

AAPICO Hitech Public Company Limited and its subsidiaries

Notes to consolidated interim financial statements

For the three-month period ended 31 March 2015

1. General information

1.1 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2014) *Interim Financial Reporting*, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, income statement, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events, and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

1.2 Basis of consolidation

These interim consolidated financial statements include the financial statements of AAPICO Hitech Public Company Limited and its subsidiaries ("the Group") and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2014. During the current period, there was no change in the structure of the Group.

1.3 New financial reporting standards

During the period, the Company has adopted the revised and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, some of these standards involve changes to key principles, which are summarised below:

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the former standard allowed the entity to recognise such gains and losses immediately in either profit or loss or other comprehensive income, or to recognise them gradually in profit or loss.

This revised standard does not have any impact on the financial statements as the Company and its subsidiaries already recognise actuarial gains and losses immediately in other comprehensive income.

TFRS 10 Consolidated Financial Statements

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the content of TAS 27 *Consolidated and Separate Financial Statements* dealing with consolidated financial statements. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee 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, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over investees and determining which entities have to be included in preparation of the consolidated financial statements.

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

TFRS 11 Joint Arrangements

TFRS 11 supersedes TAS 31 *Interests in Joint Ventures*. This standard requires an entity investing in any other entity to determine whether the entity and other investors have joint control in the investment. When joint control exists, there is deemed to be a joint arrangement and the entity then needs to apply judgement to assess whether the joint arrangement is a joint operation or a joint venture and to account for the interest in the investment in a manner appropriate to the type of joint arrangement. If it is a joint operation, the entity is to recognise its shares of assets, liabilities, revenue and expenses of the joint operation, in proportion to its interest, in its separate financial statements. If it is a joint venture, the entity is to account for its investment in the joint venture using the equity method in the financial statements in which the equity method is applied or the consolidated financial statements (if any), and at cost in the separate financial statements.

(Unaudited but reviewed)

This standard does not have any impact on the financial statements since the Company already applies the equity method to account for the investment in a joint venture.

TFRS 12 Disclosure of Interests in Other Entities

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact on the financial statements of the Company and its subsidiaries.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurement. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effects of the adoption of this standard are to be recognised prospectively.

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

1.4 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2014.

2. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
Cash	578	478	62	62
Bank deposits	250,213	313,178	10,544	16,404
Total	250,791	313,656	10,606	16,466

(Unaudited but reviewed)

3. Related party transactions

During the periods, the Group had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Group and those related parties.

(Unit: Million Baht)

	For the three-month periods ended 31 March				Transfer Pricing Policy
	Consolidated financial statements		Separate financial statements		
	2015	2014	2015	2014	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods and services	-	-	85	24	Cost and cost plus margin, averaging total at 6% (2014: 10%)
Interest income	-	-	36	31	0.01% - 5.05% p.a.
Rental income	-	-	1	1	Close to rental rates for other building in the vicinity
Management fee income	-	-	17	16	Approximate cost
Other income	-	-	2	5	Approximate cost
Purchases of goods and services	-	-	66	68	Cost plus margin of 10% - 30%
Purchases of machinery and equipment	-	-	6	8	Cost plus margin, averaging around 20% - 35%
Interest expenses	-	-	1	-	1.06% - 5.05% p.a.
Other expenses	-	-	3	-	Approximate cost
<u>Transactions with associated companies and joint venture</u>					
Sales of goods and services	53	38	-	-	Cost plus margin, averaging around 20% - 35%
Rental income	2	-	-	-	Close to rental rates for other building in the vicinity
Dividend income	-	-	100	122	As declared
Management fee income	1	1	1	1	Approximate cost
Other income	1	-	-	-	Approximate cost
Purchases of goods and services	68	49	44	49	Cost plus margin, averaging around 2% and 50% - 55%
<u>Transactions with related parties</u>					
Purchases of goods and services	75	83	-	-	Cost plus margin of 5% - 30%

As at 31 March 2015 and 31 December 2014, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
	<u>Trade and other receivables - related parties (Note 4)</u>			
Subsidiaries	-	-	330,221	249,822
Associates	56,364	64,174	13,349	12,431
Joint venture	1,244	1,277	-	3
Related companies (common shareholder/director)	1,701	2,297	339	339
	<u>59,309</u>	<u>67,748</u>	<u>343,909</u>	<u>262,595</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
<u>Trade and other payables - related parties</u>				
Subsidiaries	-	-	56,212	73,144
Associates	57,276	50,017	31,211	27,875
Related companies (common shareholder/director)	250,343	240,453	57,502	58,755
	<u>307,619</u>	<u>290,470</u>	<u>144,925</u>	<u>159,774</u>

Loans to related parties and loans from related parties

As at 31 March 2015 and 31 December 2014, the balance of loans between the Company and those related companies and the movement are as follows:

(Unit: Thousand Baht)

Related by	Consolidated financial statements				
	Balance as at 31 December 2014	Increase during the period	Decrease during the period	Unrealised gain/loss on exchange	Balance as at 31 March 2015
<u>Short-term loans to</u>					
Dee Mak SDN. BHD.	702	2,021	-	(48)	2,675
Total	<u>702</u>	<u>2,021</u>	<u>-</u>	<u>(48)</u>	<u>2,675</u>
<u>Short-term loans from</u>					
Dee Mak SDN. BHD.	1,211	879	-	(83)	2,007
Directors of the Group	15,902	-	-	(1,080)	14,822
Total	<u>17,113</u>	<u>879</u>	<u>-</u>	<u>(1,163)</u>	<u>16,829</u>

Short-term loans from directors carried interest at 5% per annum and due at call.

(Unit: Thousand Baht)

Related by	Separate financial statements				
	Balance as at 31 December 2014	Increase during the period	Decrease during the period	Unrealised loss on exchange	Balance as at 31 March 2015
<u>Short-term loans to</u>					
New Era Sales Company Limited	14,000	2,000	(4,000)	-	12,000
Able Motors Company Limited	29,000	18,500	(25,000)	-	22,500
Katsuya (Thailand) Company Limited	803	-	-	-	803
AAPICO Hitech Parts Company Limited	139,000	133,000	(177,000)	-	95,000
AAPICO Hitech Tooling Company Limited	29,000	52,500	(51,500)	-	30,000
AAPICO Forging Public Company Limited	192,500	469,100	(363,100)	-	298,500
AAPICO Amata Company Limited	114,670	55,000	(151,670)	-	18,000
Total	<u>518,973</u>	<u>730,100</u>	<u>(772,270)</u>	<u>-</u>	<u>476,803</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

		Separate financial statements				
		Balance as at			Unrealised	Balance as at
		31 December	Increase during	Decrease during	loss on	31 March
Related by		2014	the period	the period	exchange	2015
<u>Long-term loans to</u>						
New Era Sales Company Limited	Subsidiary	260,000	-	-	-	260,000
Able Motors Company Limited	Subsidiary	35,000	26,500	-	-	61,500
AAPICO Forging Public Company Limited	Subsidiary	1,920,000	-	-	-	1,920,000
AAPICO Hitech Parts Company Limited	Subsidiary	120,000	-	-	-	120,000
AAPICO Hitech Tooling Company Limited	Subsidiary	70,000	-	-	-	70,000
AAPICO Amata Company Limited	Subsidiary	-	80,070	-	-	80,070
Kunshan Chaitai-Xincheng Precision Forging Company Limited	Subsidiary	65,626	-	(65,126)	(500)	-
Katsuya (Thailand) Company Limited	Subsidiary	3,000	-	-	-	3,000
Foton Passenger Vehicles Distribution (Thailand) Company Limited	Subsidiary	1,000	-	(200)	-	800
AAPICO Investment Pte. Ltd.	Subsidiary	84,271	-	-	(4,256)	80,015
Total		2,558,897	106,570	(65,326)	(4,756)	2,595,385
<u>Short-term loans from</u>						
AAPICO Engineering Company Limited	Subsidiary	9,200	-	-	-	9,200
AAPICO Structural Products Company Limited	Subsidiary	218,000	933,200	(857,500)	-	293,700
Total		227,200	933,200	(857,500)	-	302,900

Directors and management's benefits

During the three-month periods ended 31 March 2015 and 2014, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	For the three-month period ended 31 March			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Short-term employee benefits	7.6	7.7	7.6	7.7
Post-employment benefits	-	0.2	-	0.2
Total	7.6	7.9	7.6	7.9

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 16.4 to financial statements.

(Unaudited but reviewed)

4. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due and past due				
not over 3 months	39,361	48,053	78,055	24,488
Past due 3 - 12 months	-	252	-	-
Past due more than 12 months	-	4	-	4
Total trade receivables - related parties	39,361	48,309	78,055	24,492
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due and past due				
not over 3 months	1,944,729	1,754,867	292,503	225,144
Past due 3 - 12 months	34,247	10,741	2,433	4,002
Past due more than 12 months	13,109	6,284	3,945	773
Total	1,992,085	1,771,892	298,881	229,919
Less: Allowance for doubtful accounts	(10,065)	(9,920)	(3,873)	(3,728)
Total trade receivables - unrelated parties, net	1,982,020	1,761,972	295,008	226,191
Total trade receivables - net	2,021,381	1,810,281	373,063	250,683
<u>Other receivables - net</u>				
Advances - related parties	12,419	13,286	11,074	9,266
Interest receivable - related parties	-	-	241,869	215,217
Advances	21,757	16,104	-	-
Accrued income	14,948	12,233	-	5,132
Others - related parties	7,529	6,153	12,911	13,620
Others - unrelated parties	21,130	42,099	2,039	1,163
Total other receivables - net	77,783	89,875	267,893	244,398
Total trade and other receivables - net	2,099,164	1,900,156	640,956	495,081

5. Inventories

As at 31 March 2015, certain subsidiaries have pledged finished goods of approximately Baht 63 million (31 December 2014: Baht 82 million) to secure short-term loans from banks.

(Unaudited but reviewed)

6. Investments in associates**Details of associates:**

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			31 March	31 December	31 March	31 December	31 March	31 December
			2015	2014	2015	2014	2015	2014
			(%)	(%)				
Able Sanoh Industries (1996) Company Limited	Manufacture and distribution of autoparts	Thailand	46	46	30,700	30,700	356,785	340,224
Sanoh Industries (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	20	20	29,250	29,250	63,248	60,797
MINTH AAPICO (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	40	40	151,400	151,400	166,108	164,720
Thai Takagi Seiko Company Limited	Distribution of dies	Thailand	49	49	49,587	49,587	56,658	60,241
Hyundai Motor (Thailand) Company Limited	Manufacture and distribution of vehicles and parts	Thailand	30	30	120,000	120,000	397,369	461,945
Edscha AAPICO Automotive Company Limited	Manufacture and distribution of autoparts	Thailand	49	49	19,600	19,600	39,002	34,623
Sumino AAPICO (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	49	49	98,000	98,000	79,479	81,712
Quantum Inventions Pte. Ltd. (25 percent held by AAPICO Investment Pte. Ltd.)	Manufacture of car navigation systems	Singapore	25	25	76,085	76,085	75,171	75,530
Total					574,622	574,622	1,233,820	1,279,792

(Unit: Thousand Baht)

Company's name	Separate financial statements			
	Shareholding percentage		Carrying amounts based on cost method	
	31 March	31 December	31 March	31 December
	2015	2014	2015	2014
	(%)	(%)		
Able Sanoh Industries (1996) Company Limited	46	46	30,700	30,700
Sanoh Industries (Thailand) Company Limited	20	20	29,250	29,250
MINTH AAPICO (Thailand) Company Limited	40	40	151,400	151,400
Thai Takagi Seiko Company Limited	49	49	49,587	49,587
Hyundai Motor (Thailand) Company Limited	30	30	120,000	120,000
Edscha AAPICO Automotive Company Limited	49	49	19,600	19,600
Sumino AAPICO (Thailand) Company Limited	49	49	98,000	98,000
Total			498,537	498,537

(Unaudited but reviewed)

During the three-month periods ended 31 March 2015 and 2014, the Company has recognised its share of profit/loss from investments in associates in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

Company's name	For the three-month periods ended 31 March					
	Consolidated financial statements				Separate financial statements	
	Share of profit (loss) from investments in associates		Unraised loss on exchange		Dividend income	
	2015	2014	2015	2014	2015	2014
Able Sanoh Industries (1996) Company Limited	16,561	1,355	-	-	-	-
Sanoh Industries (Thailand) Company Limited	2,451	5,056	-	-	-	-
MINTH AAPICO (Thailand) Company Limited	1,388	(2,579)	-	-	-	-
Thai Takagi Seiko Company Limited	(3,583)	5,757	-	-	-	1,985
Hyundai Motor (Thailand) Company Limited	35,024	36,685	-	-	99,600	119,880
Edscha AAPICO Automotive Company Limited	4,379	5,253	-	-	-	-
Sumino AAPICO (Thailand) Company Limited	(2,233)	(921)	-	-	-	-
Quantum Inventions Pte. Ltd.	1,935	-	(2,294)	-	-	-
Total	55,922	50,606	(2,294)	-	99,600	121,865

7. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost	
	31 March	31 December	31 March	31 December	31 March	31 December
	2015	2014	2015	2014	2015	2014
			(%)	(%)		
New Era Sales Co., Ltd.	Baht 20 million	Baht 20 million	100	100	20,000	20,000
AAPICO Amata Co., Ltd.	Baht 800 million	Baht 800 million	100	100	1,164,139	1,164,139
Able Motors Co., Ltd.	Baht 20 million	Baht 20 million	100	100	19,999	19,999
AAPICO Engineering Co., Ltd.	Baht 10 million	Baht 10 million	100	100	10,000	10,000
Tenaga Setia Resources SDN. BHD.	RM 6 million	RM 6 million	49	49	31,393	31,393
Kunshan Chaitai-Xincheng Precision Forging Co., Ltd.	USD 6.1 million	USD 6.1 million	100	100	196,744	196,744
AAPICO ITS Co., Ltd.	Baht 100 million	Baht 100 million	60	60	62,175	62,175
AAPICO Hitech Parts Co., Ltd.	Baht 120 million	Baht 120 million	100	100	120,000	120,000
AAPICO Hitech Tooling Co., Ltd.	Baht 65 million	Baht 65 million	100	100	65,000	65,000
AAPICO Shanghai Co., Ltd.	USD 2 million	USD 2 million	100	100	80,682	80,682
AAPICO Investment Pte. Ltd.	SGD 6.97 million	SGD 6.97 million	100	100	167,950	167,950
AAPICO Mitsuike (Thailand) Co., Ltd.	Baht 8.25 million	Baht 8.25 million	51	51	4,208	4,208
AAPICO Forging Plc.	Baht 500 million	Baht 500 million	100	100	1,823,907	1,823,907
AAPICO Structural Products Co., Ltd.	Baht 200 million	Baht 200 million	100	100	200,000	200,000

(Unaudited but reviewed)

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost	
	31 March	31 December	31 March	31 December	31 March	31 December
	2015	2014	2015	2014	2015	2014
			(%)	(%)		
A Maction Co., Ltd.	Baht 10 million	Baht 10 million	100	51	8,100	5,100
New Era Sales (M) SDN. BHD.	RM 1.5 million	RM 1.5 million	49	49	8,263	8,263
AAPICO Technology Co., Ltd.	Baht 0.25 million	Baht 0.25 million	51	51	128	128
AERP Co., Ltd.	Baht 1.25 million	Baht 1.25 million	88	88	1,100	1,100
Katsuya (Thailand) Co., Ltd.	Baht 28.5 million	Baht 28.5 million	76	76	15,675	15,675
Foton Passenger Vehicles Distribution (Thailand) Co., Ltd.	Baht 25 million	Baht 25 million	97	97	24,250	24,250
AAPICO Lemtech (Thailand) Co., Ltd.	Baht 40 million	Baht 40 million	60	60	24,000	24,000
AAPICO Training Center Co., Ltd.	Baht 3 million	Baht 3 million	100	100	3,000	3,000
Total					4,050,713	4,047,713
Less: Allowance for impairment					(1,341,708)	(1,341,708)
Net					2,709,005	2,706,005

No dividend received from all above subsidiaries during the three-month periods ended 31 March 2015 and 2014.

On 27 February 2015, a meeting of the Board of Directors passed a resolution to approve the transfer of all of the Company's investment in Papago (Thailand) Company Limited, which was the Company's other investment and had a net book value of Baht 3 million, in exchange for an investment in A Maction Company Limited held by a non-related company.

8. Investment in joint venture

Investment in joint venture represents investment in entity which is jointly controlled by the Company and other company. Detail of this investment is as follow:

(Unit: Thousand Baht)

Jointly controlled entity	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			31 March 2015	31 December 2014	31 March 2015	31 December 2014	31 March 2015	31 December 2014
			(%)	(%)				
AAPICO Sodecia (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	50	50	60,000	60,000	54,056	55,753

(Unaudited but reviewed)

(Unit: Thousand Baht)

Jointly controlled entity	Separate financial statements			
	Shareholding percentage		Carrying amounts based on cost method	
	31 March	31 December	31 March	31 December
	2015	2014	2015	2014
	(%)	(%)		
AAPICO Sodecia (Thailand) Company Limited	50	50	60,000	60,000

During the three-month period ended 31 March 2015, the Company has recognised its share of loss from investment in joint venture of Baht 1.7 million (2014: nil) in the consolidated financial statements.

9. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March	31 December	31 March	31 December
	2015	2014	2015	2014
Available-for-sale investments				
Marketable equity securities	160,666	160,666	-	-
Allowance for change in value and exchange difference on translation of financial statements in foreign currency	(95,859)	(115,827)	-	-
	64,807	44,839	-	-
Other investments				
Equity securities	-	3,471	-	3,000
Total	64,807	48,310	-	3,000

(Unaudited but reviewed)

10. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2015 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2015	6,318,534	1,358,583
Acquisitions during period - at cost	46,967	8,577
Transfers from inventories	6,337	-
Transfers to intangible assets	(21)	(21)
Capitalised interest	89	89
Disposals/write-off during period - net book value at disposal date/write-off date	(4,042)	(28)
Depreciation for the period	(176,823)	(33,110)
Exchange differences on translation of financial statements in foreign currency	(14,783)	-
Net book value as at 31 March 2015	<u>6,176,258</u>	<u>1,334,090</u>

Borrowing costs totaling approximately Baht 0.1 million and Baht 0.3 million were capitalised during the three-month periods ended 31 March 2015 and 2014, respectively.

As at 31 March 2015, the Group had machinery, motor vehicles and equipment under finance lease agreements with net book values amounting to Baht 17 million (31 December 2014: Baht 16 million).

Some subsidiaries have mortgaged building, machinery and factory equipment, with a total net book value as at 31 March 2015 of Baht 102 million (31 December 2014: Baht 111 million) as collateral for credit facilities granted by banks.

11. Leasehold right

A subsidiary has pledged its land leasehold right, with a total net book value as at 31 March 2015 of Baht 89 million (31 December 2014: Baht 96 million) as collateral for credit facilities granted by banks.

(Unaudited but reviewed)

12. Goodwill

(Unit: Million Baht)

	Consolidated financial statements	
	31 March 2015	31 December 2014
Goodwill from purchase of subsidiaries:		
AAPICO Amata Company Limited	230	230
AAPICO Forging Public Company Limited	1,152	1,152
Other companies	5	5
Total	1,387	1,387
Less: Allowance for impairment	(1,152)	(1,152)
Net	235	235

13. Bank overdrafts/short-term loans and long-term loans from banks

Parts of the bank overdrafts and short-term loans from banks of the Group are secured by the pledge of certain inventories, guarantees provided by the Company, letter of guarantee, a letter of credit and a negative pledge of assets by the Group.

Long-term loans of the Company are secured by a negative pledge of assets of the Company and its subsidiaries. Long-term loans of the subsidiaries are secured by the pledge of leasehold land and building thereon, certain machinery and factory equipment of subsidiaries, and by guarantees provided by subsidiary companies and a negative pledge of assets by the Company.

The loan agreements contain covenants relating to various matters specified in the agreements, including restrictions on providing loans other than loans to intercompany and covenants relating to the shareholding of the major shareholders, and the maintenance of certain financial ratios.

14. Income tax

Income tax expenses for the three-month periods ended 31 March 2015 and 2014 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Current income tax:				
Interim corporate income tax charge	6,045	10,036	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	116	(6,508)	332	316
Income tax expense reported in the statement of income	6,161	3,528	332	316

15. Earnings per share

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

16. Commitment and contingent liabilities**16.1 Capital commitments**

- a) As at 31 March 2015, the Group had capital commitments of approximately Baht 11 million, USD 0.1 million and RMB 4.1 million, totalling Baht 36 million (31 December 2014: Baht 21 million, USD 0.4 million and RMB 1.8 million, totalling Baht 44 million), relating to the purchase of land, the construction of factory buildings, and acquisition of machinery from the unrelated parties.
- b) As at 31 March 2015, the Group had outstanding commitment of Baht 99 million and Baht 90 million (31 December 2014: Baht 207 million in respect of uncalled portion of investments in their subsidiaries) in respect of uncalled portion of investments in their subsidiaries and a joint venture, respectively.

(Unaudited but reviewed)

16.2 Operating lease and service commitments

The Group has entered into several operating lease agreements in respect of the lease of land, office building space and equipment and service agreement. The terms of the agreements are generally between 1 and 10 years.

Future minimum lease and service payments required under these non-cancellable operating leases and service agreement were as follows.

(Unit: Million Baht)

Payable	As at 31 March 2015	As at 31 December 2014
In up to 1 year	61	37
In over 1 to up to 5 years	84	64
In over 5 years	22	25

16.3 Long-term service commitments

Two subsidiaries have entered into technical assistance agreements with a Japanese company and a German company, under which they have to pay fees at rates stipulated in the agreements, on sales of certain products. The first agreement is for one year and automatically renews annually for a further period of one year, while the other agreement is effective until 2017. Another subsidiary has entered into memorandums with two Japanese companies, under which the subsidiary has to pay fees at certain rates on sales of particular products. These agreements are effect for as long as the products are sold. In addition, a subsidiary has entered into a management assistance agreement with a Japanese company, under which the subsidiary has to pay a fee at a fixed rate, together with other remunerations stipulated in the agreement. The agreement has a term of one year and automatically renews annually for further periods of one year each time.

The fees for the three-month period ended 31 March 2015 and 2014, amounting to approximately Baht 8 million, were recognised as expenses.

16.4 Guarantee

- a) As at 31 March 2015 and 31 December 2014, the Company had guaranteed bank credit facilities of its foreign subsidiary companies amounting to RMB 30 million, and its local associated company amounting to Baht 100 million.
- b) As at 31 March 2015, two foreign subsidiaries had provided guarantees for bank credit facilities of another foreign subsidiary amounting to RM 13 million and RM 9 million, respectively (31 December 2014: RM 13 million and RM 10 million, respectively).
- c) As at 31 March 2015 and 31 December 2014, there were outstanding bank guarantees of approximately Baht 64 million, and RM 0.2 million issued by banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 35 million, to guarantee contractual performance, the Baht 29 million and RM 0.2 million to guarantee electricity use, among others.
- d) The Company and a subsidiary entered into agreements related to the Supplier Financing Program, as a sponsor, whereby they provide guarantees of credit lines of their suppliers used to purchase raw materials and goods, up to a limited of Baht 200 million. As at 31 March 2015 and 31 December 2014, the Company and its subsidiary had no guarantee liabilities under these agreements.

16.5 Interest rate swap agreements

The Company has outstanding interest rate swap agreements with the banks as follows:

As at 31 March 2015

<u>Notional amount</u>	<u>Interest Receipt Rate</u>	<u>Interest Payment Rate</u>	<u>Due date</u>
(Million Baht)	(per annum)	(per annum)	
85	FDR plus 3.3%	Fixed rate at 5.65%	30 December 2015
95	MLR minus 1.75%	Fixed rate at 5.33%	30 December 2015
117	MLR minus 1.75%	Fixed rate at 5.98%	30 December 2015

As at 31 December 2014

<u>Notional amount</u>	<u>Interest Receipt Rate</u>	<u>Interest Payment Rate</u>	<u>Due date</u>
(Million Baht)	(per annum)	(per annum)	
112	FDR plus 3.3%	Fixed rate at 5.65%	30 December 2015
127	MLR minus 1.75%	Fixed rate at 5.33%	30 December 2015
147	MLR minus 1.75%	Fixed rate at 5.98%	30 December 2015

(Unaudited but reviewed)

As at 31 March 2015, the Company had unrealised loss from change in the fair value of interest rate swap agreements of approximately Baht 1.4 million (31 December 2014: Baht 1.9 million).

16.6 Forward foreign exchange contracts

Foreign exchange contracts outstanding are summarised below.

Foreign currency	As at 31 March 2015 and 31 December 2014				
	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
US dollar	-	4.7	-	32.50 - 32.75	August - September 2015

17. Litigation

In late 2011 a subsidiary company in which the Company has an equity interest of 60 percent was sued for approximately Baht 450 million under civil litigation for copyright infringement related to map data. In 2012, this subsidiary was sued for the same infringement under criminal litigation. In January 2013, the Central Intellectual Property and International Trade Court (“IP&IT Court”) ordered the dismissal of the criminal case. However, the plaintiff has appealed to the Supreme Court. In October 2014, the Supreme Court rendered its judgment in favor of this subsidiary. Therefore, the criminal case is final. In the civil case, the IP&IT Court rendered a judgment in favor of the plaintiff and the subsidiary was ordered to pay compensation of approximately Baht 1 million and interest at a rate of 7.5 percent per annum, calculated from the day following the date of the complaint until payment is complete. Currently, the subsidiary’s management is considering an appeal of the judgment. In addition, this subsidiary’s management has assessed the circumstances and believes that it will incur losses not exceeding the amount of the award ordered by the IP&IT Court. This subsidiary therefore recorded provision for compensation claim of approximately Baht 1 million in the 2014 financial statements.

18. Fair value of financial instruments

The Company and its subsidiaries use the market approach to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

Fair value hierarchy

In applying the above-mentioned valuation techniques, the Company and its subsidiaries endeavor to use relevant observable inputs as much as possible. TFRS 13 *Fair Value Measurement* establishes a fair value hierarchy categorising such inputs into three levels 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

As of 31 March 2015, the Group had the assets that were measured at fair value using different levels of inputs as follows:

	(Unit: Thousand Baht)		
	<u>Consolidated financial statements</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Financial assets measured at fair value			
Held for trade investments			
Debt instruments	-	23,000	23,000
Available-for-sale investments			
Equity instruments	64,807	-	64,807

Valuation techniques and inputs to level 2 valuation

The fair value of investment in debt instruments - unit trust has been determined by using the net asset value as published by asset management companies.

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

19. Segment information

The Group is organised into business units based on its products and services. During the current period, the Group has not changed the organisation of its reportable segments.

The following tables present revenue and profit information regarding the Group's operating segments for the three-month periods ended 31 March 2015 and 2014, respectively.

(Unaudited but reviewed)

(Unit: Million Baht)

	Manufacture of automobiles assembly tools and parts segment	Sales of automobiles and the provision of automobiles repair service segment	Total segment	Adjustments and eliminations	Consolidated
Three months ended 31 March 2015					
Revenues					
External customers	2,417	1,239	3,656	-	3,656
Inter-segment	406	5	411	(411)	-
Total revenues	2,823	1,244	4,067	(411)	3,656
Operating results					
Segment profit	207	25	232	(134)	98
Share of profit from investments in associates and joint venture					54
Finance cost					(46)
Profit before income tax expense					106
Income tax expense					(6)
Profit for the period					100

(Unit: Million Baht)

	Manufacture of automobiles assembly tools and parts segment	Sales of automobiles and the provision of automobiles repair service segment	Total segment	Adjustments and eliminations	Consolidated
Three months ended 31 March 2014					
Revenues					
External customers	2,336	1,238	3,574	-	3,574
Inter-segment	310	5	315	(315)	-
Total revenues	2,646	1,243	3,889	(315)	3,574
Operating results					
Segment profit	208	36	244	(81)	163
Share of profit from investments in associates					51
Finance cost					(56)
Profit before income tax expense					158
Income tax expense					(4)
Profit for the period					154

20. Events after the reporting period

On 29 April 2015, the Company issued Baht 800 million of senior unsecured registered debentures with a debentureholders' representative and offered them to institutional investors and high net worth investors. The debentures bear interest at a rate of 4.34 percent per annum and have a tenor of 3 years.

On 27 April 2015, the Annual General Meeting of the Company's shareholders passed a resolution to approve the payment of a dividend of Baht 0.10 per share, or a total of approximately Baht 32 million, to be paid in May 2015.

On 2 April 2015, a meeting of the Board of Directors of AAPICO Plastics Public Company Limited (subsidiary held through a subsidiary) passed a resolution to purchase shares of Katsuya (Thailand) Company Limited held by a non-related company. Following this acquisition, the Group's shareholding in this company increased from 76% to 100%.

21. Approval of interim financial statements

These interim financial statements were authorised for issue by the Board of Directors of the Company on 14 May 2015.