186)
Net cash flows from (used in) operating activities	(149,940,240)	307,690,501	(227,838,151)	63,072,895

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



Cash flow statements (continued)

Kulthorn Kirby Public Company Limited and its subsidiaries

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from investing activities				
Acquisition of property, plant and equipment and intangible assets	(345,398,905)	(267,227,564)	(251,485,285)	(160,374,853)
Proceeds from sales of property, plant and equipment and intangible assets	3,185,261	1,293,214	19,000	82,128
Cash receipt from Government grants	11,651,149	11,568,990	11,651,149	11,568,990
Dividend income	4,572	6,018	4,572	150,055,946
Decrease in short-term loans to related parties	-	-	43,000,000	43,137,389
Cash paid for additional investment in subsidiaries	-	-	-	(12,500,000)
Net cash flows from (used in) investing activities	(330,557,923)	(254,359,342)	(196,810,564)	31,969,600
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(217,420,471)	246,739,501	(113,642,320)	258,200,867
Decrease in short-term loans from related parties	-	-	(150,712,689)	(121,819,563)
Repayment of long-term loans	(250,000,000)	(200,000,000)	(250,000,000)	(200,000,000)
Cash paid for liabilities under financial lease agreements	(64,394,543)	(77,964,041)	(6,771,421)	(14,175,166)
Proceed from long-term loan from financial institutions	925,300,000	-	925,300,000	-
Dividend paid	(59,990,950)	(119,966,189)	(59,990,950)	(119,966,189)
Net cash flows from (used in) financing activities	333,494,036	(151,190,729)	344,182,620	(197,760,051)
Increase in translation adjustments	18,286,554	6,649,332	-	-
Net decrease in cash and cash equivalents	(128,717,573)	(91,210,238)	(80,466,095)	(102,717,556)
Cash and cash equivalents at beginning of year	225,680,509	316,890,747	149,225,357	251,942,913
Cash and cash equivalents at end of year	96,962,936	225,680,509	68,759,262	149,225,357
Supplement cash flows information				
1) Non-cash related transaction for investing activities				
Payable from acquisitions of fixed assets	251,020,874	5,004,812	240,085,972	2,606,313
Receivable from sales of fixed assets	170,978	-	64,418,649	-
2) Non-cash related transaction for financing activities				
Dividend payable	891,162	882,112	887,121	878,070
The accompanying notes are an integral part of the financial statements.				



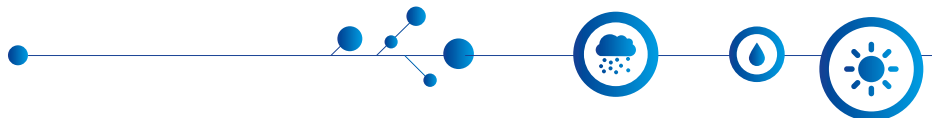
Statements of changes in shareholders' equity

Kulthorn Kirby Public Company Limited and its subsidiaries

For the year ended 31 December 2018

Consolidated financial statements										(Unit: Baht)
	Issued and fully paid-up share capital	Share premium	Surplus from business combination under common control	Retained earnings	Unappropriated	Appropriated	Unappropriated	Other components of shareholders' equity	Total shareholders' equity	
								Other comprehensive income		
								Exchange differences on translation of financial statements in foreign currency		
Balance as at 1 January 2017	1,200,000,000	700,000,000	207,897,949	120,000,000	321,138,042	120,000,000	319,986	(11,070,345)	2,537,965,646	
Loss for the year	-	-	-	-	(172,753,001)	-	-	-	(172,753,001)	
Other comprehensive income for the year	-	-	-	-	(20,039,795)	-	319,986	-	(19,719,809)	
Total comprehensive income for the year	-	-	-	-	(192,792,796)	-	319,986	-	(192,472,810)	
Dividend paid (Note 27)	-	-	-	-	(120,000,000)	-	-	-	(120,000,000)	
Balance as at 31 December 2017	1,200,000,000	700,000,000	207,897,949	120,000,000	8,345,246	120,000,000	(10,750,359)	-	2,225,492,836	
Balance as at 1 January 2018	1,200,000,000	700,000,000	207,897,949	120,000,000	8,345,246	120,000,000	(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 27)	-	-	-	-	(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)	120,000,000	(2,152,330)	-	1,568,295,933	

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





Statements of changes in shareholders' equity (continued)

Kulthorn Kirby Public Company Limited and its subsidiaries
For the year ended 31 December 2018

	Separate financial statements					(Unit: Baht)
	Issued and fully paid-up share capital	Share premium	Appropriated	Unappropriated	Total shareholders' equity	
Balance as at 1 January 2017	1,200,000,000	700,000,000	120,000,000	851,373,362	2,871,373,362	
Profit for the year	-	-	-	36,041,150	36,041,150	
Other comprehensive income for the year	-	-	-	(12,652,241)	(12,652,241)	
Total comprehensive income for the year	-	-	-	23,388,909	23,388,909	
Dividend paid (Note 27)	-	-	-	(120,000,000)	(120,000,000)	
Balance as at 31 December 2017	<u>1,200,000,000</u>	<u>700,000,000</u>	<u>120,000,000</u>	<u>754,762,271</u>	<u>2,774,762,271</u>	
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 27)	-	-	-	(60,000,000)	(60,000,000)	
Balance as at 31 December 2018	<u>1,200,000,000</u>	<u>700,000,000</u>	<u>120,000,000</u>	<u>58,442,573</u>	<u>2,078,442,573</u>	

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

Notes to consolidated financial statements

Kulthorn Kirby Public Company Limited and its subsidiaries

For the year ended 31 December 2018

1. General 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.

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.

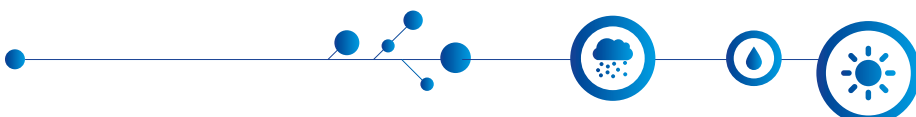
The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

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	
			2018 Percent	2017 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



Subsidiary companies	Nature of business	Country of incorporation	Percentage of shareholding	
			2018 Percent	2017 Percent
<u>Subsidiaries held directly and indirectly by Kulthorn Materials and Controls Company Limited</u>				
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 Company and its subsidiary companies 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 Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.



(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) 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 management of the Company and its subsidiaries believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

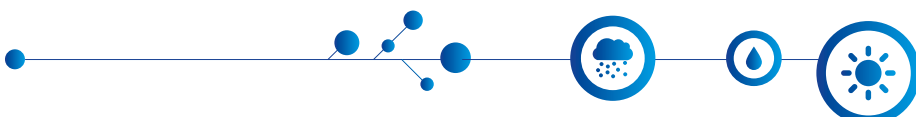
TFRS 15 Revenue from Contracts with Customers

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.

The management of the Company and its subsidiaries is currently evaluating the impact of this standard to the financial statements in the year when it is adopted.



(c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which 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 Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Rendering of services

Service revenue is recognised when services have been rendered taking into account the stage of completion.



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

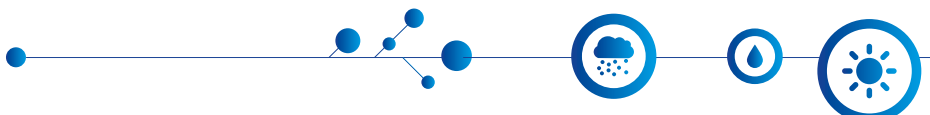
- a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- b) Investments in the subsidiaries are accounted for in the separate 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 as quoted on the Stock Exchange of Thailand.

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.

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.

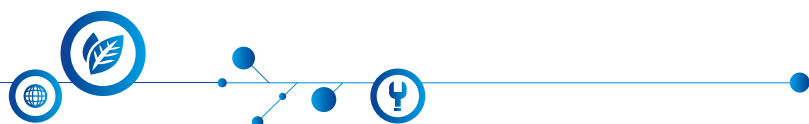
4.7 Intangible assets

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:

	<u>Useful lives</u>
Computer software	3 - 10 years



4.8 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.

4.9 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.

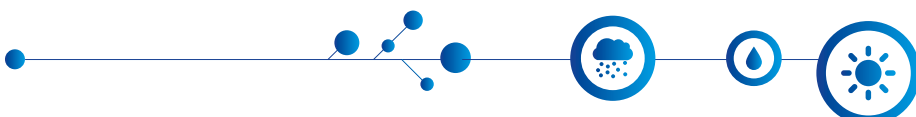
4.10 Related party transactions

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.

4.11 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.

4.12 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.

4.13 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform 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 Company and its subsidiaries also carry 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 Company and its subsidiaries 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 Company and its subsidiaries 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.

4.14 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

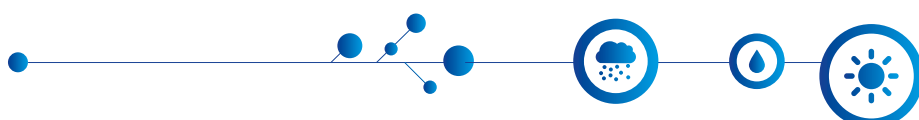
Defined contribution plans

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

Defined benefit plans and other long-term employee benefits

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law and other employee benefit plan. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan. In addition, the Company and its subsidiaries provide 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.

4.15 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.

4.16 Provisions

Provisions are recognised when the Company and its subsidiaries have 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.

4.17 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 Company and its subsidiaries recognise 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 Company and its subsidiaries review and reduce 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 Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.18 Derivatives

Forward exchange contracts

At each reporting date, the Company and its subsidiaries 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.

4.19 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 Company and its subsidiaries apply 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 Company and its subsidiaries measure 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.

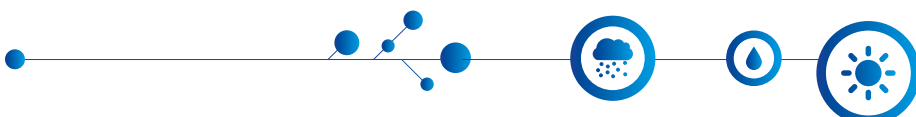
All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows:

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 Company and its subsidiaries determine 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

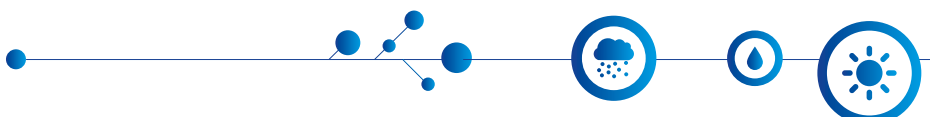
In determining warranty reserve, the management needs to exercise judgement to make estimate, based upon historical warranty expense data and the quantities of products under warranty.

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 Company and its subsidiaries 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
	2018	2017	2018	2017	
<u>Transactions with subsidiary companies</u> (eliminated from the consolidated financial statements)					
Purchases of goods	-	-	1,040	1,334	Market price
Sales and service income and scraps sales	-	-	140	147	Approximate market price
Dividend income	-	-	-	151	At the declared rate
Interest expenses	-	-	29	31	Interest rate at 0.25 - 5.80 percent per annum
Interest income	-	-	4	7	Interest rate at 3.25 - 5.80 percent per annum
Other income	-	-	11	14	Mutually agreed price as stipulated in the contract
Rental income	-	-	8	3	Mutually agreed price as stipulated in the contract
Sales of fixed assets	-	-	64	-	Mutually agreed price
Other expenses	-	-	7	2	Mutually agreed price as stipulated in the contract
<u>Transactions with related companies</u>					
Sales and service income and scraps sales	582	576	292	290	Approximate market price
Purchases of goods	64	68	64	68	Market price
Rental expenses	14	14	-	-	Mutually agreed price as stipulated in the contract
Other expenses	10	10	6	8	Mutually agreed price as stipulated in the contract
Other income	1	1	-	1	Mutually agreed price as stipulated in the contract

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<u>Trade and other receivables - related parties (Note 8)</u>				
Subsidiary companies	-	-	112,574	54,799
Related companies (related by common director/shareholder)	122,079	113,337	50,858	49,332
Total trade and other receivables - related parties	122,079	113,337	163,432	104,131
<u>Trade and other payables - related parties (Note 15)</u>				
Subsidiary companies	-	-	266,891	254,112
Related companies (related by common director/shareholder)	10,148	16,920	6,250	12,199
Total trade and other payables - related parties	10,148	16,920	273,141	266,311



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

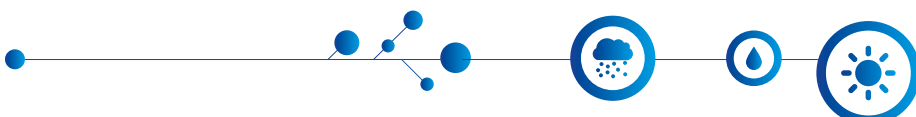
As at 31 December 2018 and 2017, the balance of short-term loans between the Company and its subsidiaries, and the movement are as follows:

	(Unit: Thousand Baht)			
	Separate financial statements			
	Balance as at 31 December 2017	Increase during the year	Decrease during the year	Balance as at 31 December 2018
<u>Short-term loans to subsidiary</u>				
Kulthorn Materials and Controls Co., Ltd.	113,000	-	(43,000)	70,000
Total	113,000	-	(43,000)	70,000

	(Unit: Thousand Baht)			
	Separate financial statements			
	Balance as at 31 December 2017	Increase during the year	Decrease during the year	Balance as at 31 December 2018
<u>Short-term loans from subsidiaries</u>				
Kulthorn Premier Co., Ltd.	615,000	-	(52,000)	563,000
Total	615,000	-	(52,000)	563,000

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

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



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

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
<u>Short-term loans from related parties</u>		
Kulthorn Premier Co., Ltd.	4,676	55,414
Kulthorn Kirby Foundry Co., Ltd.	14,704	61,519
Kulthorn Steel Co., Ltd.	14,149	4,221
Kulthorn Materials and Controls Co., Ltd.	15,219	3,953
Kulthorn Metal Product Co., Ltd.	1,214	12,870
Kulthorn Research and Development Co., Ltd.	1,531	12,229
Total short-term loans from related parties	<u>51,493</u>	<u>150,206</u>

Directors and management's remuneration

During the years ended 31 December 2018 and 2017, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below:

	(Unit: Million Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term employee benefits	46	45	24	21
Post-employment benefits	2	1	1	1
Total	<u>48</u>	<u>46</u>	<u>25</u>	<u>22</u>

Guarantee obligations with related parties

The Company and its subsidiaries have outstanding guarantee obligations with its related parties, as described in Note 28.4 to the financial statements.



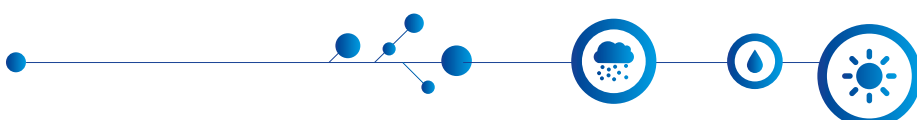
7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash	6,361	2,832	5,276	2,368
Bank deposits	90,602	222,849	63,483	146,857
Total	96,963	225,681	68,759	149,225

As at 31 December 2018, bank deposits in savings accounts carried interests at the rate between 0.04 and 0.63 percent per annum (2017: between 0.10 and 0.63 percent per annum).

8. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<u>Trade receivables - related parties</u>				
Not yet due	90,842	84,980	49,683	53,258
Overdue				
Less than 3 months	22,829	21,629	23,064	22,193
3 - 6 months	-	94	2,297	-
6 - 12 months	-	242	-	-
Over 12 months	4,797	5,224	-	-
Total trade receivables - related parties	118,468	112,169	75,044	75,451
<u>Trade receivables - unrelated parties</u>				
Not yet due	713,029	1,336,041	302,455	789,056
Overdue				
Less than 3 months	290,361	279,145	159,817	123,802
3 - 6 months	8,972	8,723	-	3,433
6 - 12 months	3,448	1,376	-	-
Over 12 months	19,419	65,602	10,548	7,888
Total	1,035,229	1,690,887	472,820	924,179
Less: Allowance for doubtful debts	(12,775)	(54,635)	(10,441)	(10,859)
Total trade receivables - unrelated parties	1,022,454	1,636,252	462,379	913,320
Total trade receivables - net	1,140,922	1,748,421	537,423	988,771
<u>Other receivables</u>				
Other receivables - related parties	3,611	1,168	88,388	28,680
Other receivables - unrelated parties	30,805	10,757	24,244	7,477
Advance payment	55,853	16,491	45,672	7,549
Total other receivables	90,269	28,416	158,304	43,706
Total trade and other receivables - net	1,231,191	1,776,837	695,727	1,032,477



9. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2018	2017	2018	2017	2018	2017
Finished goods	956,839	696,350	(139,934)	(113,431)	816,905	582,919
Work in process	434,690	457,312	(37,812)	(21,958)	396,878	435,354
Raw materials	1,153,952	1,150,035	(59,559)	(46,480)	1,094,393	1,103,555
Goods in transit	35,673	578	-	-	35,673	578
Total	<u>2,581,154</u>	<u>2,304,275</u>	<u>(237,305)</u>	<u>(181,869)</u>	<u>2,343,849</u>	<u>2,122,406</u>

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2018	2017	2018	2017	2018	2017
Finished goods	548,260	331,347	(57,296)	(38,588)	490,964	292,759
Work in process	279,878	305,999	(11,974)	(4,279)	267,904	301,720
Raw materials	700,631	618,762	(44,076)	(28,559)	656,555	590,203
Goods in transit	18,814	-	-	-	18,814	-
Total	<u>1,547,583</u>	<u>1,256,108</u>	<u>(113,346)</u>	<u>(71,426)</u>	<u>1,434,237</u>	<u>1,184,682</u>

During the current year, the Company and its subsidiaries 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. (2017: reduced cost of inventories by Baht 30.2 million in the consolidated financial statements and reversed the write-down of cost of inventories by Baht 8.2 million in the separate financial statements).



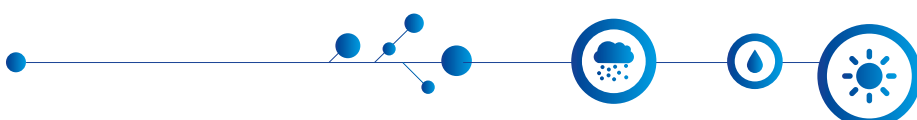
10. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost		(Unit: Thousand Baht) Dividend received during the year	
	2018	2017	2018	2017	2018	2017	2018	2017
			(%)	(%)				
Kulthorn Kirby Foundry Company Limited	575,000	575,000	100	100	739,999	739,999	-	100,050
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	-	50,000
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	-	150,050
Less: Allowance for impairment loss on investments in subsidiaries					(1,043,007)	(783,007)	-	-
Total investments in subsidiaries - net					2,586,872	2,846,872	-	150,050

On 28 September 2018, the Board of Directors' Meeting of the Company passed a resolution approving the sale of assets and the transfer of employees of Kulthorn Metal Products Company Limited (a subsidiary company) to Kulthorn Steel Company Limited (another subsidiary) for the purpose of reducing operating expenses and enhancing the efficiency and competitiveness of the Group. The two subsidiaries have already completed asset acquisition and the transfer of employees in October 2018. Kulthorn Metal Products Company Limited plans to liquidate the business and register the dissolution within 3 years.

During the current year, the Company recorded additional allowance for impairment loss on investment in Kulthorn Premier Company Limited amounting to Baht 260 million.



11. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						
	Land improvement		Machineries	Furniture, fixtures and office equipment		Motor vehicles	Construction in progress
	Land	and plant		equipment	equipment		
Cost							
As at 1 January 2017	349,728	1,920,960	7,747,831	1,251,679	194,447	144,427	347,928
Additions	-	636	2,518	8,548	6,288	15	230,186
Transfer in (out)	-	167,483	46,384	23,922	2,372	3,904	(244,065)
Disposals/write-off	-	-	(29,154)	(393)	(3,590)	-	(8)
Translation adjustments	-	(5,987)	(10,271)	-	(258)	(183)	(507)
As at 31 December 2017	349,728	2,083,092	7,757,308	1,283,756	199,259	148,163	333,534
Additions	-	-	2,977	7,947	2,831	155	390,910
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)
Translation adjustment	-	(12,867)	(20,476)	-	(556)	(396)	(405)
As at 31 December 2018	349,728	2,035,965	7,887,596	1,303,536	203,844	147,954	538,235
Accumulated depreciation							
As at 1 January 2017	-	1,194,778	6,326,390	1,129,060	168,365	117,510	-
Depreciation for the year	-	89,817	301,357	49,347	11,094	10,508	-
Disposals/ write-off	-	-	(28,144)	(364)	(3,589)	-	-
Translation adjustment	-	(3,152)	(8,126)	-	(226)	(159)	-
As at 31 December 2017	-	1,281,443	6,591,477	1,178,043	175,644	127,859	-
Depreciation for the year	-	83,569	255,121	41,402	10,107	7,667	-
Disposals/ write-off	-	(37,895)	-	(1,122)	(7,490)	(1,666)	-
Translation adjustment	-	(7,654)	(16,672)	-	(482)	(355)	-
As at 31 December 2018	-	1,319,463	6,829,926	1,218,323	177,779	133,505	-
Allowance for impairment loss:							
As at 1 January 2017	-	-	(973)	-	-	-	(517)
Increase during the year	-	-	(4,646)	-	-	-	-
As at 31 December 2017	-	-	(5,619)	-	-	-	(517)
Increase during the year	-	-	-	-	(707)	(625)	-
Decrease during the year	-	-	3,376	-	-	-	517
Translation adjustment	-	-	269	-	-	-	-
As at 31 December 2018	-	-	(1,974)	-	(707)	(625)	-
Net book value							
As at 31 December 2017	349,728	801,649	1,160,212	105,713	23,615	20,304	333,017
As at 31 December 2018	349,728	716,502	1,055,696	85,213	25,358	13,824	538,235
Depreciation for the year							
2017 (Baht 432 million included in manufacturing cost, and the balance in administrative expenses)							462,123
2018 (Baht 361 million included in manufacturing cost, and the balance in administrative expenses)							397,866

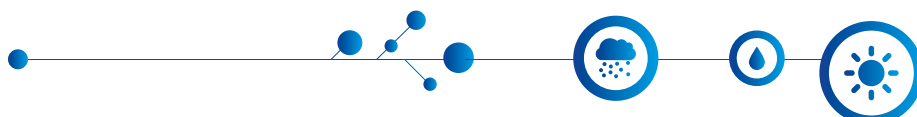


(Unit: Thousand Baht)

	Separate financial statements							
	Land			Furniture,				
		improvement		Plant	fixtures and office	Motor	Construction	
	Land	and plant	Machineries	equipment	equipment	vehicles	in progress	Total
Cost								
As at 1 January 2017	221,024	563,774	3,609,643	827,947	92,435	67,497	249,281	5,631,601
Additions	-	-	-	2,271	3,496	-	143,045	148,812
Transfer in (out)	-	165,337	15,405	20,787	1,781	-	(203,310)	-
Disposals/write-off	-	-	(1,124)	-	(2,273)	-	(8)	(3,405)
As at 31 December 2017	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
Accumulated depreciation								
As at 1 January 2017	-	379,804	3,019,744	774,249	82,434	53,149	-	4,309,380
Depreciation for the year	-	29,667	141,847	24,437	4,333	5,350	-	205,634
Disposals/write-off	-	-	(1,124)	-	(2,272)	-	-	(3,396)
As at 31 December 2017	-	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
Net book value								
As at 31 December 2017	221,024	319,640	463,457	52,319	10,944	8,998	189,008	1,265,390
As at 31 December 2018	221,024	351,574	326,644	29,152	15,811	5,452	357,922	1,307,579
Depreciation for the year								
2017 (Baht 199 million included in manufacturing cost, and the balance in administrative expenses)								205,634
2018 (Baht 151 million included in manufacturing cost, and the balance in administrative expenses)								174,273

The Company and its subsidiaries pledged their land and buildings thereon, of which net book value amounted to approximately Baht 423 million (2017: Baht 627 million) (The Company's: Baht 223 million 2017: Baht 306 million), with financial institutions as collateral to secure loans as discussed in Note 16.

In addition, the Company and its subsidiaries have entered into negative pledge memorandums, which are part of the short-term credit facility agreements with 3 financial institutions. Under these memorandums, the Company and its subsidiaries are not allowed to dispose, transfer, mortgage or provide any lien on their land and buildings thereon and machinery, except to use as collateral for the syndicated loans to pay off the debts to those financial institutions as discussed in Note 14.



As at 31 December 2018, certain items of plant and equipment of the Company and its subsidiaries were fully depreciated but are still in use. The gross carrying amount, before deducting accumulated depreciation, of those assets amounted to Baht 5,893.0 million (The Company only: Baht 3,561.6 million) (2017: Baht 5,839.4 million in the consolidated financial statements and Baht 3,498.2 million in the separate financial statements).

As at 31 December 2018, the Company and its subsidiaries had machineries, vehicles and equipment with net book values of Baht 86.4 million (The Company only: Baht 36.2 million) (2017: Baht 116.5 million in the consolidated financial statements and Baht 53.1 million in the separate financial statements) which were acquired under financial lease agreements.

12. Goodwill on business combination

(Unit: Thousand Baht)		
Consolidated financial statements		
	2018	2017
Goodwill on business combination	37,620	37,620
Less: Accumulated impairment loss	(37,620)	(37,620)
Net book value	-	-

13. Intangible assets

The net book value of intangible assets, computer software, as at 31 December 2018 and 2017 is presented below.

(Unit: Thousand Baht)		
	Consolidated financial statements	Separate financial statements
As at 31 December 2018		
Cost	168,368	91,693
Less: Accumulated amortisation	(81,380)	(46,490)
Net book value	86,988	45,203
As at 31 December 2017		
Cost	151,444	71,029
Less: Accumulated amortisation	(80,364)	(43,174)
Net book value	71,080	27,855



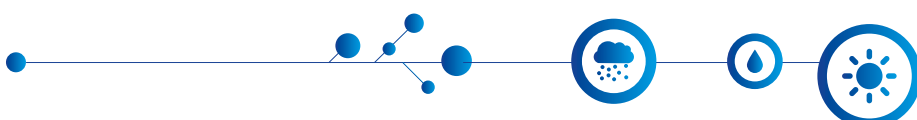
A reconciliation of the net book value of intangible assets for the years 2018 and 2017 is presented below.

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		Financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Net book value at beginning of year	71,080	75,271	27,855	27,368
Acquisition during the year	29,757	6,880	22,204	4,379
Disposals/write-off during the year	(3,424)	-	(1,192)	-
Amortisation	(10,172)	(10,932)	(3,664)	(3,892)
Translation adjustment	(253)	(139)	-	-
Net book value at end of year	<u>86,988</u>	<u>71,080</u>	<u>45,203</u>	<u>27,855</u>

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

	Interest rate (percent per annum)	Consolidated		(Unit: Thousand Baht)	
				Separate	
		financial statements		financial statements	
		<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Bank overdrafts	7.12	131	5,627	-	-
Short-term loans	4.17 - 4.96	874,600	974,500	624,600	714,500
Trust receipts	2.85 - 5.41	1,531,518	1,674,341	687,053	686,134
Packing credit	3.18 - 5.66	639,874	375,317	317,800	108,700
Total		<u>3,046,123</u>	<u>3,029,785</u>	<u>1,629,453</u>	<u>1,509,334</u>

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



15. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Trade payables - related parties	6,264	10,790	255,009	261,219
Trade payables - unrelated parties	513,384	638,096	290,011	361,663
Other payables - related parties	3,884	6,130	15,881	2,569
Other payables - unrelated parties	158,039	138,716	78,597	81,096
Accrued interest expenses to related parties	-	-	2,251	2,523
Accrued interest expenses to unrelated parties	2,766	2,954	1,669	1,749
Accrued expenses - unrelated parties	67,962	82,412	28,370	44,132
Total trade and other payables	<u>752,299</u>	<u>879,098</u>	<u>671,788</u>	<u>754,951</u>

16. Long-term loans

	(Unit: Thousand Baht)	
	Consolidated and Separate	
	financial statements	
	2018	2017
Long-term loans	1,475,300	800,000
Less: current portion	(400,000)	(200,000)
Long-term loans, net of current portion	<u>1,075,300</u>	<u>600,000</u>

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

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

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



In December 2017, the Company and its subsidiaries received a waiver letter from three financial institutions, approving a waiver for certain financial conditions including a waiver maintenance of the interest bearing debt to EBITDA plus extraordinary items and non-cash items ratio for the year ended 31 December 2017.

As at 31 December 2017, the Company and its subsidiaries were able to comply with all conditions as specified in the waiver letter and the loan agreement.

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

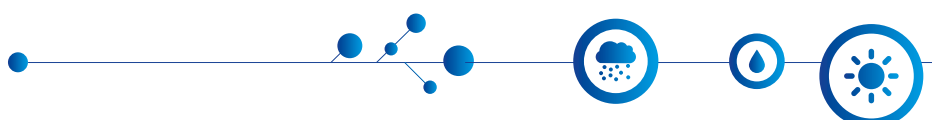
In December 2018, the Company and its subsidiaries received a waiver letter from three financial institutions, approving a waiver for certain financial conditions including a waiver maintenance of the interest bearing debt to EBITDA plus extraordinary items and non-cash items ratio and debt to equity ratio for the year ended 31 December 2018.

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

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

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

The Company has entered into an interest rate swap contract for a portion of the above loans as discussed in Note 30.



17. Liabilities under financial lease agreements

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Liabilities under financial lease agreements	69,569	134,800	2,642	9,413
Less: Deferred interest expenses	(2,374)	(9,154)	(190)	(480)
Total	67,195	125,646	2,452	8,933
Less: Portion due within one year	(56,028)	(61,815)	(901)	(6,438)
Liabilities under financial lease agreements, net of current portion	11,167	63,831	1,551	2,495

The Company and its subsidiaries have 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 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

	(Unit: Million Baht)					
	As at 31 December 2017					
	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	68	67	135	7	3	10
Deferred interest expenses	(6)	(3)	(9)	(1)	-	(1)
Present value of future minimum lease payments	62	64	126	6	3	9



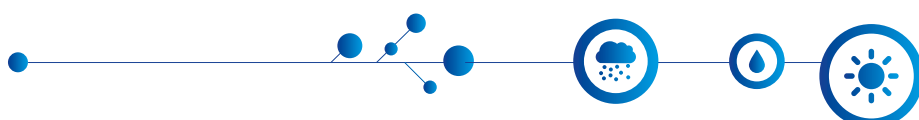
18. Other current liabilities

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Warranty reserve	7,047	21,219	6,821	20,932
Deferred income	18,612	10,616	18,612	10,616
Others	6,970	6,623	-	3,548
Total	32,629	38,458	25,433	35,096

19. 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		Long service		Total	
	plan		awards plan			
	2018	2017	2018	2017	2018	2017
Provision for long-term employee benefits						
at beginning of year	195,627	165,737	1,225	4,541	196,852	170,278
Included in profit or loss:						
Current service cost	14,575	12,536	221	879	14,796	13,415
Interest cost	4,800	4,463	31	113	4,831	4,576
Actuarial loss (gain) arising from						
Demographic assumptions changes	-	-	-	77	-	77
Financial assumptions changes	-	-	-	14	-	14
Experience adjustments	-	-	-	(4,015)	-	(4,015)
Included in other comprehensive income:						
Actuarial loss (gain) arising from						
Demographic assumptions changes	-	19,480	-	-	-	19,480
Financial assumptions changes	-	(3,716)	-	-	-	(3,716)
Experience adjustments	-	7,736	-	-	-	7,736
Benefits paid during the year	(16,480)	(10,609)	(372)	(384)	(16,852)	(10,993)
Reversal	(467)	-	-	-	(467)	-
Provision for long-term employee benefits						
at end of year	198,055	195,627	1,105	1,225	199,160	196,852



(Unit: Thousand Baht)

	Separate financial statements					
	Retirement benefits		Long service awards		Total	
	plan		plan			
	2018	2017	2018	2017	2018	2017
Provision for long-term employee benefits						
at beginning of year	93,548	77,260	1,225	4,541	94,773	81,801
Included in profit or loss:						
Current service cost	6,758	5,259	221	879	6,979	6,138
Interest cost	2,299	2,048	31	113	2,330	2,161
Actuarial loss (gain) arising from						
Demographic assumptions changes	-	-	-	77	-	77
Financial assumptions changes	-	-	-	14	-	14
Experience adjustments	-	-	-	(4,015)	-	(4,015)
Included in other comprehensive income:						
Actuarial loss (gain) arising from						
Demographic assumptions changes	-	9,740	-	-	-	9,740
Financial assumptions changes	-	(1,913)	-	-	-	(1,913)
Experience adjustments	-	7,406	-	-	-	7,406
Benefits paid during the year	(9,544)	(6,252)	(372)	(384)	(9,916)	(6,636)
Transferred employee to a subsidiary	(3,431)	-	-	-	(3,431)	-
Provision for long-term employee benefits						
at end of year	89,630	93,548	1,105	1,225	90,735	94,773

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Cost of sales	14,764	10,268	6,385	2,991
Selling and administrative expenses	4,863	3,799	2,924	1,384
Total expense recognised in profit or loss	19,627	14,067	9,309	4,375

The Company and its subsidiaries expect to pay Baht 16.8 million of long-term employee benefits during the next year (Separate financial statements: Baht 8.3 million) (2017: Baht 15.3 million, separate financial statements: Baht 8.6 million).



As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 13 years (Separate financial statements: 13 years) (2017: 13 years, separate financial statements: 13 years).

Significant actuarial assumptions used for the valuation are as follows:

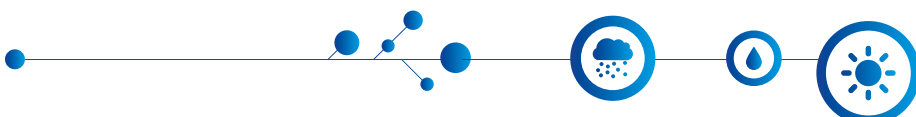
	(Unit: percent per annum)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Discount rate	2.7	2.7	2.7	2.7
Future salary increase rate (depending on age)	5.0 - 7.0	5.0 - 7.0	5.0 - 7.0	5.0 - 7.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2018 and 2017 are summarised below:

	(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)

	(Unit: Million Baht)			
	As at 31 December 2017			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(14.0)	16.0	(6.7)	7.7
Future salary increase rate	15.3	(13.7)	7.4	(6.6)

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive not less than 400 days' compensation at the latest wage rate. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits of Baht 56.1 million (The Company only: Baht 27.8 million). The Company and its subsidiaries will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.



20. 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. At present, the statutory reserve has fully been set aside.

21. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Raw materials and consumables used	9,015,995	9,894,669	4,214,310	5,159,159
Decrease in inventories of finished goods and work in progress	-	110,445	-	151,002
Salaries, wages and other employee benefits	1,061,898	1,058,793	483,601	519,684
Depreciation and amortisation expenses	408,038	473,055	177,938	209,526
Rental expenses	33,634	33,564	6,578	5,888

22. Income tax

Income tax expenses (revenue) for the years ended 31 December 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current income tax:				
Current income tax charge	828	14,091	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(122,289)	(40,766)	(89,461)	(26,173)
Income tax expenses (revenue) reported in the statement of comprehensive income	(121,461)	(26,675)	(89,461)	(26,173)

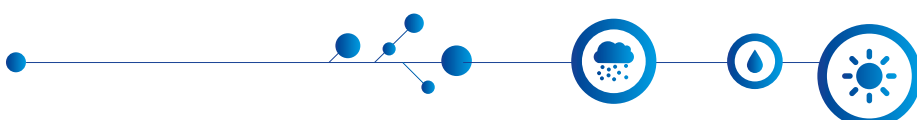


The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax relating to actuarial loss	-	(3,460)	-	(2,581)

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Accounting profit (loss) before tax	(727,256)	(199,428)	(725,781)	9,868
Applicable tax rate	20, 25%	20, 25%	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	(146,913)	(41,367)	(145,156)	1,974
Effects of:				
Promotional privileges (Note 23)	(6,308)	(16,630)	-	-
Dividend income not subject to tax	-	-	-	(30,011)
Non-deductible expenses	8,016	8,105	56,836	4,864
Additional expense deductions allowed	(14,935)	(15,700)	(797)	(756)
Loss carry forward	-	(848)	-	-
Others	2,579	(4,757)	(344)	(2,244)
Total	(10,648)	(29,830)	55,695	(28,147)
Unrecognised tax loss	27,912	44,522	-	-
Reversal of deferred tax assets	8,188	-	-	-
Income tax revenue reported in the statement of comprehensive income	<u>(121,461)</u>	<u>(26,675)</u>	<u>(89,461)</u>	<u>(26,173)</u>



The components of deferred tax assets are as follows:

	(Unit: Thousand Baht)			
	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Deferred tax assets				
Allowance for doubtful accounts	3,644	11,953	2,088	2,172
Allowance for diminution in value of inventories	46,069	35,831	22,669	14,285
Warranty reserve	1,293	3,604	1,248	3,547
Provision for long-term employee benefits	40,681	39,937	19,814	19,483
Deferred income	3,722	2,123	3,722	2,123
Unused tax losses	134,450	20,520	102,050	20,520
Others	19,875	13,489	-	-
Total	249,734	127,457	151,591	62,130

As at 31 December 2018, the Company and its subsidiaries have unused tax losses totaling Baht 1,032.1 million (2017: Baht 1,074.6 million), on which deferred tax assets have not been recognised on these amounts as the Company and its subsidiaries believe future taxable profits may not be sufficient to allow utilisation of the unused tax losses.

The unused tax losses amounting to Baht 1,701.3 million will expire by the year 2023.



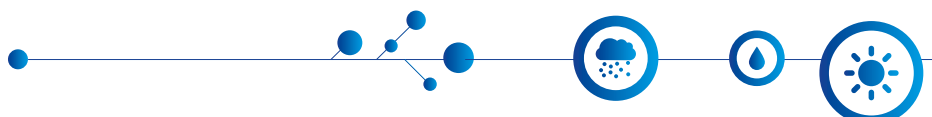
23. Promotional privileges

23.1 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	From 1 July 2013 until 1 July 2018
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.	
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 3,861 million (2017: Baht 5,426 million) for the year ended 31 December 2018 included revenue from manufacturing and sales derived from promoted operations of approximately Baht 331 million (2017: Baht 809 million).



23.2 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:

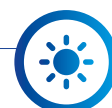
	Certificate No. 2127(2)/2548	Certificate No. 60-0092-1-00-1-0
1. Promotional privileges for	Manufacturing of casting iron parts	Manufacturing of casting iron parts
2. The significant privileges are		
2.1 Exemption of corporate income tax on net earnings for the period of 8 years commencing as from the 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.

23.3 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.



23.4 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:

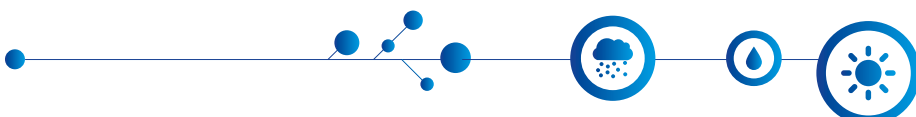
	Certificate No.
	1204(2)/2551
1. Promotional privileges for	Manufacturing of enameled metal wire product Type 5.3
2. The significant privileges are	
2.1 Exemption of corporate income tax on net profit from promotional operation which does not exceed 100 percent of investment, excluding land and working 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.

23.5 Kulthorn Metal Products Co., Ltd., a subsidiary company, has been granted the following tax privileges for certain specified category of products under the Investment Promotion Act B.E. 2520 as approved by the Board of Investment with significant privileges as follows:

	Certificate No.	
	1797(2)/2549	1968(2)/2550
1. Promotional privileges for	Steels forging and sintered product	Heat treatment product
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 8 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 4 May 2006 until 3 May 2014	From 25 June 2007 until 24 June 2015
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	Granted
2.3 Exemption from import duty on imported machinery as approved by the Board for the machinery produced from	1995	1996
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	Granted
3. Date of first earning operating income	4 May 2006	25 June 2007

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



24. Earnings per share

Basic earnings per share is calculated by dividing profit (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 earnings per share:

	Profit (loss) for the year		Weighted average number of ordinary shares		Earnings per share	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
<u>Consolidated financial statements</u>						
Basic earnings per share						
Profit (loss) attributable to equity						
holders of the Company	(605,795)	(172,753)	1,200,000	1,200,000	(0.505)	(0.144)
<u>Separate financial statements</u>						
Basic earnings per share						
Profit (loss) attributable to equity						
holders of the Company	(636,320)	36,041	1,200,000	1,200,000	(0.530)	0.030

25. 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 Company and its subsidiaries are 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.

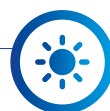
The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets on a basis consistent with that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

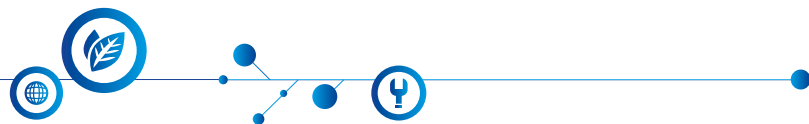
The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.



The following tables present revenue, profit (loss) and total assets information regarding the Company and its subsidiaries' operating segments for the years ended 31 December 2018 and 2017:

	(Unit: Thousand Baht)							
	Compressors and parts	Enameled wire	Steel sheet	Steel coil center	Others	Total reportable segments	Adjustments and eliminations	Consolidated
For the year ended 31 December 2018								
Revenue from external customers	4,157,673	1,401,792	946,492	864,505	58,033	7,428,495	-	7,428,495
Inter-segment revenue	167,731	373,117	414,929	298,574	87,696	1,342,047	(1,342,047)	-
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)	89,277	3,313	6,922	(204)	(2,536)	96,772	6,689	103,461
Unrealised gain (loss) on exchange	(2,177)	250	72	224	306	(1,325)	-	(1,325)
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





		(Unit: Thousand Baht)							
		Compressors and parts	Enameled wire	Steel sheet	Steel coil center	Others	Total reportable segments	Adjustments and eliminations	Consolidated
For the year ended 31 December 2017									
	Revenue from external customers	5,848,097	1,600,863	1,098,404	849,359	80,192	9,476,915	-	9,476,915
	Inter-segment revenue	127,050	453,097	532,721	368,958	117,247	1,599,073	(1,599,073)	-
	Interest income	37,575	547	11	281	1,230	39,644	(38,577)	1,067
	Interest expense	(130,799)	(56,221)	(21,449)	(603)	(2,655)	(211,727)	38,531	(173,196)
	Depreciation and amortisation	(272,822)	(65,637)	(43,868)	(76,072)	(23,228)	(481,627)	8,572	(473,055)
	Income tax revenue (expenses)	40,498	(2,174)	(4,655)	(7,129)	1,387	27,927	(1,252)	26,675
	Unrealised gain (loss) on exchange	(5,339)	739	77	(6)	(102)	(4,631)	-	(4,631)
	Impairment loss	-	(4,646)	-	-	-	(4,646)	-	(4,646)
	Segment profit (loss)	(269,423)	(17,952)	23,788	111,162	(33,583)	(186,008)	13,255	(172,753)
	Segment total assets	8,078,531	1,869,466	1,002,311	906,212	154,824	12,011,344	(4,714,009)	7,297,335
	Additions (decrease) to non-current assets other than financial instruments and deferred tax assets	(104,002)	(27,115)	(16,385)	(37,205)	(13,003)	(197,710)	(31,491)	(229,201)
	Segment total liabilities	4,161,668	1,343,033	565,440	176,942	66,335	6,313,418	(1,241,576)	5,071,842

Geographic information

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

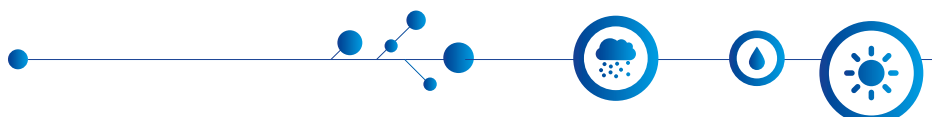
	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Revenue from external customers		
Thailand	5,018,523	5,806,946
Hong Kong	1,351,670	2,381,771
China	276,811	294,375
Indonesia	36,226	46,112
Saudi Arabia	40,211	50,142
Others	705,054	897,569
Total	<u>7,428,495</u>	<u>9,476,915</u>
Non-current assets (other than financial instruments and deferred tax assets)		
Thailand	2,964,611	2,768,234
China	140,415	174,640
Total	<u>3,105,026</u>	<u>2,942,874</u>

Major customers

For the year 2018, the Company and its subsidiaries have revenue from two major customers in amount of Baht 1,244.6 million and Baht 687.5 million, arising from sales by the compressors and parts segment, enameled wire segment and steel coil center segment (2017: Baht 2,383.2 million and Baht 1,416.0 million derived from two major customers, arising from sales by the compressors and parts segment, enameled wire segment and steel coil center segment).

26. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company 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 2018 of the Company and its subsidiaries amounting to approximately Baht 18.2 million (2017: Baht 20.6 million) the Company only: Baht 8.5 million (2017: Baht 8.7 million) were recognised as expenses.



27. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends for 2016	Annual General Meeting of the shareholders on 20 April 2017	120	0.10
Total for 2017		120	0.10
Final dividends for 2017	Annual General Meeting of the shareholders on 25 April 2018	60	0.05
Total for 2018		60	0.05

28. Commitment and contingent liabilities

28.1 Capital commitments

As at 31 December 2018, the Company and its subsidiaries have capital commitments of approximately Baht 101.2 million (2017: Baht 102.2 million) (the Company only: Baht 69.2 million, 2017: nil), relating to acquisition of machinery and equipment.

28.2 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of land, motor vehicles, and office equipment. The terms of the agreements are generally between 1 and 3 years.

As at 31 December 2018 and 2017, future minimum lease payments required under these operating leases contracts were as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Payable:</u>				
In up to 1 year	19.4	23.3	-	-
In over 1 and up to 3 years	26.5	9.1	-	-



28.3 Long-term service commitments

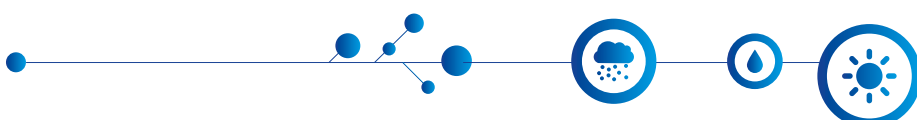
- a) As at 31 December 2018 and 2017, the Company and its subsidiaries have commitments relating to service agreements payable in the future as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Payable:</u>				
In up to 1 year	10.8	15.6	3.0	5.1
In over 1 year	-	5.9	-	3.0

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

28.4 Guarantees

- a) As at 31 December 2018, 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 287 million (2017: RMB 60 million or equivalent to Baht 305 million).
- b) As at 31 December 2018, there were outstanding bank guarantees of approximately Baht 68.6 million (2017: Baht 67.3 million) (the Company only: Baht 8.3 million (2017: Baht 8.3 million)) issued by the banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business of the Company and its subsidiaries. These included letter of guarantee to guarantee electricity usage amounting to Baht 68.3 million (2017: Baht 65.9 million) (the Company only: Baht 8.2 million (2017: Baht 8.2 million)), and to guarantee import duty and others amounting to Baht 0.3 million (2017: Baht 1.4 million) (the Company only: Baht 0.1 million (2017: Baht 0.1 million)).

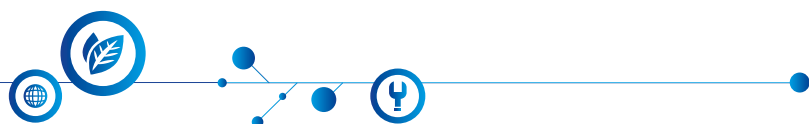


29. Fair values hierarchy

As at 31 December 2018 and 2017, the Company and its subsidiaries 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 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

	(Unit: Million Baht)	
	As at 31 December 2017	
	Consolidated financial statements	Separated financial statements
	Level 2	Level 2
Financial liabilities measured at fair value		
Derivatives		
Foreign currency forward contracts	(1.6)	(1.6)
Liabilities for which fair value are disclosed		
Interest rate swap contract	(3.4)	(3.4)



30. Financial instruments

30.1 Financial risk management

The Company and its subsidiaries' 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.

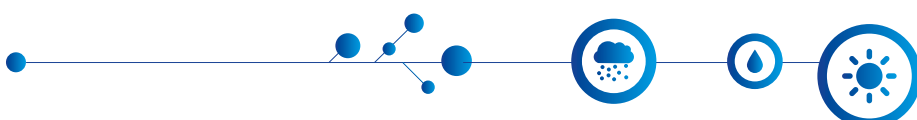
Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables. The management of the Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do 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 Company and its subsidiaries' 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 Company and its subsidiaries' 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 2018 and 2017 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 2018

	Fixed interest rates		Floating Interest rate	Non- interest bearing	Total	Effective interest rate
	Within					
	1 year	1 - 5 years				
<u>Financial assets</u>						(% per annum)
Cash and cash equivalents	-	-	82	15	97	0.04 - 0.63
Trade and other receivables	-	-	-	1,231	1,231	-
	-	-	82	1,246	1,328	

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)

Consolidated financial statements as at 31 December 2017

	Fixed interest rates		Floating Interest rate	Non- interest bearing	Total	Effective interest rate
	Within					
	1 year	1 - 5 years				
<u>Financial assets</u>						(% per annum)
Cash and cash equivalents	-	-	207	19	226	0.10 - 0.63
Trade and other receivables	-	-	-	1,852	1,852	-
	-	-	207	1,871	2,078	

Financial liabilities

Bank overdrafts and short-term loans from financial

institutions	3,024	-	6	-	3,030	3.25 - 7.13
Trade and other payables	-	-	-	879	879	-
Liabilities under financial lease agreements	62	64	-	-	126	2.55 - 13.38
Long-term loans	-	-	800	-	800	THBFIX+3%
	3,086	64	806	879	4,835	



(Unit: Million Baht)

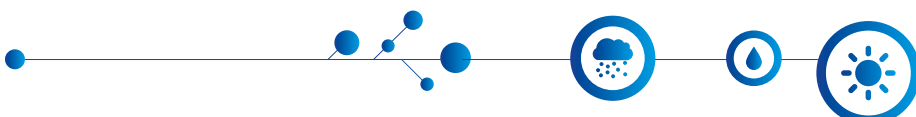
Separate financial statements as at 31 December 2018

	Fixed interest rates		Floating	Non-		Effective
	Within		Interest	interest		interest
	1 year	1 - 5 years	rate	bearing	Total	rate
						(% per annum)
<u>Financial assets</u>						
Cash and cash equivalents	-	-	62	7	69	0.04 - 0.63
Trade and other receivables	-	-	-	696	696	-
Short-term loans to related parties	70	-	-	-	70	3.25 - 5.80
	70	-	62	703	835	
<u>Financial liabilities</u>						
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	

Unit: Million Baht)

Separate financial statements as at 31 December 2017

	Fixed interest rates		Floating	Non-		Effective
	Within		Interest	interest		interest
	1 year	1 - 5 years	rate	bearing	Total	rate
						(% per annum)
<u>Financial assets</u>						
Cash and cash equivalents	-	-	147	2	149	0.37 - 0.63
Trade and other receivables	-	-	-	1,032	1,032	-
Short-term loans to related parties	113	-	-	-	113	4.25 - 5.80
	113	-	147	1,034	1,294	
<u>Financial liabilities</u>						
Bank overdrafts and short-term loans from						
financial institutions	1,509	-	-	-	1,509	3.25 - 4.78
Trade and other payables	-	-	-	755	755	-
Short-term loans from related parties	765	-	-	-	765	0.25 - 5.80
Liabilities under financial lease agreements	6	3	-	-	9	2.65 - 7.70
Long-term loans	-	-	800	-	800	THBFIX+3%
	2,280	3	800	755	3,838	



Foreign currency risk

The Company and its subsidiaries' 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 Company and its subsidiaries are summarised below.

As at 31 December 2018						
Foreign currency	Consolidated financial statements		Separate financial statements		Exchange rate	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities	Buying	Selling
	(Million)	(Million)	(Million)	(Million)	(Baht per one foreign currency unit)	
US dollar	8	3	7	3	32.2848	32.6148
Japanese yen	-	2	-	2	0.2892	0.2970
Euro	-	0.2	-	-	36.7620	37.4884
RMB	-	-	-	0.3	4.6636	4.7838

As at 31 December 2017						
Foreign currency	Consolidated financial statements		Separate financial statements		Exchange rate	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities	Buying	Selling
	(Million)	(Million)	(Million)	(Million)	(Baht per one foreign currency unit)	
US dollar	17	10	15	2	32.5146	32.8472
Japanese yen	-	3	-	1	0.2860	0.2936
Euro	-	0.1	-	0.1	38.6607	39.3938
RMB	-	-	-	8	4.9518	5.0771

Forward exchange contracts

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

As at 31 December 2018					
Consolidated and separate financial statements					
Foreign currency	Bought	Sold	Contractual maturity date	Contractual exchange rate	
	amount	amount		Bought amount	Sold amount
	(Million)	(Million)		(Baht per one foreign currency unit)	
US Dollar	0.2	2.2	26 March - 26 June 2019	32.49	32.18 - 32.75



As at 31 December 2017

Consolidated and separate financial statements					
Foreign currency	Bought	Sold	Contractual maturity date	Contractual exchange rate	
	amount	amount		Bought amount	Sold amount
	(Million)	(Million)		(Baht per one foreign currency unit)	
US Dollar	2.4	7.6	3 January - 29 June 2018	32.98 - 33.27	32.32 - 33.17

Interest rate swap contracts

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 2018, fair value of interest rate swap contract has increased from the contract than trade date by Baht 1.4 million.

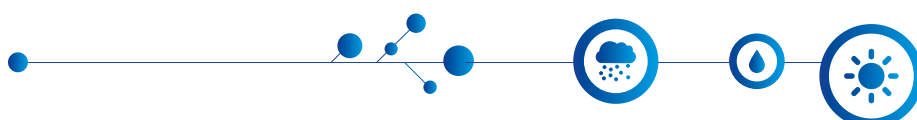
Fair value of interest rate swap contract has been calculated using rate quoted by the Company's banker as if the contract was terminated at the date of statement of financial position.

30.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' 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	As at	As at	As at
	31 December	31 December	31 December	31 December
	2018	2017	2018	2017
	Fair value	Fair value	Fair value	Fair value
	Profit	Loss	Profit	Loss
Derivatives				
Forward exchange contracts	0.2	(1.6)	0.2	(1.6)



The methods and assumptions used by the Company and its subsidiaries 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 Company and its subsidiaries 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.

31. 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 2018 and 2017.



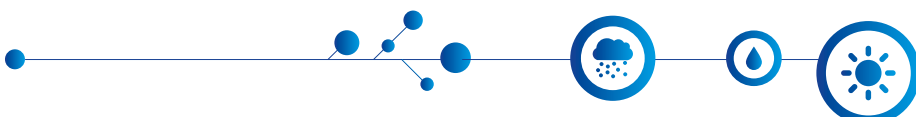
32. Reclassification

Certain amounts in the statement of comprehensive income of the Company and its subsidiaries for the year ended 31 December 2017 have been reclassified to conform to the current year's classification but with no effect to previously reported profit (loss). The reclassification are as follows:

	(Unit: Thousand Baht)			
	For the year ended 31 December 2017			
	As reclassified		As previously reported	
	Consolidated	Separate	Consolidated	Separate
	financial	financial	financial	financial
	statements	statements	statements	statements
Sales and service income	9,476,915	5,426,422	9,263,907	5,290,665
Income from scrap sales	32,000	40,439	245,008	176,196
Cost of sales and services	8,917,405	5,140,239	9,013,231	5,236,065
Selling expenses	136,222	83,798	126,060	73,636
Administrative expenses	522,148	288,311	436,484	202,647

33. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised Directors on 28 February 2019.





BRISTOL
COMPRESSORS™
MADE IN THAILAND

Kulthorn Kirby Public Company Limited

126 Soi Chalong Krung 31, Chalong Krung Road, Khwaeng
Lam Pla Thio, Khet Lat Krabang, Bangkok 10520, Thailand

Telephone : (662) 326-0831-6, 739-4893-5

Fax : (662) 326-0837, 739-4892

E-mail : kkc@kulthorn.com