

AAPICO Hitech Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2016

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 automobile parts, dies and jigs. 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	
			2016 (%)	2015 (%)
<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	
			2016 (%)	2015 (%)
AAPICO ITS Co., Ltd.	Manufacture of car navigation systems and its derivatives	Thailand	60	60
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
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	100
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
AAPICO Venture Co., Ltd.	Venture capital	Thailand	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	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

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

During the year, the Group have adopted the revised (revised 2015) 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 standards. The adoption of these financial reporting standards 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 financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2017. 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 management of the Company and its subsidiaries believe that the revised financial reporting standards and interpretations and new accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

TAS 27 (revised 2016) Separate Financial Statements

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

This standard will not have any significant impact on the Group's financial statements because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.

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 average cost and net realisable value, and includes all production costs and attributable factory overheads.

Merchandise inventories are valued at lower of cost (specific basis for automobiles and the first-in, first-out method for others) and net realisable value.

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 merchandise inventories-others 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 individuals or 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 or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

4.11 Long-term leases

Leases of 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 Group 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 plan 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.

4.16 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.

4.17 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.

4.18 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.

4.19 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The 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 directly relating to events occurring after the end of the reporting period. Also, the management makes judgement and estimates the expected loss from slow-moving and obsolete stock based upon aging profile of inventories and the prevailing economic condition.

Allowance for doubtful accounts for receivables and loans

In determining an allowance for doubtful accounts for receivables and loans, the management needs to exercise judgement and make estimates based upon consideration of, among other things, ability to make debt repayment, past collection history, the aging profile of outstanding debts and the prevailing economic conditions.

Impairment of assets

The Group performed an impairment review in respect of assets, which consisted of investments and other assets whenever events or changes in circumstances indicate that 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 (calculated from the estimated future discounted cash flows) is less than the carrying amount.

The preparation of the estimated future discounted cash flows requires the management to make forecasts of future revenues and expenses, and appropriate discount rates and other assumptions.

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.

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 flow.

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.

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	
	2016	2015	2016	2015
Cash	1,818	2,507	48	43
Bank deposits	269,825	335,692	48,727	28,035
Total	271,643	338,199	48,775	28,078

As at 31 December 2016, bank deposits in saving accounts and fixed deposits carried interests between 0.25 and 0.88 percent per annum (2015: between 0.05 and 2.00 percent per annum).

7. Current investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Held for trade investments				
Unit trusts - fixed income fund, fair value	202,463	38,120	161,424	-
Held to maturity investments				
12-month fixed deposit	5,136	-	-	-
Total current investments	207,599	38,120	161,424	-

8. 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		Separate financial		Transfer Pricing Policy
	statements		statements		
	2016	2015	2016	2015	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales of goods and services	-	-	171	197	Close to selling price to third party
Sales of machinery and equipment	-	-	3	1	Cost plus margin of 5%
Interest income	-	-	116	139	0.01% - 5.10% p.a.
Dividend income	-	-	208	258	As declared
Rental income	-	-	3	4	Close to rental rates for other building in the vicinity
Management fee income	-	-	62	65	Approximate cost
Other income	-	-	11	10	Approximate cost
Purchases of goods and services	-	-	286	329	Cost plus margin, averaging around 1% - 25%
Purchases of machinery and equipment	-	-	13	13	Close to selling price to third party
Interest expense	-	-	8	9	0.5% - 5.1% p.a.
Other expense	-	-	16	15	Approximate cost
<u>Transactions with associates and joint venture</u>					
Sales of goods and services	210	209	1	1	Close to selling price to third party
Dividend income	-	-	96	136	As declared
Rental income	16	7	-	-	Close to rental rates for other building in the vicinity
Management fee income	5	4	5	4	Approximate cost
Other income	8	14	7	7	Approximate cost
Purchases of goods and services	269	261	180	167	Cost plus margin, averaging around 1% - 3% and 30%, 70%
Other expenses	-	11	-	8	Approximate cost

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<u>Trade and other receivables - related parties (Note 9)</u>				
Subsidiaries	-	-	419,808	345,141
Associates	41,485	60,103	3,513	9,754
Joint venture	13	696	-	32
Related companies (common shareholders/director)	750	2,846	-	339
	<u>42,248</u>	<u>63,645</u>	<u>423,321</u>	<u>355,266</u>
<u>Trade and other payables - related parties (Note 21)</u>				
Subsidiaries	-	-	38,170	41,201
Associates	43,361	55,001	26,105	27,733
	<u>43,361</u>	<u>55,001</u>	<u>64,275</u>	<u>68,934</u>

Loans to related parties and loans from related parties

As at 31 December 2016 and 2015, 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 2016
		Balance as at 31 December 2015	Increase during the year	Decrease during the year	Unrealised gain on exchange	
<u>Short-term loans from</u>						
Dee Mak SDN. BHD.	Common director	1,686	3,412	(216)	(88)	4,794
	Directors of the Group	12,932	-	(12,260)	(672)	-
	Total	<u>14,618</u>	<u>3,412</u>	<u>(12,476)</u>	<u>(760)</u>	<u>4,794</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 (loss) on	31 December
Related by		2015	the year	the year	exchange	2016
<u>Short-term loans to</u>						
New Era Sales Company Limited	Subsidiary	12,000	23,000	(23,000)	-	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	(84,000)	-	36,000
AAPICO Hitech Tooling Company Limited	Subsidiary	36,000	-	(30,000)	-	6,000
AAPICO Forging Public Company Limited	Subsidiary	288,000	1,428,012	(1,428,012)	-	288,000
AAPICO Amata Company Limited	Subsidiary	18,000	-	(18,000)	-	-
Kunshan Chaitai-Xincheng Precision Forging Company Limited	Subsidiary	71,847	-	(71,847)	-	-
Total		504,447	1,556,012	(1,681,859)	-	378,600
<u>Long-term loans to</u>						
New Era Sales Company Limited	Subsidiary	250,000	16,000	(9,000)	-	257,000
Able Motors Company Limited	Subsidiary	87,000	68,000	(98,000)	-	57,000
AAPICO Forging Public Company Limited	Subsidiary	1,921,100	-	(277,630)	-	1,643,470
AAPICO Hitech Parts Company Limited	Subsidiary	215,000	532,021	(685,206)	-	61,815
AAPICO Hitech Tooling Company Limited	Subsidiary	38,700	91,548	(114,787)	-	15,461
Katsuya (Thailand) Company Limited	Subsidiary	3,200	-	(400)	-	2,800
AAPICO Investment Pte. Ltd.	Subsidiary	86,267	-	-	(2,467)	83,800
AAPICO Amata Company Limited	Subsidiary	42,970	217,716	(260,686)	-	-
Total		2,644,237	925,285	(1,445,709)	(2,467)	2,121,346
<u>Short-term loans from</u>						
AAPICO Engineering Company Limited	Subsidiary	9,200	600	-	-	9,800
AAPICO Structural Products Company Limited	Subsidiary	252,300	3,148,581	(2,999,111)	-	401,770
AAPICO Amata Company Limited	Subsidiary	-	9,570	-	-	9,570
Total		261,500	3,158,751	(2,999,111)	-	421,140

Directors and management's benefits

During the years ended 31 December 2016 and 2015, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Short-term employee benefits	29,694	30,571	29,694	30,571
Post-employment benefits	170	173	170	173
Total	29,864	30,744	29,864	30,744

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 34.5.

9. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due and past due				
not over 3 months	35,892	42,757	28,963	30,281
Total trade receivables - related parties	35,892	42,757	28,963	30,281
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due and past due				
not over 3 months	1,780,541	1,785,210	191,737	241,292
Past due 3 - 12 months	690	2,166	12	558
Past due more than 12 months	3,329	5,881	199	-
Total	1,784,560	1,793,257	191,948	241,850
Less: Allowance for doubtful accounts	(3,044)	(5,487)	(14)	(14)
Total trade receivables - unrelated parties, net	1,781,516	1,787,770	191,934	241,836
Total trade receivables - net	1,817,408	1,830,527	220,897	272,117
<u>Other receivables - net</u>				
Advances - related parties	5,193	7,982	3,513	11,391
Interest receivable - related parties	-	-	379,968	306,670
Advances	18,607	13,338	-	-
Dividend receivable - related parties	-	5,727	-	1,772
Accrued income	23,406	32,647	-	-
Others - related parties	1,163	7,179	10,877	5,152
Others - unrelated parties	15,036	14,328	1,535	647
Total other receivables - net	63,405	81,201	395,893	325,632
Total trade and other receivables - net	1,880,813	1,911,728	616,790	597,749

10. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2016	2015	2016	2015	2016	2015
Finished goods	521,798	457,789	(14,125)	(12,457)	507,673	445,332
Raw materials, spare parts and supplies	416,292	414,452	(57,343)	(29,612)	358,949	384,840
Work in process	190,195	282,129	(19,141)	(12,116)	171,054	270,013
Goods in transit	7,176	9,276	-	-	7,176	9,276
Total	1,135,461	1,163,646	(90,609)	(54,185)	1,044,852	1,109,461

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2016	2015	2016	2015	2016	2015
Finished goods	51,375	79,503	(2,093)	(3,688)	49,282	75,815
Raw materials, spare parts and supplies	51,824	61,339	(10,547)	(4,670)	41,277	56,669
Work in process	7,712	10,799	(4,736)	(386)	2,976	10,413
Total	110,911	151,641	(17,376)	(8,744)	93,535	142,897

During the year 2016, the Group reduced cost of inventories by Baht 36 million (2015: Baht 12 million), to reflect the net realisable value (The Company only: Baht 9 million (2015: Baht 4 million)). This was included in cost of sales.

As at 31 December 2016, certain subsidiaries have pledged finished goods of approximately Baht 158 million (2015: Baht 64 million) to secure loans from banks.

11. Investments in associates

11.1 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	
			2016	2015	2016	2015	2016	2015
			(%)	(%)				
Able Sanoh Industries (1996) Company Limited	Manufacture and distribution of autoparts	Thailand	46	46	30,700	30,700	508,899	412,247
Sanoh Industries (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	20	20	29,250	29,250	78,073	64,953
MINTH AAPICO (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	40	40	151,400	151,400	135,406	138,684
Thai Takagi Seiko Company Limited	Distribution of dies	Thailand	49	49	49,587	49,587	31,486	40,655
Hyundai Motor (Thailand) Company Limited	Manufacture and distribution of vehicles and parts	Thailand	30	30	120,000	120,000	474,828	451,600
Edscha AAPICO Automotive Company Limited	Manufacture and distribution of autoparts	Thailand	49	49	25,480	19,600	44,534	35,269
Sumino AAPICO (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	49	49	147,000	98,000	115,546	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	82,311	81,250
Total					629,502	574,622	1,471,083	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	
	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

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 year, 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.

11.2 Share of comprehensive income and dividend income

During the years, the Group has recognised its share of comprehensive income from investments in associate companies in the consolidated financial statements and the Company has recognised dividend income in the 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		Dividend income during the year		Dividend income during the year	
			from investments in associates during the year					
	2016	2015	2016	2015	2016	2015	2016	2015
Able Sanoh Industries (1996) Company Limited	110,828	73,795	-	-	14,176	1,772	14,176	1,772
Sanoh Industries (Thailand) Company Limited	13,120	11,194	-	-	-	7,038	-	7,038
MINTH AAPICO (Thailand) Company Limited	(3,037)	(10,165)	(241)	-	-	15,871	-	15,871
Thai Takagi Seiko Company Limited	(9,169)	(19,586)	-	-	-	-	-	-
Hyundai Motor (Thailand) Company Limited	98,228	89,255	-	-	75,000	99,600	75,000	99,600
Edscha AAPICO Automotive Company Limited	9,918	12,368	-	-	6,533	11,722	6,533	11,722
Sumino AAPICO (Thailand) Company Limited	(1,935)	(13,231)	-	-	-	-	-	-
Quantum Inventions Pte. Ltd.	7,342	7,610	(2,492)	2,064	3,789	3,954	-	-
Total	225,295	151,240	(2,733)	2,064	99,498	139,957	95,709	136,003

11.3 Summarised financial information about material associates

Summarised information about financial position as at 31 December 2016 and 2015.

(Unit: Million Baht)

	Able Sanoh Industries (1996) Company Limited		Hyundai Motor (Thailand) Company Limited	
	2016	2015	2016	2015
	Current assets	993	908	1,637
Non-current assets	672	756	312	306
Current liabilities	(531)	(737)	(524)	(993)
Non-current liabilities	(18)	(24)	(6)	(9)
Net assets	1,116	903	1,419	1,343
Shareholding percentage (%)	45.6	45.6	30	30
Share of net asset	509	412	426	403
Goodwill	-	-	49	49
Carrying amounts of associates based on equity method	509	412	475	452

Summarised information about comprehensive income for the years ended 31 December 2016 and 2015.

(Unit: Million Baht)

	Able Sanoh Industries (1996) Company Limited		Hyundai Motor (Thailand) Company Limited	
	2016	2015	2016	2015
	Revenue	2,873	2,068	5,768
Profit	243	162	325	297
Other comprehensive income	-	-	-	-
Total comprehensive income	243	162	325	297

12. Investments in subsidiaries

12.1 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	
	2016	2015	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	6,353	-
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	200,000	258,000
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	2,118	-
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	-	-
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	208,471	258,000
Less: Allowance for impairment					(1,336,608)	(1,343,977)		
Net					2,726,127	2,706,858		

The above net investment in subsidiaries includes investment in a subsidiary which has a capital deficit. The Group's management is implementing financial and operational measures to improve the subsidiary's future performance and this subsidiary's operating results have begun to show improvement in the current year.

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.

During the current year, AAPICO Venture Company Limited invested in the ordinary shares of Smoothlane Company Limited and Mappico Company Limited, which are the newly companies registered and incorporated in Thailand with a registered capital of Baht 7 million and Baht 0.4 million, respectively. The subsidiary held 12% and 50% interest, respectively.

12.2 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	
	2016	2015	2016	2015	2016	2015	2016	2015
	(%)	(%)						
Tenaga Setia Resources SDN. BHD.	51	51	105	96	22	18	7	-
AAPICO ITS Co., Ltd.	40	40	21	24	(4)	5	-	-
New Era Sales (M) SDN. BHD.	51	51	45	38	12	10	2	-
AAPICO Lemtech (Thailand) Co., Ltd.	40	40	15	18	(3)	(3)	-	-

12.3 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 2016 and 2015.

(Unit: Million Baht)

Company's name	Current assets		Non-current assets		Current liabilities		Non-current liabilities	
	2016	2015	2016	2015	2016	2015	2016	2015
Tenaga Setia Resources SDN. BHD.	274	182	52	59	118	51	2	2
AAPICO ITS Co., Ltd.	45	54	20	25	13	18	3	2
New Era Sales (M) SDN. BHD.	166	127	168	189	103	98	139	142
AAPICO Lemtech (Thailand) Co., Ltd.	26	24	41	31	28	10	-	-

Summarised information about comprehensive income for the years ended 31 December 2016 and 2015.

(Unit: Million Baht)

Company's name	Revenue		Profit (loss)		Other comprehensive income		Total comprehensive income	
	2016	2015	2016	2015	2016	2015	2016	2015
Tenaga Setia Resources SDN. BHD.	2,160	2,096	42	36	(11)	(24)	31	12
AAPICO ITS Co., Ltd.	32	52	(9)	13	-	-	(9)	13
New Era Sales (M) SDN. BHD.	1,370	1,359	24	19	(5)	(8)	19	11
AAPICO Lemtech (Thailand) Co., Ltd.	82	82	(7)	(8)	-	-	(7)	(8)

Summarised information about cash flow for the years ended 31 December 2016 and 2015.

(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	
	2016	2015	2016	2015	2016	2015	2016	2015
Tenaga Setia Resources SDN. BHD.	(53)	74	(2)	(1)	31	(38)	(24)	35
AAPICO ITS Co., Ltd.	1	(23)	(1)	(7)	-	(8)	-	(38)
New Era Sales (M) SDN. BHD.	(4)	(23)	3	(2)	(9)	(13)	(10)	(38)
AAPICO Lemtech (Thailand) Co., Ltd.	2	10	(15)	(11)	9	-	(4)	(1)

13. Investments in joint ventures

13.1 Details of investments in joint ventures

Investments in joint ventures represent investments in entities which is jointly controlled by the Group and other company. Detail of these investments 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	
			2016	2015	2016	2015	2016	2015
			(%)	(%)				
AAPICO Sodecia (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	50	50	82,500	82,500	74,068	74,829
Mappico Company Limited (50 percent held by AAPICO Venture Co., Ltd.)	Technology services	Thailand	50	-	200	-	196	-
Total					82,700	82,500	74,264	74,829

(Unit: Thousand Baht)

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

13.2 Share of comprehensive income and dividend received

During the years, the Group recognised its share of comprehensive income from investments in joint ventures in the consolidated financial statements and the Company recognised 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	
	2016	2015	2016	2015	2016	2015
AAPICO Sodecia (Thailand) Company Limited	761	3,423	-	-	-	-
Mappico Company Limited (50 percent held by AAPICO Venture Co., Ltd.)	4	-	-	-	-	-
Total	765	3,423	-	-	-	-

13.3 Summarised financial information about material joint ventures

Summarised information about financial position as at 31 December 2016 and 2105 of AAPICO Sodecia (Thailand) Company Limited

(Unit: Million Baht)

	2016	2015
Cash and cash equivalent	25	29
Current asset	1	2
Non-current asset	122	122
Current liabilities	-	(3)
Net assets	148	150
Shareholding percentage (%)	50	50
Carrying amounts of joint venture based on equity method	74	75

Summarised information about comprehensive income for the years ended 31 December 2016 and 2015 of AAPICO Sodecia (Thailand) Company Limited

(Unit: Million Baht)

	2016	2015
Revenue	-	-
Loss	2	7
Other comprehensive income	-	-
Total comprehensive income	(2)	(7)

14. Other long-term investments

(Unit: Thousand Baht)

Consolidated
financial statements

	2016	2015
Available-for-sale securities		
Marketable equity securities	160,666	160,666
Allowance for change in value and exchange difference on translation of financial statements in foreign currency	(72,260)	(84,062)
	<u>88,406</u>	<u>76,604</u>
Other investments		
Equity securities	<u>11,375</u>	<u>-</u>
Total	<u><u>99,781</u></u>	<u><u>76,604</u></u>

15. 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
Cost								
1 January 2015	748,895	40,719	2,414,143	14,210	8,987,926	318,647	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	2,429,124	14,210	9,303,121	310,648	152,567	12,999,284
Acquisitions	-	-	9,063	-	27,446	40,265	90,454	167,228
Disposals/write-off	-	-	(6,855)	-	(31,454)	(39,824)	(13,208)	(91,341)
Transfer in (out)	-	-	2,945	-	182,705	5,550	(106,483)	84,717
Capitalised interest	-	-	-	-	-	-	357	357
Translation adjustment	-	-	(30,899)	-	(35,872)	(4,007)	(3,730)	(74,508)
31 December 2016	748,895	40,719	2,403,378	14,210	9,445,946	312,632	119,957	13,085,737

(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
Accumulated depreciation								
1 January 2015	-	23,491	850,878	685	5,540,586	123,606	-	6,539,246
Depreciation for the year	-	2,036	123,686	865	549,760	32,321	-	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	972,923	1,550	5,997,369	127,428	-	7,124,797
Depreciation for the year	-	2,036	119,003	712	535,252	31,832	-	688,835
Depreciation on disposals/write-off	-	-	(2,053)	-	(28,645)	(28,680)	-	(59,378)
Translation adjustment	-	-	(6,575)	-	(17,415)	(2,922)	-	(26,912)
31 December 2016	-	27,563	1,083,298	2,262	6,486,561	127,658	-	7,727,342
Allowance for impairment loss								
1 January 2015	-	-	-	-	36,153	-	-	36,153
Decrease during the year	-	-	-	-	(8,361)	-	-	(8,361)
31 December 2015	-	-	-	-	27,792	-	-	27,792
Increase during the year	-	-	-	-	32,320	-	-	32,320
31 December 2016	-	-	-	-	60,112	-	-	60,112
Net book value								
31 December 2015	748,895	15,192	1,456,201	12,660	3,277,960	183,220	152,567	5,846,695
31 December 2016	748,895	13,156	1,320,080	11,948	2,899,273	184,974	119,957	5,298,283
Depreciation for the years								
2015 (Baht 673 million included in manufacturing cost, and the balance in administrative expenses)								708,668
2016 (Baht 645 million included in manufacturing cost, and the balance in administrative expenses)								688,835

(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
Cost							
1 January 2015	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
Acquisitions	-	-	-	-	2,499	32,667	35,166
Disposals/write-off	-	(2,684)	-	(4,583)	(12,362)	-	(19,629)
Transfer from inventories	-	-	-	10,079	-	-	10,079
Transfer in (out)	-	340	-	27,764	-	(28,104)	-
Capitalised interest	-	-	-	-	-	299	299
31 December 2016	163,406	558,617	14,210	1,310,265	58,888	11,590	2,116,976
Accumulated depreciation							
1 January 2015	-	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
Depreciation for the year	-	29,730	712	95,880	5,587	-	131,909
Depreciation on disposals/write-off	-	(1,760)	-	(1,853)	(12,359)	-	(15,972)
31 December 2016	-	270,492	2,262	615,389	47,560	-	935,703

(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
Allowance for impairment loss							
1 January 2015	-	-	-	27,595	-	-	27,595
Decrease during the year	-	-	-	(8,746)	-	-	(8,746)
31 December 2015	-	-	-	18,849	-	-	18,849
Increase during the year	-	-	-	18,000	-	-	18,000
31 December 2016	-	-	-	36,849	-	-	36,849
Net book value							
31 December 2015	163,406	318,439	12,660	736,794	14,419	6,728	1,252,446
31 December 2016	163,406	288,125	11,948	658,027	11,328	11,590	1,144,424
Depreciation for the years							
2015 (Baht 130 million included in manufacturing cost, and the balance in administrative expenses)							137,742
2016 (Baht 125 million included in manufacturing cost, and the balance in administrative expenses)							131,909

Borrowing costs totaling approximately Baht 0.4 million and Baht 0.5 million were capitalised as cost of machinery under installation during the years ended 31 December 2016 and 2015, respectively. The weighted average rates used to determine the amount of borrowing costs eligible for capitalisation were 4.0% - 5.2% for 2016 and 4.4% - 5.2% for 2015.

As at 31 December 2016, the Group had machinery, motor vehicles and equipment under finance lease agreements with net book values amounting to Baht 18 million (2015: Baht 17 million).

As at 31 December 2016, certain building, 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 3,974 million (2015: Baht 3,394 million) (Separate financial statements: Baht 218 million, 2015: Baht 176 million).

Certain subsidiaries have mortgaged building, certain machinery and factory equipment with a total net book value as at 31 December 2016 of Baht 80 million (2015: Baht 93 million) as collateral for credit facilities granted by banks.

16. Leasehold right

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2016	2015
Cost	171,065	180,752
Accumulated amortisation	(36,669)	(32,765)
Net book value	<u>134,396</u>	<u>147,987</u>

A reconciliation of the net book value of land leasehold right for the years 2016 and 2015 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements	
	2016	2015
Net book value at beginning of year	147,987	161,214
Amortisation	(5,512)	(5,617)
Translation adjustment	(8,079)	(7,610)
Net book value at end of year	134,396	147,987

Subsidiaries have pledged their land leasehold right with a net book value as at 31 December 2016 of Baht 77 million (2015: Baht 84 million) as collateral for credit facilities granted by banks.

17. Goodwill

(Unit: Thousand Baht)

	Consolidated financial statements	
	2016	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

For the purposes of impairment testing of goodwill from the acquisition of subsidiaries, the Company determines the recoverable amount of assets from the value in use of assets by access the future cash flow projection based on the finance and operation plan which approved by the management and had the significant assumptions relating to the growth of revenue and discount rate.

18. Other intangible assets

The net book value of other intangible assets as at 31 December 2016 and 2015 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		
	Computer software	Cost of product development	Total
Cost:			
1 January 2015	141,072	108,398	249,470
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
31 December 2015	152,109	96,027	248,136
Addition during the year	4,126	13,804	17,930
Transfer in	2,087	-	2,087
Write-off during the year	(8,014)	-	(8,014)
Translation adjustment	(412)	(12)	(424)
31 December 2016	149,896	109,819	259,715
Accumulated amortisation:			
1 January 2015	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)
31 December 2015	111,625	46,796	158,421
Amortisation	14,310	14,316	28,626
Write-off during the year	(8,014)	-	(8,014)
Translation adjustment	(171)	(8)	(179)
31 December 2016	117,750	61,104	178,854
Net book value:			
31 December 2015	40,484	49,231	89,715
31 December 2016	32,146	48,715	80,861

	(Unit: Thousand Baht)
	Separate financial statements
	Computer software
Cost:	
1 January 2015	68,654
Addition during the year	6,400
31 December 2015	75,054
Addition during the year	4,876
Write-off during the year	(7,472)
31 December 2016	72,458
Accumulated amortisation:	
1 January 2015	53,502
Amortisation	6,418
31 December 2015	59,920
Amortisation	6,472
Write-off during the year	(7,472)
31 December 2016	58,920
Net book value:	
31 December 2015	15,134
31 December 2016	13,538

19. Income tax

Income tax for the years ended 31 December 2016 and 2015 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Current income tax:				
Current income tax charge	28,855	26,791	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(1,875)	(109)	(62)	(177)
Income tax expenses (benefits) reported in the statements of income	<u>26,980</u>	<u>26,682</u>	<u>(62)</u>	<u>(177)</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Deferred tax on actuarial gain	-	1,004	-	1,340
	-	1,004	-	1,340

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Accounting profit before tax	596,509	364,986	353,311	424,029
Applicable tax rate in Thailand	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	119,302	72,997	70,662	84,806
Deferred tax assets which were not recognised during the year				
- Tax losses	22,726	25,606	5,178	1,775
- Share of profit from investments in associates and joint ventures	(44,906)	(29,563)	-	-
Utilisation of previously unrecognised deferred tax assets				
- Tax losses	(8,680)	(2,278)	-	-
Effects of:				
Promotional privileges (Note 31)	(80,695)	(69,520)	(21,163)	(12,386)
Income not subject to tax	-	-	(60,836)	(78,800)
Non-deductible expenses and eliminations	13,851	24,083	6,097	4,428
Effects of difference tax rates in Malaysia	3,687	3,839	-	-
Effects of difference tax rates in the People's Republic of China	1,695	1,518	-	-
Total	(61,462)	(40,080)	(75,902)	(86,758)
Income tax expenses (benefits) reported in the statements of income	26,980	26,682	(62)	(177)

The components of deferred tax assets are as follows:

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Deferred tax assets				
Allowance for doubtful accounts	15	15	-	-
Allowance for diminution in value of inventories	3,422	2,575	565	793
Accumulated depreciation - plant and equipment	1,147	719	-	-
Allowance for asset impairment	2,701	2,683	2,617	2,617
Provision for long-term employee benefits	5,133	4,967	2,929	2,954
Unused tax losses	1,343	1,299	-	-
Others	496	471	2	-
Total	14,257	12,729	6,113	6,364
Deferred tax liabilities				
Accumulated depreciation - equipment	391	426	-	-
Others	140	452	138	452
Total	531	878	138	452
Net	13,726	11,851	5,975	5,912

A reconciliation of deferred tax assets is presented below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
As at 1 January	11,851	12,746	5,912	7,075
Deferred tax income recognised in profit or loss	1,875	109	63	177
Deferred tax expense recognised in other comprehensive income	-	(1,004)	-	(1,340)
As at 31 December	13,726	11,851	5,975	5,912

As at 31 December 2016 the Group has unused tax losses totaling Baht 877 million (2015: Baht 820 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 2021.

Most of unused tax losses of the subsidiaries will expire by 2021.

20. Bank overdrafts and short-term loans from banks

(Unit: Thousand Baht)

	Interest rate		Consolidated		Separate	
	(percent per annum)		financial statements		financial statements	
	2016	2015	2016	2015	2016	2015
Promissory notes	4.50	2.00 - 4.00	9,500	70,996	-	-
Short-term loan from banks	4.55 - 7.15	1.80 - 6.85	316,703	584,486	-	371,426
Total			326,203	655,482	-	371,426

The Company's short-term loans from banks are clean loans. Certain subsidiaries' bank overdrafts facilities and short-term loans from bank are secured by the pledge of inventories, a letter of guarantee, a letter of credit, and guarantees provided by the Company, with a negative pledge of assets by the Group.

21. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate financial	
	financial statements		statements	
	2016	2015	2016	2015
Trade payables – related parties	34,685	40,508	34,772	39,877
Trade payables – unrelated parties	1,716,916	1,647,364	316,341	332,108
Advance received – related parties	-	1,372	394	97
Advance received – unrelated parties	100	8,203	-	-
Share subscription payable – related party	200	-	19,450	19,700
Accrued interest expenses – related parties	-	-	1,237	578
Accrued interest expenses – unrelated parties	6,661	6,344	6,660	6,284
Payables for purchase of machineries – related parties	-	-	-	230
Payables for purchase of machineries – unrelated parties	12,621	14,625	-	638
Accrued expenses – related parties	8,476	13,121	8,422	8,422
Accrued expenses – unrelated parties	114,253	96,420	40,307	36,775
Others	169,180	149,602	23,048	26,972
Total trade and other payables	2,063,092	1,977,559	450,631	471,681

22. Long-term loans

			(Unit: Thousand Baht)			
Loan	Interest rate (percent per annum)	Repayment schedule	Consolidated financial statements		Separate financial statements	
			2016	2015	2016	2015
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	101,140	101,426	-	-
2	Interest rates based on PBOC rate (Interest rates based on the People's Republic of China)	Repayable in quarterly installments within 3 years	26,482	27,807	-	-
3	4.3 for 2012 and 4.75 for the remaining period	Repayable in monthly installments within 5 years	-	27,200	-	-
4	MLR-2	Repayable in 36 monthly installments, with the first of these due in January 2014	-	244,000	-	244,000
5	MLR-2	Repayable in 36 monthly installments, with the first of these due in October 2014	206,000	470,000	206,000	470,000
6	4.5	Repayable in quarterly installments within 3 years, with the first of these due in June 2015	184,400	307,600	184,400	307,600
7	MLR-2.25	Repayable in quarterly installments within 3 years, with the first of these due in September 2014	50,000	250,000	50,000	250,000
8	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 4 years, with the first of these due in March 2016	260,000	400,000	260,000	400,000
9	4.3	Repayable in quarterly installments within 5 years, with the first of these due in October 2016	268,400	-	268,400	-
Total			1,096,422	1,828,033	968,800	1,671,600
Less: Current portion			(603,325)	(922,802)	(582,400)	(871,200)
Long-term loans – net of current portion			493,097	905,231	386,400	800,400

The Company's long-term loans are clean loans with a negative pledge of assets belonging to the Company and its subsidiaries. Certain subsidiaries' long-term loans are secured by the pledge of leasehold land, buildings, machinery and factory equipment 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.

As at 31 December 2016, the long-term credit facilities of the Group which have not yet been drawn down amounted to Baht 26 million (2015: None).

23. Debentures

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

(Unit: Thousand Baht)

Long-term debentures	Consolidated/Separate financial statements	
	2016	2015
Debentures		
Interest rate		
Term		
Due date		
Debentures No. 1/2015	800,000	800,000
Debentures No. 1/2016	300,000	-
Total debentures, at face value	1,100,000	800,000
Less: Deferred debenture issuing costs	(1,251)	(1,556)
Debentures - net	1,098,749	798,444

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.

24. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Liabilities under finance lease agreements	18,102	12,322	4,122	206
Less: Deferred interest expenses	(1,304)	(902)	(306)	(2)
Total	16,798	11,420	3,816	204
Less: Portion due within one year	(5,771)	(4,170)	(1,183)	(204)
Liabilities under finance lease agreements-net of current portion	11,027	7,250	2,633	-

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 2016					
	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	6,386	11,716	18,102	1,341	2,781	4,122
Deferred interest expenses	(615)	(689)	(1,304)	(158)	(148)	(306)
Present value of future minimum lease payments	5,771	11,027	16,798	1,183	2,633	3,816

(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

25. 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
Balance as at 1 January 2015	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)
Balance as at 31 December 2015	94,142	2,205	96,347
Included in profit or loss:			
Current service cost	10,008	221	10,229
Interest cost	2,852	63	2,915
Benefit paid during the year	(5,508)	(82)	(5,590)
Balance as at 31 December 2016	101,494	2,407	103,901

	(Unit: Thousand Baht)
	Separate financial statements
	Provision for employee retirement benefits
Balance as at 1 January 2015	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)
Balance as at 31 December 2015	14,772
Included in profit or loss:	
Current service cost	2,063
Interest cost	450
Benefit paid during the year	(1,232)
Balance as at 31 December 2016	16,053

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	
	2016	2015	2016	2015
Cost of sales	10,062	7,294	1,731	1,377
Selling and administrative expenses	3,082	2,344	782	631
Total expense recognised in profit or loss	13,144	9,638	2,513	2,008

The Group expects to pay Baht 7.3 million of long-term employee benefits during the next year (Separate financial statements: Baht 0.5 million) (2015: Baht 5.1 million, Separate financial statements: Baht 1.2 million).

As at 31 December 2016 and 2015, the weighted average duration of the liabilities for long-term employee benefit is 17 years.

Significant actuarial assumptions are summarised below:

	Consolidated financial statements /Separate financial statements	
	2016	2015
	(% per annum)	(% per annum)
Discount rate	3.1	3.1
Future salary increase rate (depending on age)	4.0 - 6.0	4.0 - 6.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 and 2015 are summarised below:

(Unit: Thousand Baht)				
As at 31 December 2016				
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(10,548)	12,430	(1,731)	2,039
Salary increase rate	11,784	(10,213)	1,855	1,610

(Unit: Thousand Baht)				
As at 31 December 2015				
	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)

26. Provisions for product warranty

	(Unit: Thousand Baht)
	Consolidated financial statements
1 January 2015	6,304
Increase during the year	10,911
Utilised	(4,170)
Reversal of provisions	(803)
31 December 2015	12,242
Increase during the year	14,145
Utilised	(814)
Reversal of provisions	(3,110)
31 December 2016	22,463

The subsidiary recognised a provision for expected warranty claims on products sold, based on past experience of the level of repairs and returns.

27. 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.

28. Dividends

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.

29. 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.

30. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Salaries and wages and other employee benefits	1,435,133	1,353,947	276,298	272,978
Depreciation	688,835	708,668	131,909	137,742
Loss on impairment of assets	32,320	-	18,000	-
Loss on impairment of investment	-	-	-	2,270
Amortisation expenses	34,138	36,517	6,472	6,418
Rental expenses from operating lease agreements	77,343	75,012	9,178	6,389
Raw materials and consumables used	6,355,686	6,239,710	836,235	939,719
Changes in finished goods and work in process	27,925	78,649	31,215	69,785

31. 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					
	2016			2015		
	Promoted operations	Non-promoted operations	Total	Promoted operations	Non-promoted operations	Total
Sales and service income						
Domestic	914,821	1,113,645	2,028,466	803,037	1,314,920	2,117,957
Export	143	17,468	17,611	385	10,926	11,311
Total	914,964	1,131,113	2,046,077	803,422	1,325,846	2,129,268

Some subsidiaries were granted investment promotional privileges by the Board of Investment (BOI). As at 31 December 2016, 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
AAPICO Hitech Parts Company Limited			
Manufacture of metal and electronic parts	-	-	18 December 2012
AAPICO Hitech Tooling Company Limited			
Manufacture of die and grapple parts	-	-	8 January 2013
AAPICO ITS Company Limited			
Software operation	-	-	14 August 2010
AAPICO Precision Company Limited			
Manufacture of autoparts	-	-	Not yet utilised
AAPICO Plastics Public Company Limited			
Manufacture of plastic parts	Not yet utilised	-	-
Manufacture of plastic autoparts	-	-	10 June 2009
AAPICO Structural Products Company Limited			
Manufacture of autoparts	-	3 January 2012	-
Manufacture of autoparts	-	Not yet utilized	-
AAPICO Amata Company Limited			
Manufacture of metal parts	-	21 December 2010	-
Manufacture of metal parts	-	Not yet utilized	-
AAPICO Lemtech (Thailand) Company Limited			
Manufacture of metal parts	-	12 February 2014	-

32. 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 issue during the year, net of treasury shares held by the Company as follows:

	(Unit: Thousand Baht/Thousand Shares)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2016	2015	2016	2015
Profit attributable to shareholders of the Company	543,092	313,071	353,373	424,206
Number of ordinary shares as at 1 January	322,584	322,584	322,584	322,584
Effect of treasury shares	(2,883)	-	(2,883)	-
Weighted average number of ordinary shares	319,701	322,584	319,701	322,584
Earnings per share (Baht)	1.70	0.97	1.11	1.32

33. 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 2016 amounting to approximately Baht 22 million (2015: Baht 22 million) were recognised as expenses.

34. Commitment and contingent liabilities

34.1 Capital commitments

As at 31 December 2016, the Group had capital commitments of approximately Baht 3.5 million and RMB 2.5 million, totalling Baht 16 million (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 acquisition of machinery from the unrelated parties.

34.2 Uncalled portion of long-term investments

As at 31 December 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 (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).

34.3 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	
	2016	2015
In up to 1 year	59	67
In over 1 and up to 5 years	73	74
In over 5 years	43	26

34.4 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 year ended 31 December 2016 amounting to approximately Baht 22 million (2015: Baht 25 million) were recognised as expenses.

34.5 Guarantee

- a) As at 31 December 2016, the Company had guaranteed bank credit facilities of its foreign subsidiary company amounting to RMB 18 million (2015: RMB 10 million) and its local associated company amounting to Baht 100 million (2015: Baht 100 million).
- b) As at 31 December 2016, two foreign subsidiaries has provided guarantees for bank credit facilities of another foreign subsidiary amounting to RM 13 million and RM 8 million, respectively (2015: RM 12 million and RM 9 million, respectively).
- c) As at 31 December 2016, there were outstanding bank guarantees of approximately Baht 54 million and RM 0.2 million (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 (2015: Baht 35 million) to guarantee contractual performance, and Baht 30 million and RM 0.2 million (2015: 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 2016 and 2015, the Company and its subsidiary had no guarantee liabilities under these agreements.

34.6 Contingent liabilities

A subsidiary 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 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 31 December 2016, would not exceed RMB 3.6 million (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 precincts, and the likelihood of such assessment is remote.

35. 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.

36. 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 2016 and 2015.

(Unit: Million Baht)

	For the year ended 31 December 2016				
	Sales of automobiles	Manufacture of automobiles and the provision of repair service segment	Total reportable segments	Adjustments and eliminations	Consolidated
Revenues from external customers	9,345	5,386	14,731	-	14,731
Inter-segment revenue	1,262	22	1,284	(1,284)	-
Other incomes	563	94	657	(249)	408
Depreciation and amortisation	699	35	734	(11)	723
Interest in the profit of associates and joint ventures accounted for by the equity method	225	-	225	-	225
Finance cost	223	33	256	(125)	131
Income tax expenses	2	25	27	-	27
Segment profit	774	47	821	(251)	570

(Unit: Million Baht)

	For the year ended 31 December 2015				
	Sales of automobiles	Manufacture of automobiles and the provision of 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
Segment profit	419	48	467	(129)	338

Geographic information

Revenue from external customers is based on country of domicile.

(Unit: Million Baht)

	For the years ended 31 December	
	2016	2015
Revenue from external customers		
Thailand	10,771	10,559
The People's Republic of China	482	582
Malaysia	3,478	3,393
Total	14,731	14,534

(Unit: Million Baht)

	As at 31 December	
	2016	2015
Non-current assets (other than financial instruments and deferred tax assets)		
Thailand	6,501	6,796
The People's Republic of China	601	691
Malaysia	219	247
Total	7,321	7,734

Major customers

For the year 2016, the Group had revenue from 2 major customers in amount of Baht 3,753 million and Baht 1,646 million (2015: Baht 4,134 million and Baht 1,415 million derived from 2 major customers), arising from sales by the manufacture of automobiles assembly tools and parts segment.

37. Fair value hierarchy

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	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Assets measured at fair value						
Held for trade investments						
Debt instruments	-	-	202,463	38,120	202,463	38,120
Available for sale investments						
Equity instruments	88,406	76,604	-	-	88,406	76,604

(Unit: Thousand Baht)

		Separate financial statements					
		Level 1		Level 2		Total	
		31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Assets measured at fair value							
Held for trade investments							
	Debt instruments	-	-	161,424	-	161,424	-

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 year.

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

38. Financial instruments

38.1 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, 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. 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, 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 2016						
	Fixed interest rates				Total	Interest rate (% per annum)
	Within 1 year	1-5 years	Floating interest rate	Non- interest bearing		
Financial assets						
Cash and cash equivalent	-	-	85	186	271	Refer to Note 6
Current investments	5	-	-	202	207	0.9
Trade and other receivables	-	-	-	1,881	1,881	-
Other long-term investments	-	-	-	100	100	-
	<u>5</u>	<u>-</u>	<u>85</u>	<u>2,369</u>	<u>2,459</u>	
Financial liabilities						
Bank overdrafts and short-term loans from banks	326	-	-	-	326	Refer to Note 20
Trade and other payables	-	-	-	2,063	2,063	-
Short-term loans from related parties	5	-	-	-	5	5.0
Liabilities under finance lease agreements	6	11	-	-	17	1.9 - 7.1
Long-term loans	186	266	644	-	1,096	Refer to Note 22
Debentures	-	1,099	-	-	1,099	Refer to Note 23
	<u>523</u>	<u>1,376</u>	<u>644</u>	<u>2,063</u>	<u>4,606</u>	

(Unit: Million Baht)

As at 31 December 2015						
	Fixed interest rates				Total	Interest rate (% per annum)
	Within 1 year	1-5 years	Floating interest rate	Non- interest bearing		
Financial assets						
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>	
Financial liabilities						
Bank overdrafts and short-term loans from banks	655	-	-	-	655	Refer to Note 20
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 22
Debentures	-	798	-	-	798	Refer to Note 23
	<u>824</u>	<u>989</u>	<u>1,494</u>	<u>1,978</u>	<u>5,285</u>	

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 2016			
Foreign currency	Sold amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	1.9	35.08 - 35.87	January - 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

In addition, the Group is exposed to foreign exchange risk on its investments in overseas subsidiaries. These investments are currently not hedge by derivative financial investment.

38.2 Fair values of financial instruments

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

39. 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 2016, the Group's debt-to-equity ratio was 0.8:1 (2015: 0.9:1) and the Company's was 0.6:1 (2015: 0.7:1).

40. Events after the reporting period

On 28 February 2017, a meeting of the Company's Board of Directors passed resolutions to propose to the 2017 Annual General Meeting of shareholders as the following.

- a) The payment of a dividend of Baht 0.33 per share, totaling Baht 104.5 million from the operating results of second half of year 2016.
- b) Stipulation of the resale period for the treasury shares, whereby the shares are to be resold over a period of 2.5 years, from 15 March 2017 until 13 September 2019.

41. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 28 February 2017.