

## **AAPICO Hitech Public Company Limited and its subsidiaries**

### **Notes to consolidated financial statements**

**For the year ended 31 December 2015**

#### **1. General information**

AAPICO Hitech Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in manufacture and distribution of dies, jigs and automobile parts. The registered office of the Company is at 99 Moo 1 Hitech Industrial Estate, Tambol Ban Lane, Ampur Bang Pa-in, Ayutthaya.

#### **2. Basis of preparation**

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions 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 28 September 2011, 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 AAPICO Hitech Public Company Limited and the following subsidiaries (“the Group”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2015 (%)	2014 (%)
<u>Held by the Company</u>				
AAPICO Amata Co., Ltd.	Manufacture of autoparts	Thailand	100	100
AAPICO Engineering Co., Ltd.	Research and development in field of automobile engineering	Thailand	100	100
New Era Sales Co., Ltd.	Sales of automobiles and the provision of automobile repair services	Thailand	100	100
Able Motors Co., Ltd.	Sales of automobiles and the provision of automobile repair services	Thailand	100	100
AAPICO Hitech Parts Co., Ltd.	Manufacture of autoparts	Thailand	100	100
AAPICO Hitech Tooling Co., Ltd.	Design and manufacture of car assemble jigs and stamping dies	Thailand	100	100

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2015 (%)	2014 (%)
AAPICO ITS Co., Ltd.	Manufacture of car navigation systems and its derivatives	Thailand	60	60
AAPICO Shanghai Co., Ltd.	Machining autoparts service	The People's Republic of China	-	100
Tenaga Setia Resources SDN. BHD.	Sales of automobiles and the provision of automobile repair services	Malaysia	49	49
Kunshan Chaitai-Xincheng Precision Forging Co., Ltd.	Manufacture and sales of autoparts	The People's Republic of China	100	100
AAPICO Investment Pte. Ltd.	Investment in other companies	Singapore	100	100
AAPICO Forging Plc.	Manufacture of autoparts	Thailand	100	100
AAPICO Mitsuike (Thailand) Co., Ltd.	Manufacture of autoparts	Thailand	51	51
AAPICO Structural Products Co., Ltd.	Manufacture of autoparts	Thailand	100	100
A Maction Co., Ltd.	Development of software	Thailand	100	51
New Era Sales (M) SDN. BHD.	Sales of automobiles and the provision of automobile repair services	Malaysia	49	49
AAPICO Technology Co., Ltd.	Not yet operation	Thailand	100	51
AERP Co., Ltd.	IT consulting and advisory	Thailand	88	88
Katsuya (Thailand) Co., Ltd.	Manufacture of autoparts	Thailand	76	76
Foton Passenger Vehicles Distribution (Thailand) Co., Ltd.	Import and exports of vehicles and parts	Thailand	97	97
AAPICO Lemtech (Thailand) Co., Ltd.	Manufacture of autoparts	Thailand	60	60
AAPICO Training Center Co., Ltd.	Provide training services	Thailand	100	100
<u>Held by subsidiaries</u>				
Able ITS Pte. Ltd. (100 percent held by AAPICO ITS Co., Ltd.)	Investment in other companies	Singapore	60	60
Katsuya (Thailand) Co., Ltd. (24 percent held by AAPICO Plastics Public Co., Ltd.)	Manufacture of autoparts	Thailand	24	-
AAPICO Plastics Public Co., Ltd. (100 percent held by AAPICO Forging Plc.)	Manufacture and contract manufacture of plastic parts	Thailand	100	100
AAPICO Engineering SDN. BHD. (49 percent held by Tenaga Setia Resources SDN. BHD. and 51 percent held by New Era Sales (M) SDN. BHD.)	Investment in other companies	Malaysia	49	49
AAPICO ITS Co. SDN. BHD. (49 percent held by AAPICO ITS Co., Ltd.)	Manufacture software of car navigation systems and distribution its derivatives	Malaysia	29	29
AAPICO QI SDN. BHD. (60 percent held by AAPICO ITS Co., Ltd. and 40 percent held by Quantum Inventions Pte. Ltd.)	Manufacture software of car navigation systems and distribution its derivatives	Malaysia	46	46
AAPICO Precision Co., Ltd. (100 percent held by AAPICO Forging Plc.)	Manufacture of autoparts	Thailand	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, being 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 to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses 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 subsidiaries have been eliminated from the consolidated financial statements.
  - g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements present investments in subsidiaries, joint ventures and associates under the cost method.

### **3. New financial reporting standards**

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

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

The Group has adopted the revised (revised 2014) 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 Group’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 Group already recognises 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 Group has 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 Group's 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.

This standard does not have any impact on the financial statements since the Group 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 Group.

## **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 Group's financial statements.

### **(b) Financial reporting standard that will become effective in the future**

During the current year, the Federation of Accounting Professions issued a number of the revised (revised 2015) and new financial reporting standards and accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. The Company's management believes that the revised and new financial reporting standards and accounting treatment guidance will not have any significant impact on the financial statements when it is initially applied.

## **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 of goods are valued after deducting discounts and allowance.

#### *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 experience and analysis of debt aging.

#### **4.4 Inventories**

Finished goods and work in process are valued at the lower of cost (specific basis for automobiles and average basis for others) and net realisable value. Such cost included all production costs and attributable factory overheads.

Raw materials, spare parts and factory supplies are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

Some subsidiaries record inventories using the first-in, first-out method. The effect of the difference in accounting policy is immaterial to the consolidated financial statements.

#### **4.5 Investments**

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) 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.
- c) Investments in non-marketable equity securities, which the Group classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- d) Investments in joint ventures and associates are accounted for in the consolidated financial statements using the equity method.
- e) Investments in subsidiaries, joint ventures and associates are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of unit trusts is determined from their net asset value.

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

In the event the Group 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 of shareholders' equity, depending on the type of investment that is reclassified.

#### **4.6 Property, plant and equipment/Depreciation**

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

Depreciation of plant and equipment (except for some of factory equipment, on a production method and diminishing method) are calculated by reference to their costs on the straight-line basis over the following estimated useful lives: -

Buildings and building improvements	5 - 35 years
Apartment	20 years
Machinery and factory equipment	3 - 20 years
Motor vehicles and office equipment	5 - 10 years

Depreciation is included in determining income.

No depreciation is provided on land, building under construction, machinery and factory equipment under production and installation.

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

#### **4.7 Borrowing costs**

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

#### **4.8 Intangible assets and amortisation**

The intangible assets are carried at cost less accumulated amortisation and any 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	5-10 years
Cost of product development	On number of product sold

#### **4.9 Goodwill**

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

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

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

#### **4.10 Related party transactions**

Related parties comprise enterprises and individuals 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 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 assets 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 long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the useful life of the asset.

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

An impairment loss is recognised in profit or loss.

#### **4.14 Income tax**

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

##### **Current tax**

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

##### **Deferred tax**

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

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

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

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

#### **4.15 Employee benefits**

##### ***Short-term employee benefits***

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

##### ***Post-employment benefits and other long-term employee benefits***

###### *Defined contribution plans*

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

### *Defined benefit plans and other long-term employee benefits*

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan. In addition, some companies provide other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefits is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

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

For the first-time adoption of TAS 19 Employee Benefits in 2011, the Group elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings in 2011.

#### **4.16 Interest rate swap contracts**

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.

#### **4.17 Provisions**

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

#### **4.18 Fair value measurement**

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

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

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

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

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

## **5. Significant accounting judgements and estimates**

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

### **Consolidation of subsidiaries that the Company holds less than half of shares**

The management of the Company determined that the Company has control over Tenaga Setia Resources SDN. BHD., New Era Sales (M) SDN. BHD., AAPICO Engineering SDN. BHD., AAPICO ITS Co., SDN. BHD., and AAPICO QI SDN. BHD., even though the Company holds shares and voting rights that is less than half of shares and voting rights. This is because the Company has the ability to direct the significant activities. As a result, those companies are deemed to be included in the consolidated financial statements from the date on which the Company assumed control.

### **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.

### **Reduce inventory cost to net realisable value**

In determining a reduction of inventory cost to net realisable value, the management makes judgement and estimates net realisable value of inventory based on the amount of the inventories are expected to realise. These estimates take into consideration fluctuations of selling price or cost directly relating to events occurring after the end of the reporting period. Also, the management makes judgement and estimates the expected loss from stock obsolescence based upon aging profile of inventories and the prevailing economic condition.

### **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.

### **Fair value of financial instruments**

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both), liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

### **Impairment of investments**

The Group 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 in the period 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.

### **Goodwill**

The initial recognition and measurement of goodwill, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

### **Provision for product warranty**

In determining product warranty reserve, the management needs to exercise judgment to estimate anticipated losses, with reference to past experience.

### **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 plan 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.

### **Litigation**

The subsidiary has contingent liabilities as a result of litigation. The subsidiary's management has used judgement to assess of the results of the litigation and records this provision in the financial statements.

## **6. Cash and cash equivalents**

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cash	2,507	478	43	62
Bank deposits	335,692	313,178	28,035	16,404
Total	338,199	313,656	28,078	16,466

As at 31 December 2015 bank deposits in saving accounts and fixed deposits carried interests between 0.05 and 2.00 percent per annum (2014: between 0.05 and 3.50 percent per annum).

## 7. Related party transactions

During the years, 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)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	2015	2014	2015	2014	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales of goods and services	-	-	197	462	Cost plus margin, averaging around -8% - 20%
Sales of machinery and equipment	-	-	1	16	Cost plus margin of 5%
Interest income	-	-	139	140	0.01% - 5.10% p.a.
Dividend income	-	-	258	345	As declared
Rental income	-	-	4	4	Close to rental rates for other building in the vicinity
Management fee income	-	-	65	61	Approximate cost
Other income	-	-	10	10	Approximate cost
Purchases of goods and services	-	-	329	320	Cost plus margin, averaging around 1% - 25%
Purchases of machinery and equipment	-	-	13	5	Cost plus margin, averaging around 1% - 45%
Interest expense	-	-	9	4	1.00% - 5.10% p.a.
Other expense	-	-	15	16	Approximate cost
<u>Transactions with associates and joint venture</u>					
Sales of goods and services	209	159	1	1	Cost plus margin, averaging around 20% - 40%
Dividend income	-	-	136	137	As declared
Rental income	7	5	-	3	Close to rental rates for other building in the vicinity
Management fee income	4	4	4	4	Approximate cost
Other income	14	9	7	1	Approximate cost
Purchases of goods and services	261	217	167	178	Cost plus margin, averaging around 1% - 3% and 30%, 70%
Other expenses	11	1	8	1	Approximate cost
<u>Transactions with related parties</u>					
Purchases of machinery and equipment	-	29	-	-	Cost plus margin

As at 31 December 2015 and 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	
	2015	2014	2015	2014
<b><u>Trade and other receivables - related parties (Note 8)</u></b>				
Subsidiaries	-	-	345,141	249,822
Associates	60,103	64,174	9,754	12,431
Joint venture	696	1,277	32	3
Related companies (common shareholder/director)	2,846	2,297	339	339
	<u>63,645</u>	<u>67,748</u>	<u>355,266</u>	<u>262,595</u>
<b><u>Trade and other payables - related parties (Note 20)</u></b>				
Subsidiaries	-	-	41,201	73,144
Associates	42,573	50,017	27,733	27,875
Related companies (common shareholder/director)	12,428	181,698	-	-
	<u>55,001</u>	<u>231,715</u>	<u>68,934</u>	<u>101,019</u>

#### Loans to related parties and loan from related parties

As at 31 December 2015 and 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 2015
		Balance as at 31 December 2014	Increase during the year	Decrease during the year	Unrealised gain/loss on exchange	
<b><u>Short-term loans to</u></b>						
Dee Mak SDN. BHD.	Common director	702	2,061	(2,728)	(35)	-
Total		<u>702</u>	<u>2,061</u>	<u>(2,728)</u>	<u>(35)</u>	<u>-</u>
<b><u>Short-term loans from</u></b>						
Dee Mak SDN. BHD.	Common director	1,211	896	(255)	(166)	1,686
Directors of the Group		15,902	-	(1,249)	(1,721)	12,932
Total		<u>17,113</u>	<u>896</u>	<u>(1,504)</u>	<u>(1,887)</u>	<u>14,618</u>

Short-term loans from directors carry interest at 5 percent per annum and due at call.



(Unit: Thousand Baht)

		Separate financial statements				
		Balance as at			Unrealised	Balance as at
		31 December	Increase during	Decrease during	gain on	31 December
Related by		2014	the year	the year	exchange	2015
<u>Short-term loans to</u>						
New Era Sales Company Limited	Subsidiary	14,000	31,000	(33,000)	-	12,000
Able Motors Company Limited	Subsidiary	29,000	104,000	(115,000)	-	18,000
Katsuya (Thailand) Company Limited	Subsidiary	803	-	(203)	-	600
AAPICO Hitech Parts Company Limited	Subsidiary	139,000	561,500	(640,500)	-	60,000
AAPICO Hitech Tooling Company Limited	Subsidiary	29,000	173,900	(166,900)	-	36,000
AAPICO Forging Public Company Limited	Subsidiary	192,500	1,293,000	(1,197,500)	-	288,000
AAPICO Amata Company Limited	Subsidiary	114,670	154,830	(251,500)	-	18,000
Kunshan Chaitai-Xincheng Precision Forging Company Limited	Subsidiary	-	64,720	-	7,127	71,847
<b>Total</b>		<b>518,973</b>	<b>2,382,950</b>	<b>(2,404,603)</b>	<b>7,127</b>	<b>504,447</b>
<u>Long-term loans to</u>						
New Era Sales Company Limited	Subsidiary	260,000	-	(10,000)	-	250,000
Able Motors Company Limited	Subsidiary	35,000	52,000	-	-	87,000
AAPICO Forging Public Company Limited	Subsidiary	1,920,000	1,100	-	-	1,921,100
AAPICO Hitech Parts Company Limited	Subsidiary	120,000	95,000	-	-	215,000
AAPICO Hitech Tooling Company Limited	Subsidiary	70,000	-	(31,300)	-	38,700
Kunshan Chaitai-Xincheng Precision Forging Company Limited	Subsidiary	65,626	-	(65,626)	-	-
Katsuya (Thailand) Company Limited	Subsidiary	3,000	200	-	-	3,200
Foton Passenger Vehicles Distribution (Thailand) Company Limited	Subsidiary	1,000	-	(1,000)	-	-
AAPICO Investment Pte. Ltd.	Subsidiary	84,271	-	-	1,996	86,267
AAPICO Amata Company Limited	Subsidiary	-	42,970	-	-	42,970
<b>Total</b>		<b>2,558,897</b>	<b>191,270</b>	<b>(107,926)</b>	<b>1,996</b>	<b>2,644,237</b>
<u>Short-term loans from</u>						
AAPICO Engineering Company Limited	Subsidiary	9,200	-	-	-	9,200
AAPICO Structural Products Company Limited	Subsidiary	218,000	3,391,300	(3,357,000)	-	252,300
<b>Total</b>		<b>227,200</b>	<b>3,391,300</b>	<b>(3,357,000)</b>	<b>-</b>	<b>261,500</b>

### Directors and management's benefits

During the years ended 31 December 2015 and 2014, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Short-term employee benefits	29.0	31.0	29.0	31.0
Post-employment benefits	0.2	0.9	0.2	0.9
<b>Total</b>	<b>29.2</b>	<b>31.9</b>	<b>29.2</b>	<b>31.9</b>

## Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 32.6.

## 8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due and past due				
not over 3 months	42,757	48,053	30,281	24,488
Past due 3 - 12 months	-	252	-	-
Past due more than 12 months	-	4	-	4
Total trade receivables - related parties	42,757	48,309	30,281	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	1,785,210	1,754,867	241,292	225,144
Past due 3 - 12 months	2,166	10,741	558	4,002
Past due more than 12 months	5,881	6,284	-	773
Total	1,793,257	1,771,892	241,850	229,919
Less: Allowance for doubtful accounts	(5,487)	(9,920)	(14)	(3,728)
Total trade receivables - unrelated parties, net	1,787,770	1,761,972	241,836	226,191
Total trade receivables - net	1,830,527	1,810,281	272,117	250,683
<u>Other receivables - net</u>				
Advances - related parties	7,982	13,286	11,391	9,266
Interest receivable - related parties	-	-	306,670	215,217
Advances	13,338	16,104	-	-
Dividend receivable - related parties	5,727	-	1,772	-
Accrued income	32,647	12,233	-	5,132
Others - related parties	7,179	6,153	5,152	13,620
Others - unrelated parties	14,328	42,099	647	1,163
Total other receivables - net	81,201	89,875	325,632	244,398
Total trade and other receivables - net	1,911,728	1,900,156	597,749	495,081

## 9. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2015	2014	2015	2014	2015	2014
Finished goods	457,789	516,115	(12,457)	(16,442)	445,332	499,673
Raw materials, spare parts and supplies	414,452	429,381	(29,612)	(21,075)	384,840	408,306
Work in process	282,129	302,452	(12,116)	(4,691)	270,013	297,761
Goods in transit	9,276	3,809	-	-	9,276	3,809
Total	1,163,646	1,251,757	(54,185)	(42,208)	1,109,461	1,209,549

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2015	2014	2015	2014	2015	2014
Finished goods	79,503	127,817	(3,688)	(3,217)	75,815	124,600
Raw materials, spare parts and supplies	61,339	59,569	(4,670)	(948)	56,669	58,621
Work in process	10,799	32,270	(386)	(356)	10,413	31,914
Total	<u>151,641</u>	<u>219,656</u>	<u>(8,744)</u>	<u>(4,521)</u>	<u>142,897</u>	<u>215,135</u>

During the current year, the Group reduced cost of inventories by Baht 12 million (The Company only: Baht 4 million), to reflect the net realisable value. This was included in cost of sales.

During the year 2014, the Group reversed the write-down of cost of inventories by Baht 27 million and reduced the amount of inventories recognised as expenses. In addition, the Company reduced cost of inventories by Baht 3 million, to reflect the net realisable value. This was include in cost of sales.

As at 31 December 2015, certain subsidiaries have pledged finished goods of approximately Baht 64 million (2014: Baht 82 million) to secure loans from banks.

## 10. Investments in associates

### 10.1 Details of associates

(Unit: Thousand Baht)								
Consolidated financial statements								
Company's name	Nature of business	Country of incorporation	Shareholding percentage		Cost		Carrying amounts based on equity method	
			2015 (%)	2014 (%)	2015	2014	2015	2014
Able Sanoh Industries (1996) Company Limited	Manufacture and distribution of autoparts	Thailand	46	46	30,700	30,700	412,247	340,224
Sanoh Industries (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	20	20	29,250	29,250	64,953	60,797
MINTH AAPICO (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	40	40	151,400	151,400	138,684	164,720
Thai Takagi Seiko Company Limited	Distribution of dies	Thailand	49	49	49,587	49,587	40,655	60,241
Hyundai Motor (Thailand) Company Limited	Manufacture and distribution of vehicles and parts	Thailand	30	30	120,000	120,000	451,600	461,945
Edscha AAPICO Automotive Company Limited	Manufacture and distribution of autoparts	Thailand	49	49	19,600	19,600	35,269	34,623
Sumino AAPICO (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	49	49	98,000	98,000	68,481	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	81,250	75,530
Total					<u>574,622</u>	<u>574,622</u>	<u>1,293,139</u>	<u>1,279,792</u>

(Unit: Thousand Baht)

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

## 10.2 Share of comprehensive income and dividend income

During the years, the Group has recognised its share of profit/loss from investments in associate companies in the consolidated financial statements and dividend income in the consolidated and separate financial statements as follows:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements						Separate financial statements	
	Share of profit (loss) from investments in associates during the year		Share of other comprehensive income from investments in associates during the year		Dividend income during the year		Dividend income during the year	
	2015	2014	2015	2014	2015	2014	2015	2014
Able Sanoh Industries (1996) Company Limited	73,795	20,126	-	-	1,772	6,336	1,772	6,336
Sanoh Industries (Thailand) Company Limited	11,194	13,618	-	-	7,038	8,325	7,038	8,325
MINTH AAPICO (Thailand) Company Limited	(10,165)	(9,389)	-	-	15,871	-	15,871	-
Thai Takagi Seiko Company Limited	(19,586)	3,201	-	-	-	1,986	-	1,986
Hyundai Motor (Thailand) Company Limited	89,255	107,146	-	-	99,600	119,880	99,600	119,880
Edscha AAPICO Automotive Company Limited	12,368	13,110	-	-	11,722	-	11,722	-
Sumino AAPICO (Thailand) Company Limited	(13,231)	(13,466)	-	-	-	-	-	-
Quantum Inventions Pte. Ltd.	7,610	(555)	2,064	-	3,954	-	-	-
Total	151,240	133,791	2,064	-	139,957	136,527	136,003	136,527

### 10.3 Summarised financial information about material associates

Summarised information about financial position as at 31 December 2015 and 2014.

(Unit: Million Baht)

	Able Sanoh Industries (1996) Company Limited		Hyundai Motor (Thailand) Company Limited	
	2015	2014	2015	2014
	Current assets	908	602	2,039
Non-current assets	756	796	306	349
Current liabilities	(737)	(628)	(993)	(689)
Non-current liabilities	(24)	(24)	(9)	(8)
Net assets	903	746	1,343	1,376
Shareholding percentage (%)	45.6	45.6	30	30
Share of net asset	412	340	403	413
Goodwill	-	-	49	49
Carrying amounts of associates based on equity method	412	340	452	462

Summarised information about comprehensive income for the years ended 31 December 2015 and 2014.

(Unit: Million Baht)

	Able Sanoh Industries (1996) Company Limited		Hyundai Motor (Thailand) Company Limited	
	2015	2014	2015	2014
	Revenue	2,068	1,586	6,155
Profit	162	45	297	357
Other comprehensive income	-	-	-	-
Total comprehensive income	162	45	297	357

## 11. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding		Cost		(Unit: Thousand Baht) Dividend received during	
			percentage				the year	
	2015	2014	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	-	4,479
Kunshan Chaitai-Xincheng Precision Forging Co., Ltd.	USD 8.1 million	USD 6.1 million	100	100	277,426	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	-	100	-	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	258,000	341,000
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	100	51	250	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					4,050,835	4,047,713	258,000	345,479
Less: Allowance for impairment					(1,343,977)	(1,341,708)		
Net					2,706,858	2,706,005		

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.

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%.

On 5 October 2015, the Company received shares of AAPICO Technology Company Limited from an unrelated company. As a result of this transfer of shares, the Company's shareholding in this company increased from 51% to 100%.

During the current year, A Maction Company Limited registered its dissolution with the Ministry of Commerce. This subsidiary is in the process of liquidation.

On 31 December 2015 two subsidiaries of the Company, Kunshan Chaitai-Xincheng Precision Forging Company Limited and AAPICO Shanghai Company Limited completed a business combination. In accordance with the business combination agreement, AAPICO Shanghai Company Limited transferred all its assets, liabilities and equity to Kunshan Chaitai-Xincheng Precision Forging Company Limited at net book value. As a result of the transfer, the issued and paid-up share capital of Kunshan Chaitai-Xincheng Precision Forging Company Limited increased by RMB 16.16 million (or USD 2 million) and its retained earnings rose by RMB 30.26 million. The business combination did not result in any change in the Company's shareholding in this subsidiary. Subsequently, in January 2016, AAPICO Shanghai Company Limited registered its dissolution with the relevant Chinese government agency.

The Company recorded a loss from impairment of investment in a subsidiary of approximately Baht 130 million for the year ended 31 December 2014, as a result of its review of the carrying amount of the investment in the subsidiary, whereby it compared the net book value with the recoverable value of the cash generating unit, calculated based on value-in-use.

## 11.2 Details of investments in subsidiaries that have material non-controlling interests

(Unit: Million Baht)

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit/loss allocated to non-controlling interests during the year		Dividend paid to non-controlling interest during the year	
	2015	2014	2015	2014	2015	2014	2015	2014
	(%)	(%)						
Tenaga Setia Resources SDN. BHD.	51	51	96	90	18	18	-	5
AAPICO ITS Co., Ltd.	40	40	24	19	5	(5)	-	-
New Era Sales (M) SDN. BHD.	51	51	38	32	10	9	-	-
AAPICO Lemtech (Thailand) Co., Ltd.	40	40	18	21	(3)	4	-	-

## 11.3 Summarised financial information that based on amounts before inter-company elimination about subsidiaries that have material non-controlling

Summarised information about financial position as at 31 December 2015 and 2014.

(Unit: Million Baht)

Company's name	Current assets		Non-current assets		Current liabilities		Non-current liabilities	
	2015	2014	2015	2014	2015	2014	2015	2014
Tenaga Setia Resources SDN. BHD.	182	212	59	68	51	100	2	2
AAPICO ITS Co., Ltd.	54	44	25	28	18	22	2	5
New Era Sales (M) SDN. BHD.	127	126	189	220	98	115	142	166
AAPICO Lemtech (Thailand) Co., Ltd.	24	46	31	23	10	15	-	-

Summarised information about comprehensive income for the years ended 31 December 2015 and 2014.

(Unit: Million Baht)

Company's name	Revenue		Profit (loss)		Other comprehensive income		Total comprehensive income	
	2015	2014	2015	2014	2015	2014	2015	2014
Tenaga Setia Resources SDN. BHD.	2,096	2,345	36	36	(24)	1	12	37
AAPICO ITS Co., Ltd.	52	18	13	(13)	-	(2)	13	(15)
New Era Sales (M) SDN. BHD.	1,359	1,461	19	17	(8)	1	11	18
AAPICO Lemtech (Thailand) Co., Ltd.	82	81	(8)	9	-	-	(8)	9

Summarised information about cash flow for the years ended 31 December 2015 and 2014.

(Unit: Million Baht)

Company's name	Cash flow from operating activities		Cash flow from investing activities		Cash flow from financing activities		Net increase (decrease) in cash and cash equivalents	
	2015	2014	2015	2014	2015	2014	2015	2014
Tenaga Setia Resources SDN. BHD.	74	44	(1)	1	(38)	(5)	35	40
AAPICO ITS Co., Ltd.	(23)	1	(7)	43	(8)	(7)	(38)	37
New Era Sales (M) SDN. BHD.	(23)	36	(2)	-	(13)	(18)	(38)	18
AAPICO Lemtech (Thailand) Co., Ltd.	10	1	(11)	(6)	-	-	(1)	(5)

## 12. Investment in joint venture

### 12.1 Details of 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)

Joint venture	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2015	2014	2015	2014	2015	2014
			(%)	(%)				
AAPICO Sodecia (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	50	50	82,500	60,000	74,829	55,753

(Unit: Thousand Baht)

Joint venture	Separate financial statements			
	Shareholding percentage		Carrying amounts based on cost method	
	2015	2014	2015	2014
	(%)	(%)		
AAPICO Sodecia (Thailand) Company Limited	50	50	82,500	60,000



On 27 February 2015, a meeting of the Board of Directors passed a resolution to purchase Baht 90 million of additional shares of AAPICO Sodecia (Thailand) Company Limited, and retain its current percentage of holding. Initially 25% of the total increase in capital was called up and the Company made payment of Baht 22.5 million in April 2015.

## 12.2 Share of comprehensive income and dividend received

During the years, the Company recognised its share of comprehensive income from investment in joint venture in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

Joint venture	Consolidated financial statements				Separate financial statements	
	Share of loss from investment in joint venture during the year		Share of other comprehensive income from investment in joint venture during the year		Dividend received during the year	
	2015	2014	2015	2014	2015	2014
AAPICO Sodecia (Thailand) Company Limited	3,423	4,064	-	-	-	-

## 12.3 Summarised financial information

Summarised information about financial position as at 31 December 2015 and 2104 of AAPICO Sodecia (Thailand) Company Limited

(Unit: Million Baht)

	2015	2014
Cash and cash equivalent	29	4
Current asset	2	1
Non-current asset	122	114
Current liabilities	(3)	(8)
Non-current liabilities	-	-
Net assets	150	111
Shareholding percentage (%)	50	50
Carrying amounts of joint venture based on equity method	75	56

Summarised information about comprehensive income for the years ended 31 December 2015 and 2014 of AAPICO Sodecia (Thailand) Company Limited

(Unit: Million Baht)

	2015	2014
Revenue	-	-
Loss	7	8
Other comprehensive income	-	-
Total comprehensive income	(7)	(8)

### 13. Other long-term investments

(Unit: Thousand Baht)

	Consolidated		Separate financial	
	financial statements		statements	
	2015	2014	2015	2014
<b>Available-for-sale securities</b>				
Marketable equity securities	160,666	160,666	-	-
Allowance for change in value and exchange difference on translation of financial statements in foreign currency	(84,062)	(115,827)	-	-
	<u>76,604</u>	<u>44,839</u>	<u>-</u>	<u>-</u>
<b>Other investments</b>				
Equity securities	-	3,471	-	3,000
Total	<u><u>76,604</u></u>	<u><u>48,310</u></u>	<u><u>-</u></u>	<u><u>3,000</u></u>

## 14. Property, plant and equipment

(Unit: Thousand Baht)

### Consolidated financial statements

	Land	Building on leasehold land	Building and building improvements	Apartment	Machinery and factory equipment	Motor vehicles and office equipment	Building under construction, machinery and factory equipment under production/ installation	Total
<b>Cost</b>								
1 January 2014	746,920	40,719	2,220,849	-	8,706,309	420,663	504,184	12,639,644
Acquisitions	1,975	-	40,280	8,888	109,463	28,000	205,306	393,912
Disposals/write-off	-	-	(2,702)	-	(80,820)	(26,596)	(6,201)	(116,319)
Transfer in (out)	-	-	54,018	5,322	263,173	15,646	(332,107)	6,052
Capitalised interest	-	-	-	-	-	-	608	608
Translation adjustment	-	-	(14,685)	-	(10,199)	(2,683)	(2,397)	(29,964)
31 December 2014	748,895	40,719	2,297,760	14,210	8,987,926	435,030	369,393	12,893,933
Acquisitions	-	-	14,045	-	49,163	30,458	173,360	267,026
Disposals/write-off	-	-	(6,933)	-	(143,408)	(49,186)	(498)	(200,025)
Transfer in (out)	-	-	8,327	-	390,403	12,714	(395,504)	15,940
Capitalised interest	-	-	-	-	-	-	490	490
Translation adjustment	-	-	(458)	-	19,037	(1,985)	5,326	21,920
31 December 2015	748,895	40,719	2,312,741	14,210	9,303,121	427,031	152,567	12,999,284

(Unit: Thousand Baht)

## Consolidated financial statements

	Land	Building on leasehold land	Building and building improvements	Apartment	Machinery and factory equipment	Motor vehicles and office equipment	Building under construction, machinery and factory equipment under production/ installation	Total
<b>Accumulated depreciation</b>								
1 January 2014	-	21,456	649,609	-	5,070,079	189,745	-	5,930,889
Depreciation for the year	-	2,035	110,135	685	541,658	41,465	-	695,978
Depreciation on disposals/write-off	-	-	(1,838)	-	(66,308)	(10,910)	-	(79,056)
Translation adjustment	-	-	(2,101)	-	(4,843)	(1,621)	-	(8,565)
31 December 2014	-	23,491	755,805	685	5,540,586	218,679	-	6,539,246
Depreciation for the year	-	2,036	117,246	865	549,760	38,761	-	708,668
Depreciation on disposals/write-off	-	-	(15)	-	(103,182)	(27,344)	-	(130,541)
Translation adjustment	-	-	(1,626)	-	10,205	(1,155)	-	7,424
31 December 2015	-	25,527	871,410	1,550	5,997,369	228,941	-	7,124,797
<b>Allowance for impairment loss</b>								
1 January 2014	-	-	-	-	33,443	-	964	34,407
Increase (decrease) during the year	-	-	-	-	2,710	-	(964)	1,746
31 December 2014	-	-	-	-	36,153	-	-	36,153
Decrease during the year	-	-	-	-	(8,361)	-	-	(8,361)
31 December 2015	-	-	-	-	27,792	-	-	27,792
<b>Net book value</b>								
31 December 2014	748,895	17,228	1,541,955	13,525	3,411,187	216,351	369,393	6,318,534
31 December 2015	748,895	15,192	1,441,331	12,660	3,277,960	198,090	152,567	5,846,695
<b>Depreciation for the years</b>								
2014								695,978
2015								708,668

(Unit: Thousand Baht)

## Separate financial statements

	Land	Building and building improvements	Apartment	Machinery and factory equipment	Motor vehicles and office equipment	Building under construction, machinery and factory equipment under production/ installation	Total
<b>Cost</b>							
1 January 2014	163,406	526,621	-	1,269,453	65,364	25,262	2,050,106
Acquisitions	-	-	8,888	25,648	-	58,650	93,186
Disposals/write-off	-	(2,703)	-	(34,295)	(3,903)	-	(40,901)
Transfer in (out)	-	38,604	5,322	22,380	1,412	(67,718)	-
Transfer to intangible asset	-	-	-	-	-	(764)	(764)
Capitalised interest	-	-	-	-	-	502	502
31 December 2014	163,406	562,522	14,210	1,283,186	62,873	15,932	2,102,129
Acquisitions	-	-	-	8,510	393	32,723	41,626
Disposals/write-off	-	(6,770)	-	(41,865)	(4,345)	-	(52,980)
Transfer in (out)	-	5,209	-	27,174	9,830	(42,213)	-
Capitalised interest	-	-	-	-	-	286	286
31 December 2015	163,406	560,961	14,210	1,277,005	68,751	6,728	2,091,061
<b>Accumulated depreciation</b>							
1 January 2014	-	183,583	-	383,585	46,493	-	613,661
Depreciation for the year	-	29,504	685	91,446	6,893	-	128,528
Depreciation on disposals/ write-off	-	(1,838)	-	(21,713)	(2,687)	-	(26,238)
31 December 2014	-	211,249	685	453,318	50,699	-	715,951
Depreciation for the year	-	31,273	865	98,359	7,245	-	137,742
Depreciation on disposals/write-off	-	-	-	(30,315)	(3,612)	-	(33,927)
31 December 2015	-	242,522	1,550	521,362	54,332	-	819,766

(Unit: Thousand Baht)

Separate financial statements

	Land	Building and building improvements	Apartment	Machinery and factory equipment	Motor vehicles and office equipment	Building under construction, machinery and factory equipment under production/ installation	Total
<b>Allowance for impairment loss</b>							
1 January 2014	-	-	-	24,885	-	-	24,885
Increase during the year	-	-	-	2,710	-	-	2,710
31 December 2014	-	-	-	27,595	-	-	27,595
Decrease during the year	-	-	-	(8,746)	-	-	(8,746)
31 December 2015	-	-	-	18,849	-	-	18,849
<b>Net book value</b>							
31 December 2014	163,406	351,273	13,525	802,273	12,174	15,932	1,358,583
31 December 2015	163,406	318,439	12,660	736,794	14,419	6,728	1,252,446
<b>Depreciation for the years</b>							
2014							128,528
2015							137,742

Borrowing costs totaling approximately Baht 0.5 million and Baht 0.6 million were capitalised as cost of machinery under installation during the years ended 31 December 2015 and 2014, respectively. The weighted average rates used to determine the amount of borrowing costs eligible for capitalisation were 4.4% - 5.2% for 2015 and 5.0% - 6.2% for 2014.

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

As at 31 December 2015, certain machinery and equipment items of the Group have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 3,394 million (2014: Baht 3,108 million) (Separate financial statements: Baht 176 million, 2014: Baht 202 million).

Certain subsidiaries have mortgaged building, certain machinery and factory equipment with a total net book value as at 31 December 2015 of Baht 93 million (2014: Baht 111 million) as collateral for credit facilities granted by banks.

#### 15. Leasehold right

(Unit: Thousand Baht)

	Consolidated financial statements	
	2015	2014
Cost	180,752	204,619
Accumulated amortisation	(32,765)	(43,405)
Net book value	<u>147,987</u>	<u>161,214</u>

A reconciliation of the net book value of land leasehold right for the years 2015 and 2014 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements	
	2015	2014
Net book value at beginning of year	161,214	168,269
Additions	-	7,355
Amortisation	(5,617)	(7,766)
Translation adjustment	(7,610)	(6,644)
Net book value at end of year	<u>147,987</u>	<u>161,214</u>

Subsidiaries have pledged their land leasehold right with a net book value as at 31 December 2015 of Baht 84 million (2014: Baht 96 million) as collateral for credit facilities granted by banks.

## 16. Goodwill

(Unit: Thousand Baht)

	Consolidated financial statements	
	2015	2014
Goodwill from purchase of subsidiaries:		
AAPICO Amata Company Limited	229,368	229,368
AAPICO Forging Public Company Limited	1,152,332	1,152,332
Other companies	5,162	5,162
<b>Total</b>	<b>1,386,862</b>	<b>1,386,862</b>
Less: Allowance for impairment	(1,152,332)	(1,152,332)
<b>Net</b>	<b>234,530</b>	<b>234,530</b>

## 17. Other intangible assets

The net book value of other intangible assets as at 31 December 2015 and 2014 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		
	Computer software	Cost of product development	Total
<b>Cost:</b>			
<b>At 1 January 2014</b>	133,969	78,003	211,972
Addition during the year	7,914	30,395	38,309
Transfer in	907	-	907
Write-off during the year	(1,643)	-	(1,643)
Translation adjustment	(75)	-	(75)
<b>At 31 December 2014</b>	<b>141,072</b>	<b>108,398</b>	<b>249,470</b>
Addition during the year	10,875	11,004	21,879
Transfer in	190	-	190
Write-off during the year	(81)	(23,348)	(23,429)
Translation adjustment	53	(27)	26
<b>At 31 December 2015</b>	<b>152,109</b>	<b>96,027</b>	<b>248,136</b>



(Unit: Thousand Baht)

	Consolidated financial statements		
	Computer software	Cost of product development	Total
<b>Accumulated amortisation:</b>			
<b>At 1 January 2014</b>	85,551	34,788	120,339
Amortisation	12,262	9,297	21,559
Write-off during the year	(569)	-	(569)
Translation adjustment	(57)	1	(56)
<b>At 31 December 2014</b>	97,187	44,086	141,273
Amortisation	14,544	16,356	30,900
Write-off during the year	-	(13,634)	(13,634)
Translation adjustment	(106)	(12)	(118)
<b>At 31 December 2015</b>	111,625	46,796	158,421
<b>Net book value:</b>			
At 31 December 2014	43,885	64,312	108,197
At 31 December 2015	40,484	49,231	89,715

(Unit: Thousand Baht)

	Separate financial statements
	Computer software
<b>Cost:</b>	
<b>At 1 January 2014</b>	69,488
Transfer in	764
Disposals/write-off	(1,598)
<b>At 31 December 2014</b>	68,654
Addition during the year	6,400
<b>At 31 December 2015</b>	75,054
<b>Accumulated amortisation:</b>	
<b>At 1 January 2014</b>	47,719
Amortisation	6,326
Write-off during the year	(543)
<b>At 31 December 2014</b>	53,502
Amortisation	6,418
<b>At 31 December 2015</b>	59,920
<b>Net book value:</b>	
At 31 December 2014	15,152
At 31 December 2015	15,134

## 18. Income tax

Income tax expenses for the years ended 31 December 2015 and 2014 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
<b>Current income tax:</b>				
Current income tax charge	26,791	26,890	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(109)	(4,041)	(177)	(1,277)
<b>Income tax expenses (revenues) reported in the statements of income</b>	<u>26,682</u>	<u>22,849</u>	<u>(177)</u>	<u>(1,277)</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2015 and 2014 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Deferred tax on actuarial gain	1,004	-	1,340	-
	<u>1,004</u>	<u>-</u>	<u>1,340</u>	<u>-</u>

The reconciliation between accounting profit and income tax expense is shown below:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Accounting profit before tax	364,986	409,224	424,029	403,485
Applicable tax rate in Thailand	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	72,997	81,845	84,806	80,697
Deferred tax assets which were not recognised during the year				
- Tax losses	25,606	26,033	1,775	-
- Share of profit from investments in associates and joint venture	(29,563)	(25,945)	-	-
Utilisation of previously unrecognised deferred tax assets				
- Tax losses	(2,278)	(16,411)	-	(10,556)
Effects of:				
Promotional privileges (Note 29)	(69,520)	(79,446)	(12,386)	(5,802)
Income not subject to tax	-	-	(78,800)	(96,401)
Non-deductible expenses and eliminations	24,083	34,789	4,428	30,785
Effects of difference tax rates in Malaysia	3,839	3,696	-	-
Effects of difference tax rates in the People's Republic of China	1,518	(1,712)	-	-
Total	(40,080)	(42,673)	(86,758)	(71,418)
Income tax expenses (revenues) reported in the statements of income	26,682	22,849	(177)	(1,277)

The components of deferred tax assets are as follows:

	(Unit: Thousand Baht)			
	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	31 December	31 December	31 December	31 December
	2015	2014	2015	2014
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	15	15	-	-
Allowance for diminution in value of inventories	2,575	2,031	793	785
Accumulated depreciation - plant and equipment	719	417	-	-
Allowance for asset impairment	2,683	2,435	2,617	2,589
Provision for long-term employee benefits	4,967	6,339	2,954	3,940
Unused tax losses	1,299	1,268	-	-
Others	471	480	-	-
Total	12,729	12,985	6,364	7,314

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
<b>Deferred tax liabilities</b>				
Accumulated depreciation - equipment	426	-	-	-
Others	452	239	452	239
Total	878	239	452	239
<b>Net</b>	<b>11,851</b>	<b>12,746</b>	<b>5,912</b>	<b>7,075</b>

A reconciliation of deferred tax assets is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
As at 1 January	12,746	8,705	7,075	5,798
Deferred tax income recognised in profit or loss	109	4,041	177	1,277
Deferred tax expense recognised in other comprehensive income	(1,004)	-	(1,340)	-
As at 31 December	<b>11,851</b>	<b>12,746</b>	<b>5,912</b>	<b>7,075</b>

As at 31 December 2015 the Group has unused tax losses totaling Baht 820 million (2014: Baht 767 million), on which deferred tax assets have not been recognised as the Group believes future taxable profits may not be sufficient to allow utilisation of the unused tax losses.

The unused tax losses of the Company will expire by 2018.

Most of unused tax losses of the subsidiaries will expire by 2020.

## 19. Bank overdrafts and short-term loans from banks

(Unit: Thousand Baht)

	Interest rate		Consolidated		Separate	
	(percent per annum)		financial statements		financial statements	
	2015	2014	2015	2014	2015	2014
Trust receipt payable	-	2.10	-	12,722	-	-
Promissory notes	2.00 - 4.00	6.71	70,996	72,077	-	-
Short-term loan from banks	1.80 - 6.85	1.90 - 6.85 and BLR+0.5	584,486	651,939	371,426	291,310
Total			655,482	736,738	371,426	291,310

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.

## 20. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate financial	
	financial statements		statements	
	2015	2014	2015	2014
Trade payables – related parties	40,508	207,186	39,877	74,526
Trade payables – unrelated parties	1,636,288	1,711,789	332,108	392,485
Advance received – related parties	1,372	1,228	8,549	2,646
Advance received – unrelated parties	8,203	19,041	-	-
Share subscription payable – related party	-	-	19,700	22,627
Accrued interest expenses – related parties	-	-	578	212
Accrued interest expenses – unrelated parties	6,344	399	6,284	-
Retention payable	-	13,540	-	13,540
Payables for purchase of machineries – related parties	-	18,538	230	-
Payables for purchase of machineries – unrelated parties	25,701	44,725	638	192
Accrued expenses – related parties	13,121	4,763	-	1,008
Others	246,022	296,476	63,717	90,348
Total trade and other payables	1,977,559	2,317,685	471,681	597,584

## 21. Long-term loans

(Unit: Thousand Baht)

Loan	Interest rate (percent per annum)	Repayment schedule	Consolidated financial		Separate financial	
			statements		statements	
			2015	2014	2015	2014
1	Interest rates based on the interest rates announced by bank in Malaysia - 1.5 to - 1.9	Repayable in 180 monthly installments, with the first of these due in March 2008	101,426	122,731	-	-
2	MLR-1.75	Repayable in quarterly installments within 5 years, with the first of these due in March 2011	-	292,628	-	292,628
3	Interest rates based on PBOC rate (Interest rates based on the People's Republic of China)	Repayable in quarterly installments within 3 years	27,807	1,897	-	-
4	4.3 for 2012 and 4.75 for the remaining period	Repayable in monthly installments within 5 years	27,200	53,600	-	-
5	MLR-2.1	Repayable in monthly installments within 5 years	-	441,050	-	441,050
6	MLR-2	Repayable in 36 monthly installments, with the first of these due in January 2014	244,000	472,000	244,000	472,000
7	MLR-2	Repayable in 36 monthly installments, with the first of these due in October 2014	470,000	734,000	470,000	734,000
8	MLR-1.75	Repayable in 36 monthly installments, with the first of these due in May 2013	-	4,440	-	-
9	MLR-1.75	Repayable in 36 monthly installments, with the first of these due in December 2013	-	3,193	-	-
10	4.5	Repayable in quarterly installments within 3 years, with the first of these due in June 2015	307,600	184,000	307,600	184,000
11	MLR-2.25	Repayable in quarterly installments within 3 years, with the first of these due in September 2014	250,000	350,000	250,000	350,000
12	MLR-2.375 on the Baht 200 million for the first year and MLR-2.25 for the remaining period	Repayable in quarterly installments within 3 years, with the first of these due in March 2016	400,000	400,000	400,000	400,000
Total			1,828,033	3,059,539	1,671,600	2,873,678
Less: Current portion			(922,802)	(1,168,317)	(871,200)	(1,127,628)
Long-term loans – net of current portion			905,231	1,891,222	800,400	1,746,050

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 certain building, inventory, machinery and factory equipment of the subsidiaries, by guarantees provided by the subsidiaries and by 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.

As at 31 December 2014, the long-term credit facilities of the Group which have not yet been drawn down amounted to Baht 216 million.

## 22. Debentures

On 29 April 2015, the Company issued Baht 800 million of senior unsecured registered debentures with a debenture holders' 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 year. The term of interest payment is semi-annual and the principal is to be redeemed on the debenture redemption date.

The debentures contain terms of issue relating to the transfer or disposal of assets, negative pledges of assets and the maintenance of a certain financial ratio at the end of each quarter.

As at 31 December 2015, detail of these debentures are as follow.

	(Unit: Thousand Baht)
	Consolidated financial statements /Separate financial statements
Debentures	800,000
Less: Deferred debenture issuing costs	(1,556)
Debentures - net	798,444

## 23. Liabilities under finance lease agreements

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Liabilities under finance lease agreements	12,322	12,669	206	1,579
Less: Deferred interest expenses	(902)	(872)	(2)	(79)
Total	11,420	11,797	204	1,500
Less: Portion due within one year	(4,170)	(5,336)	(204)	(1,500)
Liabilities under finance lease agreements - net of current portion	7,250	6,461	-	-

The Group has entered into the finance lease agreements with leasing companies for rental of machinery and motor vehicles for use in their operation, whereby they are committed to pay rental on a monthly basis. The terms of the agreements are generally 5 years and are non-cancellable.

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

(Unit: Thousand Baht)

	As at 31 December 2015					
	Consolidated financial statements			Separate financial statements		
	Less than			Less than		
	1 year	1-5 years	Total	1 year	1-5 years	Total
Future minimum lease payments	4,668	7,654	12,322	206	-	206
Deferred interest expenses	(498)	(404)	(902)	(2)	-	(2)
Present value of future minimum lease payments	4,170	7,250	11,420	204	-	204

(Unit: Thousand Baht)

	As at 31 December 2014					
	Consolidated financial statements			Separate financial statements		
	Less than			Less than		
	1 year	1-5 years	Total	1 year	1-5 years	Total
Future minimum lease payments	5,799	6,870	12,669	1,579	-	1,579
Deferred interest expenses	(463)	(409)	(872)	(79)	-	(79)
Present value of future minimum lease payments	5,336	6,461	11,797	1,500	-	1,500



## 24. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire from the Group and long service awards, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		
	Provision for employee retirement benefits	Provision for other long-term employee benefits	Total
<b>Balance as at 1 January 2014</b>	76,222	1,257	77,479
Included in profit or loss:			
Current service cost	8,757	182	8,939
Interest cost	3,066	52	3,118
Benefit paid during the year	(3,661)	-	(3,661)
<b>Balance as at 31 December 2014</b>	84,384	1,491	85,875
Included in profit or loss:			
Current service cost	6,719	176	6,895
Interest cost	2,205	59	2,264
Actuarial losses arising from:			
Demographic assumptions changes	-	138	138
Financial assumptions changes	-	129	129
Experience adjustments	-	212	212
Total	-	479	479
Included in other comprehensive income:			
Actuarial (gains) losses arising from:			
Demographic assumptions changes	5,550	-	5,550
Financial assumptions changes	10,430	-	10,430
Experience adjustments	(9,809)	-	(9,809)
Total	6,171	-	6,171
Benefit paid during the year	(5,337)	-	(5,337)
<b>Balance as at 31 December 2015</b>	94,142	2,205	96,347

	(Unit: Thousand Baht)
	Separate financial statements
	Provision for employee retirement benefits
<b>Balance as at 1 January 2014</b>	17,791
Included in profit or loss:	
Current service cost	2,540
Interest cost	723
Benefit paid during the year	(1,354)
<b>Balance as at 31 December 2014</b>	19,700
Included in profit or loss:	
Current service cost	1,564
Interest cost	444
Included in other comprehensive income:	
Actuarial (gains) losses arising from:	
Demographic assumptions changes	1,117
Financial assumptions changes	1,691
Experience adjustments	(9,508)
Total	(6,700)
Benefit paid during the year	(236)
<b>Balance as at 31 December 2015</b>	14,772

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	
	2015	2014	2015	2014
Cost of sales	7,294	8,524	1,377	1,552
Selling and administrative expenses	2,344	3,533	631	1,711
<b>Total expense recognised in profit or loss</b>	<b>9,638</b>	<b>12,057</b>	<b>2,008</b>	<b>3,263</b>

The Group expects to pay Baht 5.1 million of long-term employee benefits during the next year (Separate financial statements: Baht 1.2 million) (2014: Baht 2.5 million, Separate financial statements: Nil).

As at 31 December 2015, the weighted average duration of the liabilities for long-term employee benefit is 17 years (2014: 16 years).

Significant actuarial assumptions are summarised below:

	Consolidated financial statements /Separate financial statements	
	2015	2014
	(% per annum)	(% per annum)
Discount rate	3.1	4.3
Future salary increase rate (depending on age)	4.0 - 6.0	4.0 - 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 2015 are summarised below:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(9,493)	11,195	(1,590)	1,873
Salary increase rate	10,700	(9,285)	1,704	(1,479)

## 25. Provisions for product warranty

	(Unit: Thousand Baht)
	Consolidated financial statements
1 January 2014	13,190
Increase during the year	6,603
Utilised	(2,247)
Reversal of provisions	(11,242)
31 December 2014	6,304
Increase during the year	10,911
Utilised	(4,170)
Reversal of provisions	(803)
31 December 2015	12,242

## 26. Dividends

On 25 April 2014, the Annual General Meeting of the Company's shareholders passed a resolution to approve the payment of a dividend of Baht 0.14 per share, or a total of approximately Baht 45 million. The payment was made in May 2014.

On 14 August 2014, the Board of Directors passed a resolution to approve the payment of interim dividend from the results of the first half of fiscal year 2014 of Baht 0.20 per share, or a total approximately Baht 64 million. The payment was made in September 2014.

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. The payment was made in May 2015.

On 14 August 2015, the Board of Directors passed a resolution to approve the payment of an interim dividend of Baht 0.10 per share from the earnings of the first half of 2015, or a total of Baht 32 million. The payment was made in September 2015.

## 27. Statutory reserve

Pursuant to 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 income 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.

## 28. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Salaries and wages and other employee benefits	1,353,947	1,335,133	272,978	256,905
Depreciation	708,668	695,978	137,742	128,528
Loss on impairment of assets	-	1,746	-	2,710
Loss on impairment of investment	-	-	2,270	130,000
Amortisation expenses	36,517	29,325	6,418	6,326
Rental expenses from operating lease agreements	75,012	46,869	6,389	5,450
Raw materials and consumables used	6,678,044	6,514,286	939,719	945,428
Changes in finished goods and work in process	78,649	73,735	69,785	10,065

## 29. Promotional privileges

The Company has received promotional privilege from the Board of Investment for the manufacture of stamping parts, pursuant to the promotion certificate No. 2175(2)/2551 issued on 15 December 2008. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operation commenced generating revenues (19 May 2011).

The Company's operating revenues for the years are below shown divided according to promoted and non-promoted operations.

(Unit: Thousand Baht)

	Separate financial statements					
	2015			2014		
	Promoted operations	Non-promoted operations	Total	Promoted operations	Non-promoted operations	Total
Sales and service income						
Domestic	803,037	1,314,920	2,117,957	651,950	1,538,437	2,190,387
Export	385	10,926	11,311	32	15,852	15,884
Total	803,422	1,325,846	2,129,268	651,982	1,554,289	2,206,271

Some subsidiaries were granted investment promotional privileges by the Board of Investment (BOI). As at 31 December 2015, important tax privileges granted to the companies are summarised below.

	Exemption from corporate income tax for 3 years commencing from	Exemption from corporate income tax for 7 years commencing from	Exemption from corporate income tax for 8 years commencing from
<b>AAPICO Hitech Parts Company Limited</b>			
Manufacture of metal and electronic parts	-	-	18 December 2012
<b>AAPICO Hitech Tooling Company Limited</b>			
Manufacture of die and grapple parts	-	-	8 January 2013
<b>AAPICO ITS Company Limited</b>			
Software operation	-	-	14 August 2010
<b>AAPICO Forging Public Company Limited</b>			
Manufacture of autoparts	-	-	Promoted operation transferred to AAPICO Precision Company Limited
<b>AAPICO Precision Company Limited</b>			
Manufacture of autoparts	-	-	Not yet utilised (Promoted operation transferred from AAPICO Forging Public Company Limited)
<b>AAPICO Plastics Public Company Limited</b>			
Manufacture of plastic parts	Not yet utilised	-	-
Manufacture of plastic autoparts	-	-	10 June 2009
<b>A Maction Company Limited</b>			
Development of software	-	-	4 January 2010
<b>AAPICO Structural Products Company Limited</b>			
Manufacture of autoparts	-	3 January 2012	-
<b>AAPICO Amata Company Limited</b>			
Manufacture of metal parts	-	21 December 2010	-
<b>AAPICO Lemtech (Thailand) Company Limited</b>			
Manufacture of metal parts	-	12 February 2014	-

### 30. Earnings per share

Basic earnings per share is calculated by dividing profit 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.

### 31. Provident fund

The Company and some subsidiaries and their employees have jointly established provident funds in accordance with the Provident Fund Act B.E. 2530. Both employees who are member of the funds and the Group contribute to the funds monthly at rates of 3%-7% of wage or basic salary. The funds will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2015 amounting to approximately Baht 22 million (2014: Baht 21 million) were recognised as expenses.

### 32. Commitment and contingent liabilities

#### 32.1 Capital commitments

As at 31 December 2015, the Group had capital commitments of approximately Baht 5.4 million and RMB 1.5 million, totalling Baht 14 million (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.

#### 32.2 Uncalled portion of long-term investments

As at 31 December 2015, the Group had outstanding commitment of Baht 89 million and Baht 68 million in respect of uncalled portion of investments in their subsidiaries and a joint venture, respectively (2014: Baht 207 million in respect of uncalled portion of investments in their subsidiaries).

#### 32.3 Operating leases and service commitments

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

The Group had future minimum lease and service payments required under these non-cancellable operating leases and service agreement were as follows.

Payable	(Unit: Million Baht)	
	As at 31 December	
	2015	2014
In up to 1 year	67	37
In over 1 to up to 5 years	74	64
In over 5 years	26	25

### **32.4 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 year ended 31 December 2015, amounting to approximately Baht 25 million (2014: Baht 27 million), were recognised as expenses.

### **32.5 Commitments from debentures**

As at 31 December 2015, the Company has commitments in respect of the service fees payable to debenture holders' representative and registrar agent. These service fees are to be paid annually to each company at a rate of 0.004 percent of total outstanding principal amount of debentures, plus the related value added tax in accordance with tax legislation.

### **32.6 Guarantee**

- a) As at 31 December 2015 and 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 December 2015 and 2014, two foreign subsidiaries had provided guarantees for bank credit facilities of another foreign subsidiary amounting to RM 12 million and RM 9 million, respectively.
- c) As at 31 December 2015 and 2014, there were outstanding bank guarantees of approximately Baht 65 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, and Baht 30 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 limit of Baht 200 million. As at 31 December 2015 and 2014, the Company and its subsidiary had no guarantee liabilities under these agreements.

### **32.7 Contingent liabilities**

The subsidiaries in China calculate social welfare payments for employees based on the minimum rate stipulated by the Labour and Social Security Bureau in the precincts in which they are located. However, according to central government regulations on this issue, the subsidiaries should pay social welfare based on the actual salary of staff, if those salaries are between the lowest and highest salary rates stipulated. The subsidiaries could therefore potentially be at risk of additional assessment by the Chinese authorities, which the subsidiaries' management have assessed, as at 31 December 2015, would not exceed RMB 2.3 million (2014: RMB 4.0 million). However, the subsidiaries' practice is in line with that of other international firms situated in the same precincts, and the management believes that the likelihood of such assessment is remote.

### **33. 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 the 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. 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 has therefore recorded provision for compensation claim of approximately Baht 1 million in the 2014 financial statements. Subsequently, in May 2015, the subsidiary appealed this judgment of IP&IT Court to the Supreme Court. As of this report date, the case is being considered by the Supreme Court.



### 34. Segment information

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

For management purposes, the Group is organised into business units based on their products and services and have two reported segments: (1) the manufacture of automobiles assembly tools and parts and (2) sales of automobiles and the provision of automobiles repair service.

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

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

The following tables present revenues and profit information regarding the Group's operating segments for the years ended 31 December 2015 and 2014.

(Unit: Million Baht)

	For the year ended 31 December 2015				
	Manufacture of automobiles assembly tools and parts segment	Sales of automobiles and the provision of automobiles repair service segment	Total reportable segments	Adjustments and eliminations	Consolidated
Revenues from external customers	9,332	5,202	14,534	-	14,534
Inter-segment revenue	1,331	22	1,353	(1,353)	-
Other incomes	664	77	741	(282)	459
Depreciation and amortisation	717	35	752	(7)	745
Interest in the profit of associates and joint ventures accounted for by the equity method	148	-	148	-	148
Finance cost	285	33	318	(148)	170
Income tax expenses	5	22	27	-	27
<b>Segment profit</b>	<b>419</b>	<b>48</b>	<b>467</b>	<b>(129)</b>	<b>338</b>

(Unit: Million Baht)

For the year ended 31 December 2014

	Manufacture of automobiles assembly tools and parts segment	Sales of automobiles and the provision of automobiles repair service segment	Total reportable segments	Adjustments and eliminations	Consolidated
Revenues from external customers	9,074	5,498	14,572	-	14,572
Inter-segment revenue	1,537	98	1,635	(1,635)	-
Other incomes	821	76	897	(273)	624
Depreciation and amortisation	698	35	733	(8)	725
Interest in the profit of associates and joint ventures accounted for by the equity method	130	-	130	-	130
Finance cost	312	40	352	(144)	208
Income tax expenses	2	21	23	-	23
<b>Segment profit</b>	512	49	561	(175)	386

### Geographic information

Revenue from external customers is based on country of domicile.

(Unit: Million Baht)

For the year ended 31 December

	2015	2014
<b>Revenue from external customers</b>		
Thailand	10,559	10,130
The People's Republic of China	582	701
Malaysia	3,393	3,741
<b>Total</b>	<b>14,534</b>	<b>14,572</b>

(Unit: Million Baht)

As at 31 December

	2015	2014
<b>Non-current assets (other than financial instruments and deferred tax assets)</b>		
Thailand	6,796	7,212
The People's Republic of China	691	699
Malaysia	247	287
<b>Total</b>	<b>7,734</b>	<b>8,198</b>

## Major customers

For the year 2015, the Group had revenue from 2 major customers in amount of Baht 4,134 million and Baht 1,415 million (2014: Baht 4,092 million and Baht 1,254 million derived from 2 major customers), arising from sales by the manufacture of automobiles assembly tools and parts segment.

### 35. Fair value hierarchy

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

	(Unit: Thousand Baht)		
	Consolidated financial statements		
	Level 1	Level 2	Total
<b>Assets measured at fair value</b>			
Held for trade investments			
Debt instruments	-	38,120	38,120
Available-for-sale investments			
Equity instruments	76,604	-	76,604

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

### 36. Financial instruments

#### 36.1 Financial risk management

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

#### Credit risk

The Group is exposed to credit risks primarily with respect to trade and other receivables and loans. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. However, certain subsidiaries are exposed to concentrations of credit risk with respect to trade receivable because they have only main customer.

## Interest rate risk

The Group's exposure to interest rate risk relates primarily to its cash at bank, loans, bank overdrafts, liabilities under finance lease agreements, debentures, and interest-carrying loans. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

Significant financial assets and liabilities of the Group classified by type of interest rate 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)

	As at 31 December 2015					Interest rate (% per annum)
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	
	Within 1 year	1-5 years				
<b>Financial assets</b>						
Cash and cash equivalent	5	-	140	193	338	Refer to Note 6
Current investments	-	-	-	38	38	-
Trade and other receivables	-	-	-	1,912	1,912	-
Other long-term investments	-	-	-	77	77	-
	<u>5</u>	<u>-</u>	<u>140</u>	<u>2,220</u>	<u>2,365</u>	
<b>Financial liabilities</b>						
Bank overdrafts and short-term loans from banks	655	-	-	-	655	Refer to Note 19
Trade and other payables	-	-	-	1,978	1,978	-
Short-term loans from related parties	15	-	-	-	15	5.0
Liabilities under finance lease agreements	4	7	-	-	11	2.0 - 7.8
Long-term loans	150	184	1,494	-	1,828	Refer to Note 21
Debentures	-	798	-	-	798	Refer to Note 22
	<u>824</u>	<u>989</u>	<u>1,494</u>	<u>1,978</u>	<u>5,285</u>	

(Unit: Million Baht)

	As at 31 December 2014					Interest rate (% per annum)
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	
	Within 1 year	1-5 years				
<b>Financial assets</b>						
Cash and cash equivalent	1	-	133	180	314	Refer to Note 6
Current investments	5	-	-	10	15	0.7
Trade and other receivables	-	-	-	1,900	1,900	-
Other long-term investments	-	-	-	48	48	-
	<u>6</u>	<u>-</u>	<u>133</u>	<u>2,138</u>	<u>2,277</u>	
<b>Financial liabilities</b>						
Bank overdrafts and short-term loans from banks	679	-	58	-	737	Refer to Note 19
Trade and other payables	-	-	-	2,318	2,318	-
Short-term loans from related parties	17	-	-	-	17	5.0
Liabilities under finance lease agreements	5	7	-	-	12	4.2 - 5.5
Long-term loans	119	119	2,821	-	3,059	Refer to Note 21
	<u>820</u>	<u>126</u>	<u>2,879</u>	<u>2,318</u>	<u>6,143</u>	

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

As at 31 December 2014

<u>Notional amount</u> (Million Baht)	<u>Interest Receipt Rate</u>	<u>Interest Payment Rate</u>	<u>Due date</u>
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

As at 31 December 2014, the Group had unrealised loss from change in the fair value of interest rate swap agreements of approximately Baht 2 million.

### Foreign currency risk

The Group's exposure to foreign currency risk arises mainly from purchase/sales of goods and purchases of machinery transactions that are denominated in foreign currencies. The Group uses derivative instruments, as and when it considers appropriate, to manage such risks.

Foreign exchange contracts outstanding are summarised below.

As at 31 December 2015

<u>Foreign currency</u>	<u>Bought amount</u> (Million)	<u>Sold amount</u> (Million)	<u>Contractual exchange rate</u>		<u>Contractual maturity date</u>
			<u>Bought</u>	<u>Sold</u>	
US dollar	-	4.9	-	33.25 - 34.20	April - May 2016

As at 31 December 2014

<u>Foreign currency</u>	<u>Bought amount</u> (Million)	<u>Sold amount</u> (Million)	<u>Contractual exchange rate</u>		<u>Contractual maturity date</u>
			<u>Bought</u>	<u>Sold</u>	
US dollar	-	4.7	-	32.50 - 32.75	August - September 2015

### 36.2 Fair values of financial instruments

The majorities of the Group's financial instruments are short-term in nature and loans and debentures bear interest rates which are close to the market rate, and their fair values are therefore not expected to be materially different from the amounts presented in the statements of financial position.

### **37. Capital management**

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2015, the Group's debt-to-equity ratio was 1.0:1 (2014: 1.2:1) and the Company's was 0.7:1 (2014: 0.9:1).

### **38. Events after the reporting period**

On 26 February 2016, a meeting of the Company's Board of Directors passed resolutions to propose to the 2016 Annual General Meeting of shareholders as the following.

- a) The payment of a dividend of Baht 0.20 per share, totaling Baht 64.5 million from the operating results of second half of year 2015.
- b) The ordinary share repurchase program of not exceeding Baht 150 million with a number of shares not exceeding 14.5 million shares or equivalent to 4.5% of total issued and paid-up shares. The repurchase covers a period of six months, starting from 15 March 2016 until 14 September 2016.

### **39. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 26 February 2016.