

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

**Notes to consolidated interim financial statements**

**For the three-month and nine-month periods ended 30 September 2016**

**1. General information**

**1.1 Basis for the preparation of interim financial statements**

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2015) *Interim Financial Reporting*, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, income statement, statements of comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

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

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

**1.2 Basis of consolidation**

These consolidated financial statements include the financial statements of AAPICO Hitech Public Company Limited (“the Company”) and its subsidiaries (hereinafter called as “the Group”) and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2015. During the current period, there was no significant change in the structure of the Group except for the registration of the liquidation completion and payment of the return of capital of A Maction Company Limited (subsidiary) and investment in AAPICO Venture Company Limited which is a newly established subsidiary, as described in Note 7 to the financial statements.

### 1.3 New financial reporting standards

During the period, the Group has adopted the revised and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become 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, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of financial reporting standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements.

### 1.4 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2015, with the additional accounting policy as follows:

#### Treasury shares

Treasury shares are stated at cost and presented as a deduction from shareholders' equity. Gains on disposal of treasury shares are determined by reference to the carrying amount and are presented as premium on treasury shares. Losses on disposal of treasury shares are determined by reference to the carrying amount and are presented net of premium on treasury shares and retained earnings, consecutively.

## 2. Current investments

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2016	2015	2016	2015
<b>Held for trade investments</b>				
Unit trusts - fixed income fund, fair value	209,433	38,120	170,499	-
<b>Held to maturity investments</b>				
12-month fixed deposit	5,259	-	-	-
Total current investments	214,692	38,120	170,499	-

### 3. Related party transactions

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

(Unit: Million Baht)

	For the three-month periods ended 30 September				Transfer pricing policy
	Consolidated		Separate financial		
	financial statements		statements		
	2016	2015	2016	2015	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods and services	-	-	32	38	Cost plus margin, averaging around -11% - 10%
Interest income	-	-	28	34	0.01% - 5.10% p.a.
Rental income	-	-	-	1	Close to rental rates for other building in the vicinity
Management fee income	-	-	15	15	Approximate cost
Other income	-	-	3	1	Approximate cost
Interest expenses	-	-	1	3	1.0% - 5.1% p.a.
Purchases of goods and services	-	-	66	81	Cost plus margin, averaging around 10% - 20%
Purchases of machinery and equipment	-	-	4	1	Cost plus margin, averaging around 1% - 47%
Other expenses	-	-	5	5	Approximate cost
<u>Transactions with associated companies and joint venture</u>					
Sales of goods and services	50	52	-	1	Cost plus margin, averaging around 20% - 40%
Rental income	8	4	-	-	Close to rental rates for other building in the vicinity
Management fee income	-	1	-	1	Approximate cost
Dividend income	1	28	-	28	As declared
Other income	1	2	1	-	Approximate cost
Purchases of goods and services	67	71	44	43	Cost plus margin, averaging around 2% - 3% and 20% - 40%
Other expense	-	2	-	-	Approximate cost

(Unaudited but reviewed)

(Unit: Million Baht)

	For the nine-month periods ended 30 September				Transfer pricing policy
	Consolidated		Separate financial		
	financial statements		statements		
	2016	2015	2016	2015	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods and services	-	-	131	159	Cost plus margin, averaging around -11% - 15%
Sales of machinery and equipment	-	-	-	1	Cost plus margin of 5%
Interest income	-	-	90	105	0.01% - 5.10% p.a.
Rental income	-	-	2	3	Close to rental rates for other building in the vicinity
Management fee income	-	-	47	49	Approximate cost
Dividend income	-	-	208	-	As declared
Other income	-	-	10	6	Approximate cost
Interest expenses	-	-	5	7	1.0% - 5.1% p.a.
Purchases of goods and services	-	-	236	271	Cost plus margin, averaging around 5% - 20%
Purchases of machinery and equipment	-	-	9	12	Cost plus margin, averaging around 1% - 47%
Other expenses	-	-	10	11	Approximate cost
<u>Transactions with associated companies and joint venture</u>					
Sales of goods and services	155	151	1	1	Cost plus margin, averaging around 20% - 40%
Rental income	12	8	-	-	Close to rental rates for other building in the vicinity
Management fee income	3	3	3	3	Approximate cost
Dividend income	99	137	96	134	As declared
Other income	11	7	7	1	Approximate cost
Purchases of goods and services	202	198	135	126	Cost plus margin, averaging around 2% - 3% and 20% - 60%
Other expense	-	3	-	1	Approximate cost

(Unaudited but reviewed)

As at 30 September 2016 and 31 December 2015, the balances of the accounts between the Company and those related parties are as follows.

	(Unit: Thousand Baht)			
	Consolidated		financial	
	statements		Separate	
	30 September	31 December	30 September	31 December
	2016	2015	2016	2015
<b><u>Trade and other receivables - related parties (Note 4)</u></b>				
Subsidiaries	-	-	390,006	345,141
Associates	64,374	60,103	13,226	9,754
Joint venture	-	696	-	32
Related persons and companies (common shareholder/director)	750	2,846	-	339
<b>Total</b>	<b>65,124</b>	<b>63,645</b>	<b>403,232</b>	<b>355,266</b>
<b><u>Trade and other payables - related parties</u></b>				
Subsidiaries	-	-	66,667	41,201
Associates	48,454	55,001	33,673	27,733
<b>Total</b>	<b>48,454</b>	<b>55,001</b>	<b>100,340</b>	<b>68,934</b>

### Loans to related parties and loans from related parties

As at 30 September 2016 and 31 December 2015, the balance of loans between the Company and those related companies and their movements are as follows.

	Related by	Consolidated financial statements				Balance as at 30 September 2016
		Balance as at 31 December 2015	Increase during the period	Decrease during the period	Unrealised gain on exchange	
		<b><u>Short-term loans from</u></b>				
Dee Mak SDN. BHD.	Common director	1,686	3,580	(227)	(9)	5,030
Directors of the Group		12,932	-	(2)	(69)	12,861
<b>Total</b>		<b>14,618</b>	<b>3,580</b>	<b>(229)</b>	<b>(78)</b>	<b>17,891</b>

Short-term loans from directors are carrying interest at a rate of 5% per annum and due at call.

	Related by	Separate financial statements				Balance as at 30 September 2016
		Balance as at 31 December 2015	Increase during the period	Decrease during the period	Unrealised loss on exchange	
		<b><u>Short-term loans to</u></b>				
New Era Sales Company Limited	Subsidiary	12,000	14,000	(14,000)	-	12,000
Able Motors Company Limited	Subsidiary	18,000	45,000	(27,000)	-	36,000
Katsuya (Thailand) Company Limited	Subsidiary	600	-	-	-	600
AAPICO Hitech Parts Company Limited	Subsidiary	60,000	60,000	-	-	120,000
AAPICO Hitech Tooling Company Limited	Subsidiary	36,000	-	(18,000)	-	18,000
AAPICO Forging Public Company Limited	Subsidiary	288,000	970,519	(970,519)	-	288,000
AAPICO Amata Company Limited	Subsidiary	18,000	-	(18,000)	-	-
Kunshan Chaitai-Xincheng Precision Forging Company Limited	Subsidiary	71,847	-	(71,847)	-	-
<b>Total</b>		<b>504,447</b>	<b>1,089,519</b>	<b>(1,119,366)</b>	<b>-</b>	<b>474,600</b>

## (Unaudited but reviewed)

(Unit: Thousand Baht)

		Separate financial statements					
Related by		Balance as at		Unrealised loss on exchange	Balance as at		
		31 December 2015	Increase during the period			Decrease during the period	30 September 2016
<u>Long-term loans to</u>							
	New Era Sales Company Limited	Subsidiary	250,000	16,000	-	-	266,000
	Able Motors Company Limited	Subsidiary	87,000	67,000	(98,000)	-	56,000
	Katsuya (Thailand) Company Limited	Subsidiary	3,200	-	(200)	-	3,000
	AAPICO Hitech Parts Company Limited	Subsidiary	215,000	477,381	(685,206)	-	7,175
	AAPICO Hitech Tooling Company Limited	Subsidiary	38,700	86,652	(114,787)	-	10,565
	AAPICO Forging Public Company Limited	Subsidiary	1,921,100	-	(236,573)	-	1,684,527
	AAPICO Amata Company Limited	Subsidiary	42,970	217,716	(260,686)	-	-
	AAPICO Investment Pte. Ltd.	Subsidiary	86,267	-	-	(512)	85,755
	<b>Total</b>		<b>2,644,237</b>	<b>864,749</b>	<b>(1,395,452)</b>	<b>(512)</b>	<b>2,113,022</b>
<u>Short-term loans from</u>							
	AAPICO Engineering Company Limited	Subsidiary	9,200	600	-	-	9,800
	AAPICO Structural Products Company Limited	Subsidiary	252,300	2,483,735	(2,412,154)	-	323,881
	AAPICO Amata Company Limited	Subsidiary	-	2,693	-	-	2,693
	<b>Total</b>		<b>261,500</b>	<b>2,487,028</b>	<b>(2,412,154)</b>	<b>-</b>	<b>336,374</b>

Directors and management's benefits

During the three-month and nine-month periods ended 30 September 2016 and 2015, the Group had employee benefit expenses payable to its directors and management as below.

(Unit: Thousand Baht)

	For the three-month periods ended 30 September			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Short-term employee benefits	7,261	7,946	7,261	7,946
Post-employee benefits	43	44	43	44
<b>Total</b>	<b>7,304</b>	<b>7,990</b>	<b>7,304</b>	<b>7,990</b>

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Short-term employee benefits	22,549	22,744	22,549	22,744
Post-employee benefits	128	133	128	133

(Unaudited but reviewed)

Total	<u>22,677</u>	<u>22,877</u>	<u>22,677</u>	<u>22,877</u>
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Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 19.5 to financial statements.

**4. Trade and other receivables**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due and past due				
not over 3 months	38,408	42,757	23,647	30,281
Total trade receivables - related parties	<u>38,408</u>	<u>42,757</u>	<u>23,647</u>	<u>30,281</u>
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due and past due				
not over 3 months	1,611,297	1,785,210	235,690	241,292
Past due over 3 - 12 months	314	2,166	31	558
Past due over 12 months	4,137	5,881	199	-
Total	1,615,748	1,793,257	235,920	241,850
Less: Allowance for doubtful accounts	(3,880)	(5,487)	(14)	(14)
Total trade receivables - unrelated parties, net	<u>1,611,868</u>	<u>1,787,770</u>	<u>235,906</u>	<u>241,836</u>
Total trade receivables - net	<u>1,650,276</u>	<u>1,830,527</u>	<u>259,553</u>	<u>272,117</u>
<u>Other receivables - net</u>				
Interest receivable - related parties	-	-	356,913	306,670
Advances - related parties	18,880	7,982	13,217	11,391
Advances - unrelated parties	15,517	13,338	-	-
Dividend receivables - related parties	6,836	5,727	-	1,772
Accrued income - unrelated parties	10,319	32,647	-	-
Others - related parties	1,000	7,179	9,455	5,152
Others - unrelated parties	15,579	14,328	3,370	647
Total other receivables - net	<u>68,131</u>	<u>81,201</u>	<u>382,955</u>	<u>325,632</u>
Total trade and other receivables - net	<u>1,718,407</u>	<u>1,911,728</u>	<u>642,508</u>	<u>597,749</u>

## 5. Inventories

As at 30 September 2016, certain subsidiaries have pledged finished goods of approximately Baht 316 million (31 December 2015: Baht 64 million) to secure loans from banks.

## 6. Investments in associates

### 6.1 Details of associates

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			30	31	30	31	30	31
			September	December	September	December	September	December
2016	2015	2016	2015	2016	2015	2016	2015	
Able Sanoh Industries (1996) Company Limited	Manufacture and distribution of autoparts	Thailand	46	46	30,700	30,700	479,252	412,247
Sanoh Industries (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	20	20	29,250	29,250	73,660	64,953
MINTH AAPICO (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	40	40	151,400	151,400	136,064	138,684
Thai Takagi Seiko Company Limited	Distribution of dies	Thailand	49	49	49,587	49,587	23,304	40,655
Hyundai Motor (Thailand) Company Limited	Distribution of vehicles and parts	Thailand	30	30	120,000	120,000	433,883	451,600
Edscha AAPICO Automotive Company Limited	Manufacture and distribution of autoparts	Thailand	49	49	25,480	19,600	42,217	35,269
Sumino AAPICO (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	49	49	147,000	98,000	108,756	68,481
Quantum Inventions Pte. Ltd. (25 percent held by AAPICO Investment Pte. Ltd.)	Manufacture of car navigation systems	Singapore	25	25	76,085	76,085	88,417	81,250
Total					629,502	574,622	1,385,553	1,293,139

(Unit: Thousand Baht)

Company's name	Separate financial statements							
	Shareholding percentage		Cost		Allowance for impairment of investments		Carrying amounts based on cost method - net	
	30	31	30	31	30	31	30	31
	September	December	September	December	September	December	September	December
2016	2015	2016	2015	2016	2015	2016	2015	
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	25,480	19,600	-	-	25,480	19,600
Sumino AAPICO (Thailand) Company Limited	49	49	147,000	98,000	-	-	147,000	98,000
Total			553,417	498,537	-	-	553,417	498,537



(Unaudited but reviewed)

On 13 May 2016, a meeting of the Company's Board of Directors passed a resolution to purchase the additional shares of the following associates:

- Edscha AAPICO Automotive Company Limited of Baht 5.9 million, and maintain its current percentage of holding. The Company made full payment for the shares in May 2016.
- Sumino AAPICO (Thailand) Company Limited of Baht 73.5 million, and maintain its current percentage of holding. Initially 67% of the total increase in capital was called up and the Company made payment of Baht 49 million in May 2016.

During the current period, Quantum Inventions Pte. Ltd. (an associate held by the Company's subsidiary) established PT. Quantum Inventions Indonesia with a registered capital of USD 0.6 million. The associate held a 80% interest of this company.

## 6.2 Share of comprehensive income and dividend income

During the periods, the Group recognised its share of comprehensive income from investments in associate companies in the consolidated financial statements and the Company recognised dividend income in the separate financial statements as follows.

(Unit: Thousand Baht)

Company's name	For the three-month periods ended 30 September							
	Consolidated financial statements				Separate financial statements			
	Share of profit (loss) from investments in associates during the period		Share of other comprehensive income from investments in associates during the period		Dividend income during the period		Dividend income during the period	
	2016	2015	2016	2015	2016	2015	2016	2015
Able Sanoh Industries (1996) Company Limited	26,792	24,663	-	-	-	-	-	-
Sanoh Industries (Thailand) Company Limited	4,925	2,751	-	-	-	-	-	-
MINTH AAPICO (Thailand) Company Limited	875	(5,264)	-	-	-	15,871	-	15,871
Thai Takagi Seiko Company Limited	(5,782)	(11,187)	-	-	-	-	-	-
Hyundai Motor (Thailand) Company Limited	33,309	21,977	-	-	-	-	-	-
Edscha AAPICO Automotive Company Limited	2,765	1,533	-	-	-	11,722	-	11,722
Sumino AAPICO (Thailand) Company Limited	4,034	(931)	-	-	-	-	-	-
Quantum Inventions Pte. Ltd.	8,073	1,231	(2,343)	1,377	920	1,022	-	-
Total	74,991	34,773	(2,343)	1,377	920	28,615	-	27,593

(Unaudited but reviewed)

(Unit: Thousand Baht)

Company's name	For the nine-month periods ended 30 September							
	Consolidated financial statements						Separate financial statements	
	Share of profit (loss) from investments in associates during the period		Share of other comprehensive income from investments in associates during the period		Dividend income during the period		Dividend income during the period	
	2016	2015	2016	2015	2016	2015	2016	2015
Able Sanoh Industries (1996) Company Limited	81,181	58,610	-	-	14,176	-	14,176	-
Sanoh Industries (Thailand) Company Limited	8,707	7,028	-	-	-	7,038	-	7,038
MINTH AAPICO (Thailand) Company Limited	(2,379)	(5,517)	(241)	-	-	15,871	-	15,871
Thai Takagi Seiko Company Limited	(17,351)	(18,971)	-	-	-	-	-	-
Hyundai Motor (Thailand) Company Limited	57,283	71,772	-	-	75,000	99,600	75,000	99,600
Edscha AAPICO Automotive Company Limited	7,601	6,579	-	-	6,533	11,722	6,533	11,722
Sumino AAPICO (Thailand) Company Limited	(8,725)	(7,944)	-	-	-	-	-	-
Quantum Inventions Pte. Ltd.	10,590	5,390	(522)	2,002	2,901	2,992	-	-
<b>Total</b>	<b>136,907</b>	<b>116,947</b>	<b>(763)</b>	<b>2,002</b>	<b>98,610</b>	<b>137,223</b>	<b>95,709</b>	<b>134,231</b>

## 7. Investments in subsidiaries

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

Company's name	(Unit: Thousand Baht)					
	Paid-up capital		Shareholding percentage		Cost	
	30 September	31 December	30 September	31 December	30 September	31 December
	2016	2015	2016	2015	2016	2015
			(%)	(%)		
New Era Sales Co., Ltd.	Baht 20 million	Baht 20 million	100	100	20,000	20,000
AAPICO Amata Co., Ltd.	Baht 800 million	Baht 800 million	100	100	1,164,139	1,164,139
Able Motors Co., Ltd.	Baht 20 million	Baht 20 million	100	100	19,999	19,999
AAPICO Engineering Co., Ltd.	Baht 10 million	Baht 10 million	100	100	10,000	10,000
Tenaga Setia Resources SDN. BHD.	RM 6 million	RM 6 million	49	49	31,393	31,393
Kunshan Chaitai-Xincheng Precision Forging Co., Ltd.	USD 8.1 million	USD 8.1 million	100	100	277,426	277,426
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 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
A Maction Co., Ltd.	-	Baht 10 million	-	100	-	8,100
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	100	250	250
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

(Unaudited but reviewed)

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost	
	30 September	31 December	30 September	31 December	30 September	31 December
	2016	2015	2016	2015	2016	2015
			(%)	(%)		
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
AAPICO Venture Co., Ltd.	Baht 20 million	-	100	-	20,000	-
Total					4,062,735	4,050,835
Less: Allowance for impairment					(1,336,607)	(1,343,977)
Net					2,726,128	2,706,858

During the nine-month period ended 30 September 2016, the Company received dividend income from AAPICO Structural Products Company Limited, Tenaga Setia Resources SDN. BHD. and New Era Sales (M) SDN. BHD. amounting to Baht 200 million, RM 0.7 million and RM 0.2 million, respectively (2015: Nil).

A Maction Company Limited registered the completion of its liquidation with the Ministry of Commerce on 11 March 2016. The Company received the return of capital in May 2016.

On 23 August 2016, the Company established AAPICO Venture Company Limited in Thailand, with a registered capital of Baht 20 million. The Company held a 100% interest.

## 8. Investment in joint venture

### 8.1 Details of investment in joint venture

Investment in joint venture represents investment in an entity which is jointly controlled by the Company and another 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	
			30 September	31 December	30 September	31 December	30 September	31 December
			2016	2015	2016	2015	2016	2015
			(%)	(%)				
AAPICO Sodectia (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	50	50	82,500	82,500	74,322	74,829

(Unaudited but reviewed)

(Unit: Thousand Baht)

Joint venture	Separate financial statements			
	Shareholding percentage		Carrying amounts based on cost method	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	(%)	(%)		
AAPICO Sodecia (Thailand) Company Limited	50	50	82,500	82,500

## 8.2 Share of comprehensive income and dividend income

During the periods, 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	For the three-month periods ended 30 September					
	Consolidated financial statements				Separate financial statements	
	Share of profit (loss) from investment in joint venture during the period		Share of other comprehensive income from investment in joint venture during the period		Dividend income during the period	
	2016	2015	2016	2015	2016	2015
AAPICO Sodecia (Thailand) Company Limited	(182)	90	-	-	-	-

(Unit: Thousand Baht)

Joint venture	For the nine-month periods ended 30 September					
	Consolidated financial statements				Separate financial statements	
	Share of profit (loss) from investment in joint venture during the period		Share of other comprehensive income from investment in joint venture during the period		Dividend income during the period	
	2016	2015	2016	2015	2016	2015
AAPICO Sodecia (Thailand) Company Limited	(507)	(3,145)	-	-	-	-

(Unaudited but reviewed)

## 9. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements	
	30 September 2016	31 December 2015
<b>Investments in 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	(81,588)	(84,062)
	<u>79,078</u>	<u>76,604</u>

## 10. Property, plant and equipment

Movements of the property, plant and equipment account during the nine-month period ended 30 September 2016 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2016	5,846,695	1,252,446
Acquisitions during period - at cost	110,862	24,039
Transfers from inventories	61,179	10,079
Capitalised interest	212	212
Disposals/write-off during period - net book value at disposal date/write-off date	(20,883)	(947)
Depreciation for the period	(523,143)	(100,380)
Allowance for impairment loss increase during the period	(22,159)	(18,000)
Exchange differences on translation of financial statements in foreign currency	(37,222)	-
Net book value as at 30 September 2016	<u>5,415,541</u>	<u>1,167,449</u>

Borrowing costs totaling approximately Baht 0.2 million was capitalised as cost of work under construction during the nine-month period ended 30 September 2016 (2015: Baht 0.3 million).

As at 30 September 2016, the Group had machinery, motor vehicles and equipment under finance lease agreements with net book values amounting to Baht 13 million (31 December 2015: Baht 17 million).

(Unaudited but reviewed)

Certain subsidiaries have mortgaged building, machinery and factory equipment with a total net book value as at 30 September 2016 of Baht 86 million (31 December 2015: Baht 93 million) as collateral for credit facilities granted by banks.

#### 11. Leasehold right

A subsidiary has pledged its land leasehold right with a net book value as at 30 September 2016 of Baht 82 million (31 December 2015: Baht 84 million) as collateral for credit facilities granted by banks.

#### 12. Goodwill

(Unit: Thousand Baht)

	Consolidated financial statements	
	30 September 2016	31 December 2015
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
Total	1,386,862	1,386,862
Less: Allowance for impairment	(1,152,332)	(1,152,332)
Net	234,530	234,530

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

The Company's short-term loans from banks are clean loans, while long-term loans from banks are clean loans with a negative pledge of assets belonging to the Company and its subsidiaries.

Certain subsidiaries' bank overdrafts, short-term loans and long-term loans from bank are secured by the pledge of inventories, leasehold land, buildings, machinery and factory equipment, a letter of guarantee, a letter of credit, and guarantees provided by the Company or subsidiaries, with a negative pledge of assets by the Group.

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

**14. Debentures**

The Company issued the unsecured, senior, name-registered debentures detailed below and offered them to institutional and large investors by private placement.

(Unit: Thousand Baht)

Long-term debentures				Consolidated/Separate financial statements	
Debentures	Interest rate	Term	Due date	30 September 2016	31 December 2015
Debentures No. 1/2015	4.34% p.a.	3 years	29 April 2018	800,000	800,000
Debentures No. 1/2016	3.10% p.a.	3 years	11 June 2019	300,000	-
Total debentures, at face value				1,100,000	800,000
Less: Deferred debenture issuing costs				(1,456)	(1,556)
Debentures - net				<u>1,098,544</u>	<u>798,444</u>

The debentures contain terms of issue relating to the transfer or disposal of assets that need to be used in or maintained for the operation of the business, negative pledges of assets and the maintenance of a certain financial ratio at the end of each quarter.

**15. Treasury shares**

On 26 February 2016, the Company's Board of Directors' meeting passed a resolution to approve the share repurchase program for financial management purpose for the amount not exceeding Baht 150 million. The number of ordinary shares to be repurchased is not exceeding 14.5 million shares, with par value of Baht 1 per share, equivalent to 4.5% of paid-up capital of the Company. The Company will repurchase its ordinary shares through the Stock Exchange of Thailand as from 15 March 2016 to 14 September 2016 and plans to resell these shares through the Stock Exchange of Thailand. The Company's Board of Directors shall determine the resale period within 6 months but not later than 3 years after the completion date of the share repurchase program. Treasury shares cannot be counted in determining a quorum and they have no voting or dividend rights.

As of the end of the repurchase period, the Company had repurchased 6,007,700 of its shares under the share repurchase program, equivalent to 1.9% of its paid-up capital, at a total cost of Baht 76 million. At the same time, an equivalent amount was appropriated from retained earnings to treasury share reserve.

(Unaudited but reviewed)

## 16. Income tax

Income tax for the three-month and nine-month periods ended 30 September 2016 and 2015 are made up as follows.

(Unit: Thousand Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<b>Current income tax:</b>				
Interim corporate income tax charge	8,003	6,476	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(35)	(394)	-	(307)
<b>Income tax expenses (benefits) reported in the statement of income</b>	<u>7,968</u>	<u>6,082</u>	<u>-</u>	<u>(307)</u>

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<b>Current income tax:</b>				
Interim corporate income tax charge	21,288	17,765	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	152	(452)	-	(274)
<b>Income tax expenses (benefits) reported in the statement of income</b>	<u>21,440</u>	<u>17,313</u>	<u>-</u>	<u>(274)</u>



(Unaudited but reviewed)

## 17. Earnings per share

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

(Unit: Thousand Baht/Thousand Shares)

For the three-month periods ended 30 September

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Profit attributable to shareholders of the Company	130,682	105,663	16,420	47,340
Number of ordinary shares as at 1 July	322,584	322,584	322,584	322,584
Effect of treasury shares	(4,345)	-	(4,345)	-
Weighted average number of ordinary shares	318,239	322,584	318,239	322,584
<b>Earnings per share (Baht)</b>	<b>0.41</b>	<b>0.33</b>	<b>0.05</b>	<b>0.15</b>

(Unit: Thousand Baht/Thousand Shares)

For the nine-month periods ended 30 September

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Profit attributable to shareholders of the Company	400,163	234,631	347,565	171,361
Number of ordinary shares as at 1 January	322,584	322,584	322,584	322,584
Effect of treasury shares	(1,834)	-	(1,834)	-
Weighted average number of ordinary shares	320,750	322,584	320,750	322,584
<b>Earnings per share (Baht)</b>	<b>1.25</b>	<b>0.73</b>	<b>1.08</b>	<b>0.53</b>

## **18. Dividend**

On 27 April 2016, the Annual General Meeting of the Company's shareholders passed a resolution to approve the payment of a dividend of Baht 0.20 per share, or a total of approximately Baht 64 million. The payment was made in May 2016.

On 11 August 2016, the Board of Directors passed a resolution to approve the payment of an interim dividend of Baht 0.33 per share from the earnings of the first half of 2016, or a total of approximately Baht 105 million. The payment was made in September 2016.

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 approximately Baht 32 million. The payment was made in September 2015.

## **19. Commitment and contingent liabilities**

### **19.1 Capital commitments**

As at 30 September 2016, the Group had capital commitments of approximately Baht 8 million and RMB 1.3 million, totalling Baht 15 million (31 December 2015: Baht 5.4 million and RMB 1.5 million, totalling Baht 14 million), relating to the purchase of land, the construction of factory buildings and the acquisition of machinery from the unrelated parties.

### **19.2 Uncalled portion of long-term investments**

As at 30 September 2016, the Group had outstanding commitment of Baht 89 million, Baht 25 million and Baht 68 million in respect of uncalled portion of investments in subsidiaries, an associate and a joint venture, respectively (31 December 2015: the Group had outstanding commitment of Baht 89 million and Baht 68 million in respect of uncalled portion of investments in subsidiaries and a joint venture, respectively).

### **19.3 Operating leases and service commitments**

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

(Unaudited but reviewed)

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

(Unit: Million Baht)

Payable	As at 30 September 2016	As at 31 December 2015
In up to 1 year	46	67
In over 1 and up to 5 years	81	74
In over 5 years	46	26

#### 19.4 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 effective for as long as the products are sold.

The fees for the nine-month period ended 30 September 2016 amounting to approximately Baht 20 million (2015: Baht 17 million) were recognised as expenses.

#### 19.5 Guarantee

- a) As at 30 September 2016 and 31 December 2015, the Company had guaranteed bank credit facilities of its foreign subsidiary company amounting to RMB 10 million and its local associated company amounting to Baht 100 million.
- b) As at 30 September 2016, two foreign subsidiaries has provided guarantees for bank credit facilities of another foreign subsidiary amounting to RM 11 million and RM 8 million, respectively (31 December 2015: RM 12 million and RM 9 million, respectively).
- c) As at 30 September 2016, there were outstanding bank guarantees of approximately Baht 54 million and RM 0.2 million (31 December 2015: 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 24 million (31 December 2015: Baht 35 million) to guarantee contractual performance, and Baht 30 million and RM 0.2 million (31 December 2015: Baht 30 million and RM 0.2 million) to guarantee electricity use, among others.

(Unaudited but reviewed)

- d) The Company and a subsidiary entered into agreements related to the Supplier Financing Program, as a sponsor, whereby they provide guarantees of credit lines of their suppliers used to purchase raw materials and goods, up to a limited of Baht 200 million. As at 30 September 2016 and 31 December 2015, the Company and the subsidiary had no guarantee liabilities under these agreements.

## 19.6 Forward foreign exchange contracts

Foreign exchange contracts outstanding are summarised below.

As at 30 September 2016			
Foreign currency	Sold amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	1.2	35.08	September 2017

  

As at 31 December 2015			
Foreign currency	Sold amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	4.9	33.25 - 34.20	April - July 2016

## 19.7 Contingent liabilities

A subsidiary in China calculates social welfare payments for employees based on the minimum rate stipulated by the Labour and Social Security Bureau in the precinct in which it is located. However, according to central government regulations on this issue, the subsidiary should pay social welfare based on the actual salary of staff, if those salaries are between the lowest and highest salary rates stipulated. The subsidiary could therefore potentially be at risk of additional assessment by the Chinese authorities, which the subsidiary's management has assessed, as at 30 September 2016, would not exceed RMB 2.7 million (31 December 2015: would not exceed RMB 2.3 million). However, the subsidiary's management believes that the practice is in line with that of other international firms situated in the same precinct, and the likelihood of such assessment is remote.

## 20. 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 a judgement in favor of the subsidiary. Therefore, the criminal case was finalised. In the civil case, the IP&IT Court rendered a judgement in favor of the plaintiff and the subsidiary was ordered to pay compensation of approximately Baht 1 million plus interest at a rate of 7.5 percent per annum from the date the lawsuit was filed until the payment is made. 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. The 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 judgement of IP&IT Court to the Supreme Court. As of this report date, the case is currently being considered by the Supreme Court.

## 21. Fair value hierarchy

The Group had the financial 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	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015	30 September 2016	31 December 2015
<b>Financial assets measured at fair value</b>						
Held for trade investments						
Debt instruments	-	-	209,433	38,120	209,433	38,120
Available for sale investments						
Equity instruments	79,078	76,604	-	-	79,078	76,604

(Unit: Thousand Baht)

	Separate financial statements					
	Level 1		Level 2		Total	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015	30 September 2016	31 December 2015
<b>Financial assets measured at fair value</b>						
Held for trade investments						
Debt instruments	-	-	170,499	-	170,499	-

(Unaudited but reviewed)

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

The fair value of investments in marketable equity securities is based on the latest bid price of the last working day of the period/year.

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

## 22. Segment information

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

The following tables present revenue and profit information regarding the Group's operating segments for the three-month and nine-month periods ended 30 September 2016 and 2015.

(Unit: Million Baht)

	Manufacture of automobiles assembly tools and parts segment	Sales of automobiles and the provision of automobile repair service segment	Total segment	Adjustments and eliminations	Consolidated
<b>For the three-month period ended 30 September 2016</b>					
<b>Revenues</b>					
External customers	2,158	1,356	3,514	-	3,514
Inter-segment	263	6	269	(269)	-
<b>Total revenues</b>	<b>2,421</b>	<b>1,362</b>	<b>3,783</b>	<b>(269)</b>	<b>3,514</b>
<b>Operating results</b>					
<b>Segment profit</b>	101	24	125	(26)	99
Share of profit from investments in associates and joint venture					74
Finance cost					(33)
<b>Profit before income tax</b>					140
Income tax					(8)
<b>Profit for the period</b>					<b>132</b>

(Unaudited but reviewed)

(Unit: Million Baht)

	Manufacture of automobiles assembly tools and parts segment	Sales of automobiles and the provision of automobiles repair service segment	Total segment	Adjustments and eliminations	Consolidated
<b>For the three-month period ended 30 September 2015</b>					
<b>Revenues</b>					
External customers	2,382	1,178	3,560	-	3,560
Inter-segment	320	5	325	(325)	-
<b>Total revenues</b>	<b>2,702</b>	<b>1,183</b>	<b>3,885</b>	<b>(325)</b>	<b>3,560</b>
<b>Operating results</b>					
<b>Segment profit</b>	135	25	160	(35)	125
Share of profit from investments in associates and joint venture					35
Finance cost					(42)
<b>Profit before income tax</b>					118
Income tax					(6)
<b>Profit for the period</b>					<b>112</b>

(Unit: Million Baht)

	Manufacture of automobiles assembly tools and parts segment	Sales of automobiles and the provision of automobiles repair service segment	Total segment	Adjustments and eliminations	Consolidated
<b>For the nine-month period ended 30 September 2016</b>					
<b>Revenues</b>					
External customers	7,046	3,875	10,921	-	10,921
Inter-segment	987	18	1,005	(1,005)	-
<b>Total revenues</b>	<b>8,033</b>	<b>3,893</b>	<b>11,926</b>	<b>(1,005)</b>	<b>10,921</b>
<b>Operating results</b>					
<b>Segment profit</b>	412	81	493	(84)	409
Share of profit from investments in associates and joint venture					136
Finance cost					(103)
<b>Profit before income tax</b>					442
Income tax					(21)
<b>Profit for the period</b>					<b>421</b>

(Unaudited but reviewed)

(Unit: Million Baht)

	Manufacture of automobiles assembly tools and parts segment	Sales of automobiles and the provision of automobiles repair service segment	Total segment	Adjustments and eliminations	Consolidated
<b>For the nine-month period ended 30 September 2015</b>					
<b>Revenues</b>					
External customers	7,101	3,566	10,667	-	10,667
Inter-segment	1,072	16	1,088	(1,088)	-
<b>Total revenues</b>	<b>8,173</b>	<b>3,582</b>	<b>11,755</b>	<b>(1,088)</b>	<b>10,667</b>
<b>Operating results</b>					
<b>Segment profit</b>	295	69	364	(75)	289
Share of profit from investments in associates and joint venture					114
Finance cost					(133)
<b>Profit before income tax</b>					270
Income tax					(17)
<b>Profit for the period</b>					<b>253</b>

### 23. Approval of interim financial statements

These interim financial statements were authorised for issue by the Board of Directors of the Company on 11 November 2016.