

AAPICO Hitech Public Company Limited  
and its subsidiaries  
Report and consolidated financial statements  
31 December 2020

## **Independent Auditor's Report**

To the Shareholders of AAPICO Hitech Public Company Limited

### **Qualified Opinion on the Consolidated Financial Statements**

I have audited the accompanying consolidated financial statements of AAPICO Hitech Public Company Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2020, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of AAPICO Hitech Public Company Limited for the same period.

In my opinion, except for the possible effects on the matters described in the *Basis for Qualified Opinion on the Financial Statements* section on my report, the financial statements referred to above present fairly, in all material respects, the financial position of AAPICO Hitech Public Company Limited and its subsidiaries and of AAPICO Hitech Public Company Limited as at 31 December 2020, and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### **Basis for Qualified Opinion on the Financial Statements**

- a) As at 31 December 2020, the Group had an investment in an overseas associate, Sakthi Auto Component Limited ("SACL"), of which the value was Baht 2,456 million under the equity method (Baht 2,576 million under the cost method) which was included in investments in associates in the consolidated statement of financial position. The Group's share of associate's loss for the year of Baht 19 million was included in the consolidated statement of income, and the share of associate's loss on translation adjustment of Baht 123 million was included in the consolidated statement of comprehensive income for the year then ended, as mentioned in the Note 12 to financial statements. The investment in the associate accounted for under the equity method was valued based on the associate's management accounts that had not been audited or reviewed by the auditor of the associate. I have been informed by the auditor of the associate that they were unable to provide me with the auditor's report since they have not been engaged as the associate's auditor to audit the consolidated financial statements for the year ended 31 December 2020 of the associate for the group

reporting purposes. I was unable to apply other audit procedures to satisfy myself regarding the consolidated financial position and the consolidated financial performance of the associate. I am therefore unable to determine whether and to what extent it is necessary to adjust the value of the investment in the associate at equity method, share of loss and share of loss on translation adjustment of the associate in the consolidated financial statements for the year ended 31 December 2020. This matter is regarded as a scope limitation imposed by circumstance.

- b) Furthermore, as at 31 December 2020, the Company had an investment in an overseas subsidiary, Sakthi Global Auto Holdings Limited ("SGAH") and loans to and interest receivable from SGAH of Baht 779 million and Baht 2,069 million, respectively, which were included in investments in subsidiaries and loans to related parties and other receivables, respectively, in the separate statement of financial position. Because the main business of SGAH is to invest in SACL, the recoverable amount of these accounts mainly depends on the financial position and financial performance of SACL. As a result of the scope limitation imposed by circumstance, as described in a), I am unable to determine whether and to what extent it is necessary to adjust the recoverable amount of investment in SGAH and loans to and interest receivable from SGAH, together with related expenses, in the separate financial statements for the year ended 31 December 2020.
- c) As mentioned in the Note 12 to financial statements, in the course of my audit of the consolidated financial statements for the year 2019, I did not receive the auditor's report on the consolidated financial statements of SGAH (previously an associate, which changed status to a subsidiary in October 2019) for the year 2019. The Group's share of the associate's loss and loss on change in status of investment were included in the consolidated statement of income, and the share of the associate's gain or loss on translation adjustment was included in the consolidated statement of comprehensive income, and I was unable to apply other audit procedures to satisfy myself as to the consolidated financial performance of that associate. As a result, my opinion on the Group's consolidated financial statements for the year 2019 was qualified in respect of the share of loss and loss on change in status of investment, and share of gain or loss on translation adjustment of the associate that were included in the consolidated statements of income and comprehensive income.

In addition, due to the change in status of SGAH as mentioned above, the investment in SACL became investment in associate. I did not receive the auditor's report on the 2019 consolidated financial statements of SACL. The Group presented the investment in SACL as an investment in associate in the consolidated statement of financial position, and I was unable to apply other audit procedures to satisfy myself as to the consolidated financial position and financial performance of that associate. As a result, my opinion on the Group's consolidated financial statements for the year 2019 was qualified in respect of the investment in this associate recorded under the equity method.

To date, the above limitations on scope imposed by circumstance have not been resolved. My opinion on the consolidated and separate financial statements for the current year is, therefore, also qualified in respect of the effects of the above matters, since they affect the comparability of the current year's figures and the comparative figures.

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion on the consolidated and separate financial statements.

### **Emphasis of Matters**

- a) I draw attention to Note 1.3 to the financial statements regarding the changes in the estimated useful lives of certain buildings, machinery and assets recognised from the costs to fulfill a contract with a customer of an overseas subsidiary. The changes were effective from 1 April 2020.
- b) I draw attention to Note 8.2 to the financial statements regarding the litigation cases between the Group and Sakthi group relating to the appropriation of collateral shares of SGAH.
- c) I draw attention to Note 19 to the financial statements regarding the acquisition of investments in overseas subsidiaries. During the current year, the Group completed the measurement of the fair value at the acquisition date of the identifiable assets acquired, the liabilities assumed and goodwill of these subsidiaries. The Company restated the consolidated financial statements for the year 2019, presented herein as comparative information, to reflect the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date.

My opinion is not qualified in respect of the above matters.

## **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

In addition to the matters described in the *Basis for Qualified Opinion on the Financial Statements* section, key audit matters and how audit procedures respond for each matter are described below.

*Impairment of plant and equipment in the consolidated financial statements and impairment of investment in a subsidiary and allowance for expected credit losses for loans to and interest receivable from a subsidiary in the separate financial statements*

As disclosed in Note 14 to the financial statements, AAPICO Forging Public Company Limited (a subsidiary) had a capital deficit. This subsidiary had plant and equipment used in its operations with a net book value of Baht 740 million as at 31 December 2020, which was presented in the Group's consolidated financial statements. As of 31 December 2020, the Company's separate financial statements included net investment in this subsidiary of Baht 542 million and loans provided to the subsidiary, including interest receivable, net of allowance for expected credit losses, totaling Baht 2,189 million. I have paid particular attention to the determination of allowance for impairment loss of investment in the subsidiary, impairment loss of plant and equipment and the allowance for expected credit losses with respect to loans and interest receivable from the subsidiary in the financial statements. Since these accounts require management to exercise significant judgement with respect to projections of the future operating performance and cash flows of the subsidiary and the determination of an appropriate discount rate and key assumptions, there is a risk with respect to the amount of impairment loss and the allowance for expected credit losses.

For impairment of plant and equipment and investment in the subsidiary, I assessed the management's identification of cash-generating units. I also gained an understanding of and assessed the cash flow projections of the subsidiary, based on the understanding I gained of the process by which management arrived at the figures and comparison of past cash flow projections with actual operating results in order to assess the exercise of management judgement in preparing the cash flow projections, comparison of the long-term growth rate with economic and industry forecasts and assessment of the discount rate based on comparison of the average cost of capital and other data with those used by comparable organisations in the same industry. Furthermore, I assessed the assumptions relevant to the expected future cash flows, and recalculated expected credit losses on loans to and interest receivable from the subsidiary, assessed on an individual basis.

#### *Business combination*

As described in Notes 8.2 and 19 to financial statements, the Group changed the status of investments in Sakthi Global Auto Holdings Limited and AAPICO Maia, S.A. from associates to subsidiaries. The cost of acquisition of these subsidiaries were was equivalent to Baht 2,723 million. Management assessed that the acquisitions were qualified as business combinations by applying the definition in TFRS 3. Management determined that the fair value of the net identifiable assets acquired is Baht 1,946 million, with Baht 777 million relating to goodwill that arose from the business combination. The valuation of the identifiable assets acquired, including intangible assets, and liabilities assumed was performed as part of the Purchase Price Allocation and the values of goodwill and the intangible assets were determined in accordance with TFRS 3. I focused on the business combination transactions and intangible assets arising from the transaction as a significant area of judgement. The valuation methodology, as well as the inputs and assumptions in the model, affected the fair value of the intangible assets. The key assumptions, such as the discount rates and the useful lives of the acquired intangible assets, involve the use of significant management judgement.

I evaluated management's assessment discussed in Note 19 to financial statements that the acquisitions should be accounted for as business combinations and determined whether they are appropriately accounted for in accordance with the requirements set out in TFRS 3. My audit procedures included reading the business purchase agreements, considering whether an appropriate accounting treatment has been applied and whether appropriate disclosure has been made. I also assessed the determination and accounting treatment of the consideration paid and examined the payment. I examined the identification and fair valuation of the identifiable assets and liabilities the Group acquired and assessed the appropriateness of valuation assumptions, such as discount rate and future production cost reduction rate, by inquiring with management

about the challenging of the assumptions used in the calculation based on historical and externally-sourced information. I tested the calculation of the goodwill arising from the business combinations, which is the difference between the total purchase consideration and the fair value of the net identifiable assets, in line with TFRS 3. Moreover, I assessed management's determination of the allocation of the acquired intangible assets to the CGUs, as well as the adequacy of the disclosures.

### **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.

Sumalee Reewarabandith

Certified Public Accountant (Thailand) No. 3970

EY Office Limited

Bangkok: 1 March 2021

**AAPICO Hitech Public Company Limited and its subsidiaries**
**Statement of financial position**
**As at 31 December 2020**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2020	2019	2020	2019
			(Restated)		
Assets					
Current assets					
Cash and cash equivalents	7	651,780,570	537,807,345	68,888,270	38,934,663
Current investments	11	-	54,474,476	-	-
Trade and other receivables	8, 9	2,846,045,362	1,968,152,354	1,351,846,226	1,502,762,571
Short-term loans to related parties	8	-	-	336,000,000	363,600,000
Inventories	10	2,595,735,602	2,908,727,306	145,657,218	134,834,909
Other current financial assets	11	37,797,221	-	11,000,082	-
Other current assets					
Advances for purchases of goods		21,075,127	9,197,080	10,234,871	659,843
Others		413,516,937	377,297,084	89,900,095	78,825,029
Total current assets		6,565,950,819	5,855,655,645	2,013,526,762	2,119,617,015
Non-current assets					
Long-term loans to related parties	8	637,151,949	489,566,750	4,356,578,480	4,654,876,185
Other non-current financial assets	11	-	-	-	-
Investments in associates	12	3,579,023,481	3,876,117,630	568,283,233	558,283,233
Investments in joint ventures	13	137,255,391	118,041,418	175,250,000	135,250,000
Investments in subsidiaries	14, 19	-	-	4,682,947,045	4,681,946,445
Property, plant and equipment	15	7,773,139,050	7,931,869,313	1,025,304,940	1,078,874,158
Leasehold rights	16	-	109,900,175	-	-
Right-of-use assets	17	473,082,596	-	21,049,034	-
Goodwill	18	1,094,249,487	1,020,920,282	-	-
Other intangible assets	20	1,575,584,459	1,445,531,159	8,876,031	15,300,167
Assets recognised from the costs to fulfill					
contracts with customers	21	434,604,208	359,542,593	-	-
Deferred tax assets	22	-	-	66,881,701	18,667,697
Other non-current assets		76,012,713	85,681,048	12,964,060	9,313,625
Total non-current assets		15,780,103,334	15,437,170,368	10,918,134,524	11,152,511,510
Total assets		22,346,054,153	21,292,826,013	12,931,661,286	13,272,128,525

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

**AAPICO Hitech Public Company Limited and its subsidiaries**
**Statement of financial position (continued)**
**As at 31 December 2020**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2020	2019	2020	2019
			(Restated)		
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from banks	23	1,918,214,362	1,800,279,020	175,500,000	743,000,000
Trade and other payables	24	4,118,762,762	4,397,197,313	557,859,283	811,040,740
Current portion of long-term loans	25	1,300,825,732	1,442,978,479	1,115,265,778	1,179,520,799
Current portion of long-term debentures	26	599,830,000	299,925,000	599,830,000	299,925,000
Current portion of lease liabilities	17	81,770,313	31,019,636	6,365,781	611,783
Short-term loans from related parties	8	33,118,608	32,613,079	747,634,092	868,994,075
Provision for product warranty	27	19,229,698	21,468,237	-	-
Other current liabilities					
Income tax payable		15,795,517	122,525,954	-	87,748,723
Advances received from customers		142,599,141	93,113,373	20,387,664	6,312,804
Others		216,130,156	152,201,020	3,304,092	5,587,381
Total current liabilities		8,446,276,289	8,393,321,111	3,226,146,690	4,002,741,305
Non-current liabilities					
Long-term loans	25	3,997,519,159	2,823,900,655	2,865,436,365	1,998,524,597
Long-term debentures	26	1,599,079,000	2,198,310,334	1,599,079,000	2,198,310,334
Lease liabilities	17	237,024,794	77,352,088	14,241,318	151,419
Provision for long-term employee benefits	28	251,467,848	243,487,392	42,588,108	38,937,781
Deferred tax liabilities	22	23,324,273	45,324,808	-	-
Other non-current liabilities	29	50,075,108	29,954,505	-	-
Total non-current liabilities		6,158,490,182	5,418,329,782	4,521,344,791	4,235,924,131
Total liabilities		14,604,766,471	13,811,650,893	7,747,491,481	8,238,665,436

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

**AAPICO Hitech Public Company Limited and its subsidiaries**
**Statement of financial position (continued)**
**As at 31 December 2020**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2020	2019	2020	2019
			(Restated)		
Shareholders' equity					
Share capital					
Registered					
322,649,160 ordinary shares of Baht 1 each		322,649,160	322,649,160	322,649,160	322,649,160
Issued and paid-up					
322,583,844 ordinary shares of Baht 1 each		322,583,844	322,583,844	322,583,844	322,583,844
Premium on ordinary shares		2,164,354,332	2,164,354,332	2,164,354,332	2,164,354,332
Premium on treasury shares	30	33,579,968	33,579,968	33,579,968	33,579,968
Retained earnings					
Appropriated					
Statutory reserve - the Company	32	59,541,000	59,541,000	59,541,000	59,541,000
- subsidiaries		159,593,631	153,093,631	-	-
Unappropriated		4,761,036,569	4,694,636,431	2,604,110,661	2,453,403,945
Other components of shareholders' equity		(27,547,610)	(198,238,660)	-	-
Equity attributable to owners of the Company		7,473,141,734	7,229,550,546	5,184,169,805	5,033,463,089
Non-controlling interests of the subsidiaries		268,145,948	251,624,574	-	-
Total shareholders' equity		7,741,287,682	7,481,175,120	5,184,169,805	5,033,463,089
Total liabilities and shareholders' equity		22,346,054,153	21,292,826,013	12,931,661,286	13,272,128,525

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

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Directors

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**AAPICO Hitech Public Company Limited and its subsidiaries**
**Income statement**
**For the year ended 31 December 2020**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
			(Restated)		
<b>Revenues</b>					
Revenue from contracts with customers		17,172,494,893	18,389,044,944	1,823,404,333	4,237,469,771
Other income					
Dividend income	12, 14	-	-	352,787,730	1,648,169,459
Gain on changes in interest in investments in associate and joint venture		-	150,671,584	-	154,018,788
Others		625,099,601	569,697,325	207,884,607	194,353,247
Total		625,099,601	720,368,909	560,672,337	1,996,541,494
<b>Total revenues</b>		<b>17,797,594,494</b>	<b>19,109,413,853</b>	<b>2,384,076,670</b>	<b>6,234,011,265</b>
<b>Expenses</b>					
Cost of sales and services		16,054,462,118	16,701,806,643	1,695,247,807	3,493,192,000
Selling and distribution expenses		289,217,873	282,462,504	31,180,920	41,180,773
Administrative expenses		1,043,487,087	808,313,248	213,469,326	317,639,605
Loss on exchange rate		13,289,385	189,328,598	14,898,650	172,273,709
Expected credit losses (reversal)	8, 9	(15,144,503)	-	110,222,200	-
Doubtful debts		-	507,760,914	-	290,578,211
Loss on impairment of investments	14	-	11,375,000	19,999,400	2,099,194,298
Loss on change in status of investment		-	563,903,582	-	-
<b>Total expenses</b>		<b>17,385,311,960</b>	<b>19,064,950,489</b>	<b>2,085,018,303</b>	<b>6,414,058,596</b>
<b>Profit (loss) from operating activities</b>		<b>412,282,534</b>	<b>44,463,364</b>	<b>299,058,367</b>	<b>(180,047,331)</b>
Share of profit from investments in associates	12	122,149,083	124,491,293	-	-
Share of loss from investments in joint ventures	13	(20,786,027)	(9,102,786)	-	-
Finance income		34,506,935	194,635,220	204,458,568	186,866,962
Finance cost	33	(372,917,382)	(295,747,972)	(260,500,104)	(263,759,318)
<b>Profit (loss) before tax income (expenses)</b>		<b>175,235,143</b>	<b>58,739,119</b>	<b>243,016,831</b>	<b>(256,939,687)</b>
Tax income (expenses)	22	(12,153,087)	(224,785,479)	29,377,096	(138,930,721)
<b>Profit (loss) for the year</b>		<b>163,082,056</b>	<b>(166,046,360)</b>	<b>272,393,927</b>	<b>(395,870,408)</b>
<b>Profit (loss) attributable to:</b>					
Equity holders of the Company		147,764,296	(179,512,039)	272,393,927	(395,870,408)
Non-controlling interests of the subsidiaries		15,317,760	13,465,679		
		<b>163,082,056</b>	<b>(166,046,360)</b>		
<b>Basic earnings (loss) per share</b>	36				
Profit (loss) attributable to equity holders of the Company		0.46	(0.56)	0.84	(1.24)

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

**AAPICO Hitech Public Company Limited and its subsidiaries**
**Statement of comprehensive income**
**For the year ended 31 December 2020**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2020	2019	2020	2019
<b>Profit (loss) for the year</b>	163,082,056	(166,046,360)	272,393,927	(395,870,408)
<b>Other comprehensive income</b>				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>				
Translation adjustments	293,127,006	(181,691,101)	-	-
Share of other comprehensive income from associates and joint ventures	(121,232,342)	146,731,642	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>				
Actuarial losses - net of income tax	-	(52,934,986)	-	(5,677,458)
<b>Other comprehensive income for the year</b>	171,894,664	(87,894,445)	-	(5,677,458)
<b>Total comprehensive income for the year</b>	334,976,720	(253,940,805)	272,393,927	(401,547,866)
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	318,455,346	(264,698,626)	272,393,927	(401,547,866)
Non-controlling interests of the subsidiaries	16,521,374	10,757,821		
	334,976,720	(253,940,805)		

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

**AAPICO Hitech Public Company Limited and its subsidiaries**
**Cash flow statement**
**For the year ended 31 December 2020**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
		(Restated)		
<b>Cash flows from operating activities</b>				
Profit (loss) before tax	175,235,143	58,739,119	243,016,831	(256,939,687)
Adjustments to reconcile profit (loss) before tax to				
net cash provided by (paid from) operating activities				
Depreciation and amortisation	997,861,562	696,734,190	132,478,183	110,675,819
Unrealised loss (gain) on exchange rate from loan receivables/payables	(46,373,147)	96,637,289	11,811,806	155,048,010
Loss (gain) on sales/write-off of equipment, right-of use assets	(8,106,669)	(4,880,751)	(7,928,226)	360,793
Share of profit from investments in associates and joint ventures	(101,363,056)	(115,388,507)	-	-
Loss on write-off of other assets	3,556,027	14,318,890	-	11,733,049
Gain on changes in interest in investments in associate and joint venture	-	(150,671,584)	-	(154,018,788)
Loss on liquidation of a subsidiary	-	109,786	-	152,090
Loss on change in status of investment	-	563,903,582	-	-
Loss on impairment of investment	-	11,375,000	19,999,400	2,099,194,298
Allowance for expected credit losses (reversal)	(15,144,503)	-	110,222,199	-
Allowance for doubtful accounts	-	507,760,914	-	290,578,211
Reversal of reduction of inventory to net realisable value	(9,040,400)	(3,240,014)	(63,442)	(1,011,592)
Dividend income from subsidiaries and associates	-	-	(352,787,730)	(1,648,169,459)
Provision for product warranty	2,032,136	5,896,583	-	-
Provision for long-term employee benefits	27,536,888	67,169,207	4,490,925	11,347,857
Finance income	(34,506,935)	(194,635,220)	(204,458,568)	(186,866,962)
Finance cost	372,917,382	288,139,932	260,500,104	260,330,236
Profit from operating activities before changes in				
operating assets and liabilities	1,364,604,428	1,841,968,416	217,281,482	692,413,875
Operating assets (increase) decrease				
Current investments	16,677,255	22,756,141	(11,000,082)	18,002,465
Trade and other receivables	(907,827,199)	681,125,210	320,648,203	(115,477,653)
Inventories	248,911,194	(458,486,179)	(10,758,867)	(28,641,642)
Other current assets	(53,067,582)	339,057,936	(22,868,953)	321,642,906
Other non-current assets	7,099,382	40,875,478	(3,650,435)	(2,444,452)
Operating liabilities increase (decrease)				
Trade and other payables	(329,908,526)	94,050,982	(251,695,147)	104,407,597
Other current liabilities	113,414,904	(725,191,233)	(55,947,261)	(496,494,955)
Other non-current liabilities	20,120,603	(184,617,383)	-	-
Cash flows from operating activities	480,024,459	1,651,539,368	182,008,940	493,408,141
Cash paid for long-term employee benefits	(19,556,432)	(7,918,538)	(840,598)	(917,170)
Cash paid for product warranty	(4,270,674)	(7,630,945)	-	-
Recovery of bad debts	100,000	8,868,660	100,000	410,000
Cash paid for income tax	(148,176,674)	(137,580,043)	(79,946,821)	(61,494,177)
Cash received from income tax	8,074,590	-	-	-
<b>Net cash flows from operating activities</b>	<b>316,195,269</b>	<b>1,507,278,502</b>	<b>101,321,521</b>	<b>431,406,794</b>

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

**AAPICO Hitech Public Company Limited and its subsidiaries**
**Cash flow statement (continued)**
**For the year ended 31 December 2020**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2020	2019	2020	2019
		(Restated)		
<b>Cash flows from investing activities</b>				
Increase (decrease) in loans to related parties	(128,723,447)	(929,781,158)	136,574,504	(1,214,224,090)
Acquisitions of investments in subsidiaries, associates and joint ventures	(50,000,000)	(1,172,316,343)	(71,000,000)	(1,231,691,026)
Cash received from liquidation of subsidiary	-	-	-	9,847,910
Cash received from disposals of investments in associate and joint venture	-	458,613,673	-	458,613,672
Dividend received from subsidiaries and associates	295,217,791	799,138,072	352,787,730	1,648,169,459
Proceeds from disposals of equipment	83,971,855	39,754,132	24,999,690	4,054,579
Acquisitions of plant, equipment, other intangible assets and assets recognised from the costs to fulfill a contract with a customer	(637,564,788)	(1,002,744,276)	(82,147,550)	(212,917,488)
Cash received from interest income	28,991,232	192,785,410	22,589,324	9,636,769
<b>Net cash flows from (used in) investing activities</b>	<b>(408,107,357)</b>	<b>(1,614,550,490)</b>	<b>383,803,698</b>	<b>(528,510,215)</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in short-term loans from banks	117,935,342	484,436,920	(567,500,000)	407,899,900
Increase (decrease) in loans from related parties	-	10,183,016	(121,359,983)	113,407,533
Cash received from long-term loans	1,723,841,891	580,922,099	1,500,000,000	550,000,000
Repayment of long-term loans	(786,819,250)	(1,591,415,606)	(696,385,000)	(1,534,370,000)
Repayment of lease liabilities	(102,409,517)	(28,469,412)	(8,613,881)	(1,648,714)
Cash received from debenture issuances	-	1,300,000,000	-	1,300,000,000
Repayment of debentures	(300,000,000)	(300,000,000)	(300,000,000)	(300,000,000)
Cash paid for dividend	-	(303,932,442)	-	(303,932,442)
Cash received from sales of treasury shares	-	108,330,188	-	108,330,188
Cash paid for interest expenses	(371,803,674)	(284,457,446)	(261,312,748)	(258,062,692)
Dividend paid to non-controlling interests of a subsidiaries	-	(15,912,816)	-	-
<b>Net cash flows from (used in) financing activities</b>	<b>280,744,792</b>	<b>(40,315,499)</b>	<b>(455,171,612)</b>	<b>81,623,773</b>
Increase (decrease) in translation adjustments	(74,859,479)	147,951,337	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>113,973,225</b>	<b>363,850</b>	<b>29,953,607</b>	<b>(15,479,648)</b>
Cash and cash equivalents at beginning of year	537,807,345	537,443,495	38,934,663	54,414,311
<b>Cash and cash equivalents at end of year</b>	<b>651,780,570</b>	<b>537,807,345</b>	<b>68,888,270</b>	<b>38,934,663</b>
	-	-	-	-

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



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

**Cash flow statement (continued)**

**For the year ended 31 December 2020**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
		(Restated)		
<b>Supplemental cash flows information</b>				
Non-cash items consist of				
Increase (decrease) in accounts payable for purchases				
and construction of assets	51,033,934	(2,772,603)	-	-
Purchases of equipment under finance lease agreements	-	63,278,500	-	-
Increase in deposits for purchases of assets	(301,000)	(27,632,043)	-	-
Transfer inventories to equipment	(73,120,910)	(214,033,053)	-	-
Transfer intangible assets to assets recognised				
form the costs to fulfill contracts with customers	-	50,504,074	-	-
Increase in share subscription payable	-	(31,139,611)	-	(31,139,611)
Increase in receivable from sale of investment	-	(656,401,570)	-	(656,401,570)
Transfer long-term loan to investment in subsidiaries	-	(59,736,902)	-	(59,736,902)
Transfer equipment and leasehold rights and other current assets				
to right-of-use assets	233,019,176	-	-	-
Increase in right-of-use assets	76,875,470	-	-	-

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

AAPICO Hitech Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2020

(Unit: Baht)

Consolidated financial statements														
Equity attributable to owners of the Company														
Other components of equity - other														
comprehensive income														
Share of other														
comprehensive														
income from														
associates and														
Total equity														
attributable to														
owners of														
interests of														
Total														
shareholders'														
equity														
Retained earnings														
Appropriated														
Statutory reserve														
Treasury														
share reserve														
Unappropriated														
Translation														
adjustments														
joint ventures														
Total														
the Company														
the subsidiaries														
equity														
Issued and paid-up	Premium on		Premium on											
share capital	ordinary shares	Treasury shares	treasury share	The Company	Subsidiaries	share reserve	Unappropriated	adjustments				the Company	the subsidiaries	equity
Balance as at 1 January 2019	322,583,844	2,164,354,332	(75,396,629)	646,409	59,541,000	153,093,631	75,396,629	5,155,619,269	48,882,308	(214,869,367)	(165,987,059)	7,689,851,426	256,779,569	7,946,630,995
Profit (loss) for the year - as restated (Note 19)	-	-	-	-	-	-	-	(179,512,039)	-	-	-	(179,512,039)	13,465,679	(166,046,360)
Other comprehensive income for the year	-	-	-	-	-	-	-	(52,934,986)	(178,983,243)	146,731,642	(32,251,601)	(85,186,587)	(2,707,858)	(87,894,445)
Total comprehensive income for the year	-	-	-	-	-	-	-	(232,447,025)	(178,983,243)	146,731,642	(32,251,601)	(264,698,626)	10,757,821	(253,940,805)
Sales of treasury shares (Note 30)	-	-	75,396,629	32,933,559	-	-	(75,396,629)	75,396,629	-	-	-	108,330,188	-	108,330,188
Dividend paid (Note 31)	-	-	-	-	-	-	-	(303,932,442)	-	-	-	(303,932,442)	(15,912,816)	(319,845,258)
Balance as at 31 December 2019	322,583,844	2,164,354,332	-	33,579,968	59,541,000	153,093,631	-	4,694,636,431	(130,100,935)	(68,137,725)	(198,238,660)	7,229,550,546	251,624,574	7,481,175,120
Balance as at 31 December 2019	322,583,844	2,164,354,332	-	33,579,968	59,541,000	153,093,631	-	4,693,040,777	(130,100,935)	(68,137,725)	(198,238,660)	7,227,954,892	251,624,574	7,479,579,466
Adjustment of the fair value														
of the identifiable assets														
acquired and liabilities assumed														
as a result of the acquisition														
of a subsidiary (Note 19)	-	-	-	-	-	-	-	1,595,654	-	-	-	1,595,654	-	1,595,654
Balance as at 31 december 2019														
- as restated	322,583,844	2,164,354,332	-	33,579,968	59,541,000	153,093,631	-	4,694,636,431	(130,100,935)	(68,137,725)	(198,238,660)	7,229,550,546	251,624,574	7,481,175,120
Cumulative effect of change in accounting														
policy (Note 4)	-	-	-	-	-	-	-	(74,864,158)	-	-	-	(74,864,158)	-	(74,864,158)
Balance as at 1 January 2020 - as restated	322,583,844	2,164,354,332	-	33,579,968	59,541,000	153,093,631	-	4,619,772,273	(130,100,935)	(68,137,725)	(198,238,660)	7,154,686,388	251,624,574	7,406,310,962
Profit (loss) for the year	-	-	-	-	-	-	-	147,764,296	-	-	-	147,764,296	15,317,760	163,082,056
Other comprehensive income for the year	-	-	-	-	-	-	-	-	291,923,392	(121,232,342)	170,691,050	170,691,050	1,203,614	171,894,664
Total comprehensive income for the year	-	-	-	-	-	-	-	147,764,296	291,923,392	(121,232,342)	170,691,050	318,455,346	16,521,374	334,976,720
Transfer to statutory reserve	-	-	-	-	-	6,500,000	-	(6,500,000)	-	-	-	-	-	-
Balance as at 31 December 2020	322,583,844	2,164,354,332	-	33,579,968	59,541,000	159,593,631	-	4,761,036,569	161,822,457	(189,370,067)	(27,547,610)	7,473,141,734	268,145,948	7,741,287,682
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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

**AAPICO Hitech Public Company Limited and its subsidiaries**
**Statement of changes in shareholders' equity**
**For the year ended 31 December 2020**

(Unit: Baht)

**Separate financial statements**

	Retained earnings							Total shareholders' equity
	Issued and paid-up share capital	Premium on ordinary shares	Treasury shares	Premium on treasury shares	Appropriated		Unappropriated	
					Statutory reserve	Treasury share reserve		
Balance as at 1 January 2019	322,583,844	2,164,354,332	(75,396,629)	646,409	59,541,000	75,396,629	3,083,487,624	5,630,613,209
Loss for the year	-	-	-	-	-	-	(395,870,408)	(395,870,408)
Other comprehensive income for the year	-	-	-	-	-	-	(5,677,458)	(5,677,458)
Total comprehensive income for the year	-	-	-	-	-	-	(401,547,866)	(401,547,866)
Sales of treasury shares (Note 30)	-	-	75,396,629	32,933,559	-	(75,396,629)	75,396,629	108,330,188
Dividend paid (Note 31)	-	-	-	-	-	-	(303,932,442)	(303,932,442)
Balance as at 31 December 2019	322,583,844	2,164,354,332	-	33,579,968	59,541,000	-	2,453,403,945	5,033,463,089
Balance as at 31 December 2019	322,583,844	2,164,354,332	-	33,579,968	59,541,000	-	2,453,403,945	5,033,463,089
Cumulative effect of change in accounting policy (Note 4)	-	-	-	-	-	-	(121,687,211)	(121,687,211)
Balance as at 1 January 2020 - as restated	322,583,844	2,164,354,332	-	33,579,968	59,541,000	-	2,331,716,734	4,911,775,878
Profit for the year	-	-	-	-	-	-	272,393,927	272,393,927
Other comprehensive income for the year	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	272,393,927	272,393,927
Balance as at 31 December 2020	322,583,844	2,164,354,332	-	33,579,968	59,541,000	-	2,604,110,661	5,184,169,805
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

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

**AAPICO Hitech Public Company Limited and its subsidiaries****Notes to consolidated financial statements****For the year ended 31 December 2020****1. General information****1.1 General information of the Company**

AAPICO Hitech Public Company Limited 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.

**1.2 Coronavirus disease 2019 Pandemic**

A second wave of the Coronavirus disease 2019 pandemic has slowed down the economic recovery, adversely impacting most businesses and industries. The Group's management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

**1.3 Changes in estimated useful lives of assets**

In April 2020, an overseas subsidiary changed the estimated useful lives of certain assets, while continuing to apply the straight-line basis to depreciate and amortise the assets. The changes were effective from 1 April 2020.

	Former useful lives	New useful lives
Building	7 - 30 years	14 - 40 years
Machine	3 - 20 years	6 - 40 years
Assets recognised from costs to fulfill a contract with a customer	3 years	6 years

The subsidiary used the prospective method, and the effects of the changes on the financial statements for the year ended 31 December 2020 are presented below.

(Unit: Million Baht)

	Consolidated financial statements		
	Net book value	Net book value	
	under former	under new	
	useful lives	useful lives	Difference
<b>Statement of financial position</b>			
<b>as at 31 December 2020</b>			
Property, plant and equipment	2,978	2,978	-
Less: Accumulated depreciation	1,316	1,224	92
Net book value	1,662	1,754	(92)

(Unit: Million Baht)

	Consolidated financial statements		
	Net book value	Net book value	Difference
	under former useful lives	under new useful lives	
Assets recognised from the costs to fulfill			
a contract with a customer	666	666	-
Less: Accumulated amortisation	527	413	114
Net book value	139	253	(114)

**Income statement for the year ended**

**31 December 2020**

Depreciation	242	150	92
Amortisation	241	127	114

Depreciation and amortisation based on the new estimated useful lives amounted to Baht 119 million and Baht 89 million per year, respectively.

**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 11 October 2016, issued under the Accounting Act B.E. 2543.

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

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

## 2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of AAPICO Hitech Public Company Limited (hereinafter called as “the Company”) and the following subsidiaries (hereinafter called as “the Group”).

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2020	2019
			(%)	(%)
Held by the Company				
AAPICO Amata Company Limited	Manufacture of autoparts	Thailand	100	100
New Era Sales Company Limited	Sales of automobiles and the provision of automobile repair services	Thailand	100	100
Able Motors Company Limited	Sales of automobiles and the provision of automobile repair services	Thailand	100	100
AAPICO Hitech Parts Company Limited	Manufacture of autoparts	Thailand	100	100
AAPICO Hitech Tooling Company Limited	Design and manufacture of car stamping dies and assemble jigs	Thailand	100	100
AAPICO Forging Plc.	Manufacture of autoparts	Thailand	100	100
AAPICO Structural Products Company Limited	Manufacture of autoparts	Thailand	100	100
AAPICO Technology Company Limited	Not yet operated	Thailand	100	100
AAPICO Training Center Company Limited	Provide training services	Thailand	100	100
AAPICO Venture Company Limited	Venture capital	Thailand	100	100
Able Motors Pakkret Company Limited	Sales of automobiles and the provision of automobile repair services	Thailand	100	100
Able Motors Pathumthani Company Limited	Sales of automobiles and the provision of automobile repair services	Thailand	100	100
Foton Passenger Vehicles Distribution (Thailand) Company Limited	Import and exports of vehicles and parts	Thailand	97	97
AERP Company Limited	IT consulting and advisory	Thailand	94	94
Katsuya (Thailand) Company Limited	Under the process of liquidation	Thailand	76	76
AAPICO Lemtech (Thailand) Company Limited	Manufacture of autoparts	Thailand	60	60
AAPICO ITS Company Limited	Manufacture of car navigation systems and its derivatives	Thailand	60	60
AAPICO Mitsuike (Thailand) Company Limited	Design and distribution of autoparts and dies	Thailand	51	51
AAPICO Hyojin Autotech Company Limited	Design and manufacturing of automotive assembly jigs	Thailand	70	-

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2020 (%)	2019 (%)
New Era Sales (M) Sdn. Bhd.	Sales of automobiles and the provision of automobile repair services	Malaysia	49	49
Tenaga Setia Resources Sdn. Bhd.	Sales of automobiles and the provision of automobile repair services	Malaysia	49	49
AAPICO Motors Sdn. Bhd.	Sales of automobiles and the provision of automobile repair services	Malaysia	49	49
Kunshan Chaitai-Xincheng Precision Forging Company Limited	Manufacture and sales of autoparts	China	100	100
AAPICO Investment Pte. Ltd.	Investment in other companies	Singapore	100	100
AAPICO Maia, S.A.	Manufacture of autoparts	Portugal	100	100
Sakthi Global Auto Holding Limited	Investment in other companies	United Kingdom	100	100
<b>Held by the Company's subsidiaries</b>				
AAPICO Plastics Plc. (100% held by AAPICO Forging Plc.)	Manufacture and contract manufacture of plastic parts	Thailand	100	100
AAPICO Precision Company Limited (100% held by AAPICO Forging Plc.)	Manufacture of autoparts	Thailand	100	100
Katsuya (Thailand) Company Limited (24% held by AAPICO Plastics Plc.)	Under the process of liquidation	Thailand	24	24
AAPICO Engineering Sdn. Bhd. (49% held by Tenaga Setia Resources Sdn. Bhd. and 51% held by New Era Sales (M) Sdn. Bhd.)	Holding company	Malaysia	49	49
AAPICO ITS Sdn. Bhd. (49% held by AAPICO ITS Company Limited)	Manufacture of software for car navigation systems and distribution of its derivatives	Malaysia	29	29
AAPICO Agueda, S.A. (100% held by AAPICO Maia, S.A.)	Manufacture of autoparts	Portugal	100	100
Sakthi Portugal GmbH (100% held by AAPICO Maia, S.A.)	Technical support services	Germany	100	100
AAPICO Motors (Kuantan) Sdn. Bhd. (100% held by AAPICO Motors Sdn. Bhd.)	Sales of automobiles and the provision of automobile repair services	Malaysia	49	-
AAPICO Motors (Temerloh) Sdn. Bhd. (100% held by AAPICO Motors Sdn. Bhd.)	Sales of automobiles and the provision of automobile repair services	Malaysia	49	-

- 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 income statement and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements present investments in associates, joint ventures and subsidiaries under the cost method.

### 3. New financial reporting standards and accounting guidance

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

During the year, the Group has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The new standards involve changes to key principles, which are summarised below.

#### Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments consists of 5 accounting standards and interpretations, as follows.

##### Financial Reporting Standards

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

##### Accounting Standard

TAS 32	Financial Instruments: Presentation
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##### Financial Reporting Standard Interpretations

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments



These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Group's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments.

The impact of the adoption on the Group's financial information is as follows.

- Recognition of credit losses - The Group is to recognise an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the simplified approach and general approach to determine whether there is impairment of trade receivables and contract assets, and loan receivables, respectively.
- Recognition of derivatives - The Group is to initially recognise derivatives at their fair value on the contract date and subsequently measure them at fair value at the end of each reporting period. Changes in the fair value of derivatives are recognised through profit or loss.

The Group adopted these financial reporting standards which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020 and comparative information was not restated.

The cumulative effect of the change in accounting policy is described in Note 4 to financial statements.

#### **TFRS 16 Leases**

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases.

The Group adopted this financial reporting standard using the modified retrospective method of initial adoption of which the cumulative effect is recognised as an adjustment to the Group's assets and liabilities as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change in accounting policy is described in Note 4 to financial statements.

#### **b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2021**

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Group is currently evaluating the impact of these standards on the financial statements in the year when they are adopted.

**c) Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of Coronavirus Disease 2019 (COVID-19) Pandemic**

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic. Its objectives are to alleviate some of the impacts of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

During the period from the first quarter to the third quarter of 2020, the Group elected to apply the temporary relief measures on accounting alternatives relating to measurement of expected credit losses using a simplified approach, fair value measurement of debt instruments, impairment of assets and reversal of deferred tax assets.

In the fourth quarter of 2020, the Group has assessed some of the financial impacts of the uncertainties of the COVID-19 Pandemic for transactions mentioned above. As a result, in preparing the financial statements for the year ended 31 December 2020, the Group has decided to discontinue application of the temporary relief measures on accounting alternatives. This has no significant impact on the Group's financial statements.

**4. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards**

As described in Note 3 to the financial statements, during the current year, the Group has adopted financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards is recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.

The impact of change in accounting policies on the statement of financial position at the beginning 2020 due to the adoption of these standards are presented as follows.

(Unit: Thousand Baht)

## Consolidated financial statements

		The impacts of		
	31 December	Financial reporting standards related to financial instruments	TFRS 16	1 January
	2019			2020
Statement of financial position				
Assets				
Current assets				
Current investments	54,474	(54,474)	-	-
Trade and other receivables	1,968,152	(80,696)	-	1,887,456
Derivative assets	-	2,101	-	2,101
Other current financial assets	-	54,474	-	54,474
Other current assets	386,495	-	(2,268)	384,227
Non-current assets				
Investments in associates	3,876,118	(12,794)	-	3,863,324
Property, plant and equipment	8,028,141	-	(120,851)	7,907,290
Leasehold rights	109,900	-	(109,900)	-
Right-of-use assets	-	-	468,976	468,976
Deferred tax assets	224,397	16,525	-	240,922
Liabilities and shareholders' equity				
Current liabilities				
Current portion of lease liabilities	31,020	-	55,098	86,118
Non-current liabilities				
Lease liabilities	77,352	-	180,859	258,211
Shareholders' equity				
Retained earnings - unappropriated	4,694,636	(74,864)	-	4,619,772

(Unit: Thousand Baht)

	Separate financial statements			
		The impacts of		
	31 December	Financial reporting standards related to financial instruments	TFRS 16	1 January
	2019			2020
<b>Statement of financial position</b>				
<b>Assets</b>				
<b>Current assets</b>				
Trade and other receivables	1,570,501	(4,210)	-	1,566,291
Short-term loans to related parties	363,600	(24,000)	-	339,600
Derivative assets	-	2,101	-	2,101
<b>Non-current assets</b>				
Long-term loans to related parties	4,654,876	(126,000)	-	4,528,876
Property, plant and equipment	1,078,874	-	(2,132)	1,076,742
Right-of-use assets	-	-	30,590	30,590
Deferred tax assets	18,668	30,422	-	49,090
<b>Liabilities and shareholders' equity</b>				
<b>Current liabilities</b>				
Current portion of lease liabilities	612	-	7,031	7,643
<b>Non-current liabilities</b>				
Lease liabilities	151	-	21,427	21,578
<b>Shareholders' equity</b>				
Retained earnings - unappropriated	2,453,404	(121,687)	-	2,331,717

#### 4.1 Financial instruments

- a) Details of the impact on retained earnings as at 1 January 2020 due to the initial adoption of financial reporting standards related to financial instruments are presented as follows.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
	Increase (decrease)	Increase (decrease)
Recognition of an allowance for expected credit losses on financial assets - net of income tax	(63,751)	(123,368)
Recognition of derivatives at fair value through profit or loss - net of income tax	(11,112)	1,681
Impacts on retained earnings due to the adoption of financial reporting standards related to financial instruments	(74,863)	(121,687)

- b) As at 1 January 2020, classifications and measurement of financial assets required by TFRS 9, in comparison with classification and the carrying amounts under the former basis, are as follows.

(Unit: Thousand Baht)

	Consolidated financial statements			
	Classification and measurement			
	in accordance with TFRS 9			
	Carrying amounts under the former basis	Fair value through profit or loss	Amortised cost	Total
<b>Financial assets</b>				
Cash and cash equivalents	537,807	-	537,807	537,807
Current investments	54,474	54,474	-	54,474
Trade and other receivables	1,968,152	-	1,968,152	1,968,152
Loans to related parties	489,567	-	489,567	489,567
Derivative assets	-	2,101	-	2,101
Other long-term investments	-	-	-	-
<b>Total</b>	<b>3,050,000</b>	<b>56,575</b>	<b>2,995,526</b>	<b>3,052,101</b>

(Unit: Thousand Baht)

	Separate financial statements			
	Classification and measurement			
	in accordance with TFRS 9			
	Carrying amounts under the former basis	Fair value through profit or loss	Amortised cost	Total
<b>Financial assets</b>				
Cash and cash equivalents	38,935	-	38,935	38,935
Trade and other receivables	1,570,501	-	1,570,501	1,570,501
Loans to related parties	5,018,476	-	5,018,476	5,018,476
Derivative assets	-	2,101	-	2,101
<b>Total</b>	<b>6,627,912</b>	<b>2,101</b>	<b>6,627,912</b>	<b>6,630,013</b>

As at 1 January 2020, the Group has not designated any financial liabilities at fair value through profit or loss.

#### 4.2 Leases

Upon initial adoption of TFRS 16 the Group recognised lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at 1 January 2020. For leases previously classified as finance leases, the Group recognised the carrying amount of the right-of-use assets and lease liabilities based on the carrying amounts of the lease assets and lease liabilities immediately before the date of initial adoption of TFRS 16.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Operating lease commitments as at 31 December 2019	227,358	16,584
Add: Option to extend lease term	51,280	22,038
Less: Short-term leases and leases of low-value assets	(3,366)	(91)
Contracts reassessed as service agreements	(15,825)	(7,762)
Deferred interest expense	(20,498)	(2,311)
Others	(2,992)	-
Increase in lease liabilities due to TFRS 16 adoption	235,957	28,458
Liabilities under finance lease agreements		
as at 31 December 2019	108,372	763
Lease liabilities as at 1 January 2020	344,329	29,221
Weighted average incremental borrowing rate		
(% per annum)	1.64	2.83

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Comprise of		
Current lease liabilities	86,118	7,643
Non-current lease liabilities	258,211	21,578
	344,329	29,221

The adjustments of right-of-use assets due to TFRS 16 adoption as at 1 January 2020 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Land	112,804	-
Building and building improvement	176,782	28,458
Machinery and equipment	163,030	1,040
Furniture, fixtures and office equipment	16,360	1,092
Total right-of-use assets	468,976	30,590

## **5. Significant accounting policies**

### **5.1 Revenue and expense recognition**

#### **Sales of goods**

Revenue from sales of goods is recognised at the point in time when control of the asset is transferred to the customers, generally upon delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns and discounts to customers.

The obligation to transfer goods to a customer for which the Group has received consideration or an amount of consideration is due from the customer is presented under the caption of "Advance received from customers" in the statement of financial position. Contract liabilities are recognised as revenue when the Group performs under the contract.

#### **Service income**

Service income are recognised at a point in the upon completion of the service.

#### **Interest income**

##### Accounting policies adopted since 1 January 2020

Interest income is calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

##### Accounting policies adopted before 1 January 2020

Interest income is recognised on an accrual basis based on the effective interest method.

#### **Dividends**

Dividends are recognised when the right to receive the dividends is established.

#### **Finance cost**

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

#### **Other income and expenses**

Other income and expenses are recognised on an accrual basis.

### **5.2 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.

### 5.3 Inventories

Finished goods and work in process are valued at the lower of average cost and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and includes all production costs and attributable factory overheads.

Merchandise inventories are valued at the 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 supplies are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

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

### 5.4 Investments in associates, joint ventures and subsidiaries

Investments in associates and joint ventures are accounted for in the consolidated financial statements using the equity method.

Investments in associates, joint ventures and subsidiaries are accounted for in the separate financial statements using the cost method.

### 5.5 Property, plant and equipment and 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 unit 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 - 40	years
Apartment	20	years
Machinery and factory equipment	3 - 40	years
Motor vehicles and office equipment	5 - 10	years

Depreciation is included in determining income.

No depreciation is provided on land and assets under construction 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.

### 5.6 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.



## 5.7 Goodwill

Goodwill is initially recorded at cost, which is equal to the excess of the cost of a business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of the business combination, the excess is immediately recognised as a gain in the income statement.

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). Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the income statement. Impairment losses relating to goodwill cannot be reversed in future periods.

## 5.8 Intangible assets and costs to fulfill contracts with customers and amortisation

Intangible assets acquired through business combination such as development cost for production enhancement, are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases and costs to fulfill contracts with customers are recognised at cost. Following the initial recognition, the intangible assets and costs to fulfill contracts with customers are carried at cost less accumulated amortisation and accumulated impairment losses (if any).

Intangible assets with finite useful lives and costs to fulfill contracts with customers are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that they may be impaired. The amortisation period and the amortisation method of such intangible assets and costs to fulfill contracts with customers are reviewed at least at each financial year end. The amortisation expense is charged to the income statement on the following basis.

Computer software	Straight-line basis over useful lives of 3, 5 and 10 years
Product development cost	Based on number of units sold and straight-line basis over useful lives of 3 years
Costs to fulfill contracts with customers	Based on number of units sold and straight-line basis over useful lives of 3 and 6 years

No amortisation is provided on works under development.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually either individually or at the cash-generating unit level. The assessment of indefinite useful lives of the intangible assets is reviewed annually.

## 5.9 Leases

### The Group as a lessee

At inception of contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### Accounting policies adopted since 1 January 2020

The Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Group recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

##### *Right-of-use assets*

Right-of-use assets are measured at cost, less accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

Depreciation of right-of-use assets are calculated by reference to their costs, on the straight-line basis over the shorter of their estimated useful lives and the lease term.

Land	2 - 4	years
Buildings and building improvement	3 - 50	years
Machinery and equipment	2 - 12	years
Furniture, fixtures and office equipment	2 - 5	years

Depreciation is included in determining income.

##### *Lease liabilities*

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Group discounted the present value of the lease payments by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

##### *Short-term leases and leases of low-value assets*

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

#### Accounting policies adopted before 1 January 2020

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 term. The assets acquired under finance leases are depreciated over the useful life of the assets.

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 the income statement on the straight line basis over the lease term.

#### **5.10 Impairment of non-financial assets**

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment, right-of-use asset or 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 and intangible assets with indefinite useful lives. 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 the income statement.

#### **5.11 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 its 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 treats these severance payment obligations as a defined benefit plan. In addition, the Group provides other long-term employee benefit plan, namely long service awards.

The obligations under the defined benefit plan and other long-term employee benefits plan are 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 the income statement.

Past service costs are recognised in the income statement on the earlier of the date of the plan amendment or curtailment and the date that the Group recognises restructuring-related costs

#### **5.12 Grants from the government**

Government grants, which are measured at fair value are recognised when there is reasonable assurance that the Group will comply with the conditions attached to them and that they will be received.

Non-repayable grants received to finance investment in property, plant and equipment are recorded as deferred income in other non-current liabilities and are reflected in the income statement on the straight-line basis over its estimated useful life.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

The economic benefit obtained with government loans at interest rate below that of the market is treated as a government subsidy. Government loans are recognised and measured at fair value. The economic benefit derived from the contracted interest rate below market rate is measured by the difference between the initial book value of the loan and the amount received.

#### **5.13 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.

#### **5.14 Financial instruments**

##### Accounting policies adopted since 1 January 2020

The Group initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component, are measured at the transaction price.

##### **Classification and measurement of financial assets**

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). The classification of financial assets at initial recognition is driven by the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

##### *Financial assets at amortised cost*

The Group measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in the income statement when the asset is derecognised, modified or impaired.

#### *Financial assets at FVTPL*

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in income statement.

These financial assets include derivatives, security investments held for trading, equity investments which the Group has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

#### *Financial assets designated at FVOCI*

Upon initial recognition, the Group can elect to irrevocably classify its equity investments which are not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses recognised in other comprehensive income on these financial assets are never recycled to the income statement.

Dividends are recognised as other income in the income statement, except when the dividends clearly represent a recovery of the cost of the financial asset, in which case, the gains are recognised in other comprehensive income.

Equity instruments designated at FVOCI are not subject to impairment assessment.

### **Classification and measurement of financial liabilities**

Except for derivative liabilities, at initial recognition the Group's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Group takes into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statement.

### **Derecognition of financial instruments**

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

### **Impairment of financial assets**

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure (a lifetime ECL).

The Group considers a significant increase in credit risk to have occurred when contractual payments are more than 30 days past due and considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to have a significant increase in credit risk and to be in default using other internal or external information, such as credit rating of issuers.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### **Accounting policies adopted before 1 January 2020**

#### **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.

#### **Investments**

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in the income statement.
- b) 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).

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 income statement or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

#### **5.15 Derivatives**

The Group uses derivatives, such as forward currency contracts, to hedge its foreign currency risks.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The subsequent changes are recognised in profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivatives are presented as non-current assets or non-current liabilities if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

#### **5.16 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 rate are included in determining income.

#### **5.17 Treasury shares**

Treasury shares are stated at cost and presented in the statement of financial position 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.

#### **5.18 Fair value measurement**

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

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

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

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

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

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

#### **5.19 Income tax**

Income tax expenses represent 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 it recognises 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.

#### **5.20 Related party transactions**

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies, and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.



## **6. 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 Group determined that the Group has control over Tenaga Setia Resources Sdn. Bhd., New Era Sales (M) Sdn. Bhd., AAPICO Engineering Sdn. Bhd., AAPICO ITS Sdn. Bhd., AAPICO Motors Sdn. Bhd., AAPICO Motors (Kuantan) Sdn. Bhd., and AAPICO Motors (Temerloh) Sdn. Bhd. even though the Group holds shares and voting rights that is less than half of shares and voting rights. This is because the Group has the ability to direct the significant activities of these companies. As a result, those companies are the subsidiaries of the Group and deemed to be included in the consolidated financial statements from the date on which the Group assumed control.

### **Non-consolidation of the company that the Company holds more than half of shares**

The management of the Group determined that the Group has no control over AAPICO Electronics Company Limited, even though the Group holds shares and voting rights that is more than half of shares. This is because the joint venture agreement stipulates the key matters, as defined in the agreement, must be approved by each venture. As a result, the Group determined that it has no control over this company, thus the investment is investment in joint venture, and this company is not to be included in the consolidated financial statements.

The management of the Group determined that the Group has no control over Sakthi Auto Component Limited. Although the Group holds more than half of its shares, the Company does not have the ability to direct the significant activities of this company. The investment is, therefore, investment in associate and this company is not to be included in the consolidated financial statements.

## **Leases**

### ***The Group as a lease***

#### ***Determining the lease term with extension and termination options***

In determining the lease term, the management is required to exercise judgement in assessing whether the Group is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Group to exercise either the extension or termination option.

#### ***Estimating the incremental borrowing rate***

The Group cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

**Reduction of 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 obsolete and slow-moving inventories based upon aging profile of inventories and the prevailing economic condition.

**Classification of long-term loans to related parties**

In classifying the current portion of long-term to related parties, the management is required to use judgement to estimate cashflows that are expected to be received from related parties with one year.

**Allowance for expected credit losses of trade receivables and contract assets**

In determining an allowance for expected credit losses of trade receivables and contract assets, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the forecast economic condition for groupings of various customer segments with similar credit risks. The Group's historical credit loss experience and forecast economic conditions may also not be representative of whether a customer will actually default in the future.

In estimating allowance for expected credit losses of loans to related parties, management uses judgement in preparing discounted future cash flow estimates and assessing the realisable values of collateral.

**Property, plant and equipment and 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.

**Costs to fulfill contracts with customers**

The recognition of the costs incurred to fulfill a performance obligation in the future as an asset requires management to use judgement regarding whether such costs relate directly to an existing contract or an anticipated contract, and whether the Group is able to specifically identify those costs and expects them to be recoverable, as well as what amortisation method should be used.

**Goodwill and intangible assets**

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

### 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.

### Allowance for impairment of non-financial assets

In determining allowance for impairment of a non-financial asset, the management is required to exercise judgements regarding determination of the recoverable amount of the asset, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next 5 years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the cash-generating unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to property, plant and equipment, goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount for the different cash-generating units are disclosed and further explained in Note 18 to financial statements.

### Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligations under the defined benefit plan and other long-term employee benefit plan are 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.

## 7. Cash and cash equivalents

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Cash	14,629	1,061	138	115
Bank deposits	637,152	536,746	68,750	38,820
Total	651,781	537,807	68,888	38,935

As at 31 December 2020, bank deposits in savings accounts and fixed deposits of the Group carried interest at the rates between 0.01% and 2.00% per annum (2019: between 0.00% and 3.00% per annum), the Company only: between 0.05% and 0.5% per annum (2019: between 0.05% and 0.375% per annum).

## 8. Related party transactions

- 8.1 During the years, significant business transactions with related parties, 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.

Transactions	Pricing policies
Sales of goods and services	Close to selling price to third party
Dividend income	As declared
Interest income	3.71% - 5.00% p.a. (2019: 3.59% - 5.00% p.a.)
Rental income	Contract price
Management fee income	Contract price
Other income	Approximate cost
Purchases of goods and services	Cost plus margin, averaging around 3% and 35% depend on product type
Other expenses	Contract price
Interest expense	3.71% - 3.77% p.a. (2019: 0.05% and 3.59% - 3.78% p.a.)

(Unit: Thousand Baht)

	Consolidate financial statements		Separate financial statements	
	2020	2019	2020	2019
<b>Sales of goods and services</b>				
Subsidiaries	-	-	247,106	218,686
Associates	164,643	231,015	1,729	550
Total	164,643	231,015	248,835	219,236
<b>Dividend income</b>				
Subsidiaries	-	-	57,570	849,031
Associates	295,218	799,138	295,218	799,138
Total	295,218	799,138	352,788	1,648,169
<b>Interest income</b>				
Subsidiaries	-	-	175,796	185,629
Associates	515	547	515	547
Related company (common director)	31,487	-	30,701	-
Total	32,002	547	207,012	186,176
<b>Rental income</b>				
Subsidiaries	-	-	1,776	1,776
Associates	11,122	14,582	1,332	555
Total	11,122	14,582	3,108	2,331

	(Unit: Thousand Baht)			
	Consolidate		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
<b>Management fee income</b>				
Subsidiaries	-	-	70,155	76,498
Associates	12,335	13,780	12,335	13,780
Total	12,335	13,780	82,490	90,278
<b>Other income</b>				
Subsidiaries	-	-	14,869	17,805
Associates	3,254	8,023	-	3,799
Joint ventures	3,928	-	-	-
Related company (common director)	10,235	-	-	-
Total	17,417	8,023	14,869	21,604
<b>Purchases of goods and services</b>				
Subsidiaries	-	-	345,484	511,145
Associates	245,292	279,275	192,905	222,836
Total	245,292	279,275	538,389	733,981
<b>Other expenses</b>				
Subsidiaries	-	-	25,977	15,413
Total	-	-	25,977	15,413
<b>Interest expense</b>				
Subsidiaries	-	-	15,576	14,011
Total	-	-	15,576	14,011

8.2 The balances of the accounts between the Company and those related parties as at 31 December 2020 and 2019

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
<b>Trade and other receivables - related parties (Note 9)</b>				
Subsidiaries	-	-	1,046,543	915,625
Associates	56,760	95,916	4,420	3,233
Joint ventures	284	435	10	12
Related company (common directors)	73,193	52,600	-	-
Less: Allowance for expected credit losses	(70,163)	-	(81,580)	-
Allowance for doubtful debts	-	(50,773)	-	-
Less: Transfer interest receivables to investment	-	(59,737)	-	(59,737)
Total	60,074	38,441	969,393	859,133

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
<b>Trade and other payables - related parties (Note 24)</b>				
Subsidiaries	-	-	92,077	113,052
Associates	97,687	78,774	78,225	50,861
Related company (common director)	4,603	-	-	-
Total	<u>102,290</u>	<u>78,774</u>	<u>170,302</u>	<u>163,913</u>
<b>Short-term loans to related parties</b>				
Subsidiaries	-	-	360,000	363,600
Less: Allowance for expected credit losses	-	-	(24,000)	-
Total	<u>-</u>	<u>-</u>	<u>336,000</u>	<u>363,600</u>
<b>Long-term loans to related parties</b>				
Subsidiaries	-	-	3,870,480	4,184,809
Associates	4,000	14,000	4,000	14,000
Joint ventures	13,750	-	13,750	-
Related company (common director)	1,089,269	905,131	928,577	749,418
Less: Allowance for expected credit losses	(469,867)	-	(460,229)	-
Allowance for doubtful debts	-	(429,564)	-	(293,351)
Total	<u>637,152</u>	<u>489,567</u>	<u>4,356,578</u>	<u>4,654,876</u>
<b>Short-term loans from related parties</b>				
Subsidiaries	-	-	747,634	868,994
Related company (common director)	33,119	32,613	-	-
Total	<u>33,119</u>	<u>32,613</u>	<u>747,634</u>	<u>868,994</u>

**The appropriation shares of SGAH**

As at 1 January 2019 the balance of loans to an associate includes the following loans.

**2017 Loan Agreement**

During the 2<sup>nd</sup> quarter of 2017, the Group granted SGAH a synthetic convertible loan of USD 50 million, or Baht 1,530 million, carrying interest at a rate of 20% per annum, due and payable in full on 31 March 2020.

**2018 Loan Agreement**

During the 3<sup>rd</sup> quarter of 2018, the Company granted SGAH a loan of USD 40 million, or Baht 1,217 million, carrying interest at a rate of 10% per annum, due and payable within 3 years.

Both loans are fully guaranteed by individual directors of SGAH's parent company and the parent company of SGAH (ABT Auto Investments Limited or "ABT"). Both loans are also secured by, among other things, a charge (the Share Charge) over 50.01% of the shares in SGAH owned by ABT.

As of 31 March 2019, SGAH had failed to make the principal repayment due in March 2019 in accordance with the 2018 Loan Agreement signed with the Company. The Company, as a lender, served acceleration notices and demand letters on SGAH and ABT, requiring immediate repayment of all outstanding amounts under the 2017 Loan Agreement and the 2018 Loan Agreement. SGAH again failed to pay the outstanding amounts, and ABT also failed to pay the outstanding amounts. As a result, the security over the remaining 50.01% shares of SGAH owned by ABT, created under the Share Charge became enforceable. In August 2019, the Company exercised its rights as secured lender, and in October 2019 completed the process of appropriating the remaining 50.01% shareholding held by ABT in SGAH, in accordance with the Share Charge, resulting an increase in the Company's shareholding in SGAH from 49.99% to 100%.

The Group determines the fair value of the shares of SGAH from future cash flow projections that are based on the financial plan approved by the management, and included significant assumptions relating to the growth of revenue and discount rate. The Group recognised loss on valuation of shares amounting to Baht 564 million in the consolidated income statement of 2019. SGAH holds interests in the following companies.

- a) 77.04% in Sakthi Auto Component Limited ("SACL"), a company incorporated in India. SGAH determined that the Company has no control over SACL. Even though the Company holds more than half of shares and voting rights. The Company is still in the process of legally taking control over SACL.

In addition, Oxy Capital ("OXY"), a secured creditor of Sakthi Services, S.A. ("SS") and a company incorporated in Portugal that is 100% held by SACL, exercised its rights under a pledge it held in respect of the shares of Sakthi Portugal, S.A. ("SP"). The Company subsequently acquired 100% of shares from OXY at a purchase price of EUR 24.5 million or Baht 823 million. Previously, the Company held 77.04% of shares in SP through SGAH and SACL.

- b) 100% in Sakthi Automotive Group USA, Inc. ("SAGUSA"), a company incorporated in the United States of America. SAGUSA is currently under receivership and in the process of liquidation. SGAH had set up full allowance for impairment loss on the investment.

There are a number of legal cases proceeding between the Group and Sakthi Group ("Sakthi"). As of 31 December 2020, there are two relevant cases that have been advanced and the results of which may directly affect the total amount of outstanding debt owed by Sakthi to the Group, including interest, default interest and costs. The details of these two cases are as follows.

- a) Legal proceeding by ABT, which is a company within Sakthi, against the Group challenging the value of SGAH shares which have been appropriated by the Group as enforcement of security.

ABT has brought a legal case in the English Commercial Court to challenge the valuation of SGAH's shares by the independent appraiser assigned by the Group. The Group is vigorously contesting ABT's claims.

Should the English Commercial Court rule in favor of the Group, there will be no change to the Group's current position, where it has appropriated SGAH's shares and applied a value for those shares in accordance with a valuation by an independent appraiser. Should the English Commercial Court rule in favor of ABT, the value of SGAH shares appropriated by the Group will be adjusted as per the Court ruling.

In the worst-case scenario where the English Commercial Court agrees entirely with ABT and decides the value of SGAH's shares should be adjusted as claimed by ABT, the Group will need to adjust value of SGAH's shares in its statement of financial position. An account will need to be taken of the difference between the valuation applied and the valuation decided. If the English Commercial Court agrees that some other adjustment should be made, an account will need to be taken of that difference.

At present, the case is in the pleading stage where ABT and the Group are stating the outlines of their case. The trial and hearing process are expected to begin in the 4th quarter of 2021 based on assessment by the Group's legal counsel but the exact timeline for the process is yet to be determined.

b) Legal proceeding by the Group to enforce four personal guarantees

The Group is pursuing arbitration proceedings at the Singapore International Arbitration Centre (SIAC) under four personal guarantees issued by individuals currently and/or formerly connected to Sakthi as security for loans from the Group.

In considering this case, the arbitrator will consider 1) whether the guarantors must make a payment to the Group in accordance with their personal guarantees and 2) if so, how much.

Among other things, the personal guarantors have argued that the arbitrator should await the ruling of the English Commercial Court in the proceedings by ABT. The Group does not agree and vigorously contests this.

If the arbitrator agrees with the personal guarantors, his award may be delayed until the ruling by the English Commercial Court on the value of the shares appropriated by SGAH.

If the arbitrator agrees with the Group, the arbitrator proceeds and once the arbitration process is complete, issues the decision. The Group's legal counsel advised the personal guarantors' obligations under their personal guarantees are already engaged from the moment ABT failed to make payment as required by the Group, and that liability under the personal guarantees should be considered independently.

As above, if the English Commercial Court rules in favor of the Group, the Group's position remains unchanged - and if the English Commercial Court rules in favor of ABT, an account will need to be taken of any difference in valuations.

8.3 The movement of loans receivable and payable between the Company and those related parties during the year ended 31 December 2020.

	(Unit: Thousand Baht)	
	Consolidated	Separate
Loans to related parties	financial statements	financial statements
As at 31 December 2019	489,567	5,018,476
Adjustments due to TFRS9 adoption	-	(150,000)
Increase during the year	324,904	1,620,573
Decrease during the year	(196,181)	(1,757,148)
Allowance for expected credit losses	(32,555)	(32,555)
Effect from foreign exchange	51,417	(6,768)
As at 31 December 2020	637,152	4,692,578



(Unit: Thousand Baht)

Loans from related parties	Consolidated financial statements	Separate financial statements
As at 31 December 2019	32,613	868,994
Increase during the year	-	4,126,962
Decrease during the year	-	(4,248,322)
Translation adjustments	506	-
As at 31 December 2020	33,119	747,634

- 8.4 The movement of allowance for expected credit losses of trade and other receivables and loans to related parties for the year 2020.

(Unit: Thousand Baht)

Trade and other receivables	Consolidated financial statements	Separate financial statements
As at 31 December 2019	50,773	-
Adjustments due to TFRS9 adoption	-	4,210
Expected credit losses	19,390	77,370
As at 31 December 2020	70,163	81,580

The increase of Baht 77 million in the allowance for expected credit losses of trade and other receivables in the separate financial statements was mainly due to the expected credit losses on interest receivable from AAPICO Forging Public Company Limited and Able Motors Company Limited.

(Unit: Thousand Baht)

Loans to related parties	Consolidated financial statements	Separate financial statements
As at 31 December 2019	429,564	293,351
Adjustments due to TFRS9 adoption	-	150,000
Expected credit losses	32,555	32,555
Effect from foreign exchange	7,748	8,323
As at 31 December 2020	469,867	484,229

The increase of Baht 33 million in the allowance for expected credit losses of loans to related parties in the consolidated and separate financial statements was due from loans to SAGUSA.

- 8.5 Directors and management's benefits

During the years ended 31 December 2020 and 2019, the Group had employee benefit expenses payable to its directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Short-term employee benefits	33,195	31,289	33,195	31,289
Post-employment and other long-term benefits	203	751	203	751
Total	33,398	32,040	33,398	32,040

## 8.6 Guarantee obligations with related parties

The Company has outstanding guarantee obligations for credit facilities of its related parties, as described in Note 38.5 to the financial statements.

## 9. Trade and other receivables

### 9.1 Details of trade and other receivables and aging of trade receivables as at 31 December 2020 and 2019

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
<b>Trade receivables - related parties</b>				
Aged on the basis of due dates				
Not yet due and past due not over 3 months	51,775	28,333	35,068	24,878
Past due 3 - 12 months	-	46,394	-	-
Past due more than 12 months	46,202	-	-	-
Total	97,977	74,727	35,068	24,878
Less: Allowance for expected credit losses	(46,529)	-	(327)	-
Allowance for doubtful debts	-	(46,394)	-	-
Total trade receivables - related parties, net	51,448	28,333	34,741	24,878
<b>Trade receivables - unrelated parties</b>				
Aged on the basis of due dates				
Not yet due and past due not over 3 months	2,591,569	1,555,163	294,760	370,906
Past due 3 - 12 months	13,237	47,946	1,535	4,528
Past due more than 12 months	41,461	38,554	3,975	773
Total	2,646,267	1,641,663	300,270	376,207
Less: Allowance for expected credit losses	(47,651)	-	(1,213)	-
Allowance for doubtful debts	-	(33,618)	-	(834)
Total trade receivables - unrelated parties, net	2,598,616	1,608,045	299,057	375,373
Total trade receivables - net	2,650,064	1,636,378	333,798	400,251
<b>Other receivables</b>				
Receivable from sale of investment	31,140	31,140	31,140	31,140
Advances - unrelated parties	26,417	14,704	-	-
Interest receivable - related parties	21,576	64,437	991,760	869,627
Accrued income - related parties	300	-	-	2,701
Accrued income - unrelated parties	103,980	225,410	51,398	204,100
Others - related parties	10,384	9,787	24,145	21,664
Others - unrelated parties	94,466	116,690	20,204	52,445
Total	288,263	462,168	1,118,647	1,181,677
Less: Allowance for expected credit losses	(92,282)	-	(100,599)	-
Allowance for doubtful debts	-	(70,657)	-	(19,428)
Less: Conversion to investment in a subsidiary	-	(59,737)	-	(59,737)
Total other receivables - net	195,981	331,774	1,018,048	1,102,512
Total trade and other receivables - net	2,846,045	1,968,152	1,351,846	1,502,763

- 9.2 Set out below is the movement in the allowance for expected credit losses of trade and other receivables for the year 2020.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
As at 31 December 2019	150,669	20,262
Adjustments due to TFRS9 adoption	80,696	4,210
Expected credit losses (reversal)	(47,699)	77,767
Amount written off	(100)	(100)
Effect from foreign exchange	2,896	-
As at 31 December 2020	186,462	102,139

The changes of allowance for expected credit losses of trade and other receivables in the consolidated and separate financial statements was mainly due from trade receivables of AAPICO Maia, S.A. and interest receivable from the subsidiaries as mentioned in Note 8.4 to financial statements, respectively.

## 10. Inventories

### 10.1 Details of inventories as at 31 December 2020 and 2019

	(Unit: Thousand Baht)					
	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2020	2019	2020	2019	2020	2019
Finished goods	951,208	1,313,798	(10,748)	(13,218)	940,460	1,300,580
Raw materials, spare parts and supplies	781,074	773,853	(40,029)	(42,091)	741,045	731,762
Work in process	910,946	815,306	(22,820)	(27,328)	888,126	787,978
Goods in transit	26,105	88,407	-	-	26,105	88,407
Total	2,669,333	2,991,364	(73,597)	(82,637)	2,595,736	2,908,727

  

	(Unit: Thousand Baht)					
	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2020	2019	2020	2019	2020	2019
Finished goods	80,755	59,498	(2,416)	(3,513)	78,339	55,985
Raw materials, spare parts and supplies	61,793	84,173	(11,875)	(10,149)	49,918	74,024
Work in process	19,359	7,477	(1,959)	(2,651)	17,400	4,826
Total	161,907	151,148	(16,250)	(16,313)	145,657	134,835

10.2 During the year 2020, the Group reduced cost of inventories by Baht 9 million (2019: Baht 3 million) (2019: the Company only Baht 1 million), to reflect the net realisable value. This was included in cost of sales.

10.3 As at 31 December 2020, certain subsidiaries have pledged finished goods of Baht 318 million (2019: Baht 183 million) to secure loans from banks.

## 11. Financial assets

### 11.1 Other current financial assets as at 31 December 2020

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
	2020	2020
Investment in debt instruments at FVPL		
Opened-end fund	37,797	11,000
Total other current financial assets	37,797	11,000

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
	2020	2020
Investment in equity instruments designated at FVOCI		
Unquoted equity investments	-	-
Total other non-current financial assets	-	-

### 11.2 Other non-current financial assets as at 31 December 2019

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
	2019	2019
Current investments		
Unit trust (opened-end fund) - fair value	54,474	-
Current investments - net	54,474	-
Other investments		
Unquoted equity investments	-	11,375
Less: Allowance for impairment	-	(11,375)
Other investments - net	-	-

## 12. Investments in associates

### 12.1 Details of investments in associates as at 31 December 2020 and 2019

(Unit: Thousand Baht)

Company	Nature of business	Consolidated financial statements					
		Shareholding percentage		Cost		Carrying amounts based on equity method	
		2020	2019	2020	2019	2020	2019
		(%)	(%)				
<b>Associates in Thailand</b>							
Able Sanoh Industries (1996) Company Limited	Manufacture and distribution of autoparts	45.62	45.62	30,700	30,700	490,739	691,206
Sanoh Industries (Thailand) Company Limited	Manufacture and distribution of autoparts	20	20	29,250	29,250	100,750	103,232
MINTH AAPICO (Thailand) Company Limited	Manufacture and distribution of autoparts	40	40	115,400	115,400	76,137	83,844
Thai Takagi Seiko Company Limited	Distribution of dies	49.20	49.00	59,587	49,587	12,870	7,903
Hyundai Motor (Thailand) Company Limited	Distribution of vehicles and parts	20	20	110,000	110,000	179,319	134,640
Edscha AAPICO Automotive Company Limited	Manufacture and distribution of autoparts	49	49	25,480	25,480	39,271	42,529
Sumino AAPICO (Thailand) Company Limited	Manufacture and distribution of autoparts	49	49	147,000	147,000	183,439	170,576
<b>Associates in overseas</b>							
Nuro Technology Incorporated	Provision of electronic information services	20.36	20.36	50,866	50,866	40,818	44,290
<b>Held by the Company's subsidiaries</b>							
Sakthi Auto Component Limited (77.04% held by Sakthi Global Auto Holdings Limited)	Manufacture and distribution of autoparts	77.04	77.04	2,575,977	2,575,977	2,455,680	2,597,898
Total				3,144,260	3,134,260	3,579,023	3,876,118

(Unit: Thousand Baht)

Company	Separate financial statements							
	Shareholding percentage		Cost		Allowance for impairment		Carrying amounts based on cost method - net	
	2020	2019	2020	2019	2020	2019	2020	2019
	(%)	(%)						
<b>Associates in Thailand</b>								
Able Sanoh Industries (1996) Company Limited	45.62	45.62	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	115,400	115,400	-	-	115,400	115,400
Thai Takagi Seiko Company Limited	49.20	49.00	59,587	49,587	-	-	59,587	49,587
Hyundai Motor (Thailand) Company Limited	20	20	110,000	110,000	-	-	110,000	110,000
Edscha AAPICO Automotive Company Limited	49	49	25,480	25,480	-	-	25,480	25,480
Sumino AAPICO (Thailand) Company Limited	49	49	147,000	147,000	-	-	147,000	147,000
<b>Associate in overseas</b>								
Nuro Technology Incorporated	20.36	20.36	50,866	50,866	-	-	50,866	50,866
Total			568,283	558,283	-	-	568,283	558,283

## 12.2 Change in investment in associates

On 13 November 2020, the Company's Board of Directors' Meeting passed a resolution to approve investment of Baht 10 million in an increase in the registered capital of Thai Takagi Seiko Company Limited (an associate). The associate will increase its registered capital by Baht 20 million, from Baht 101.2 million to Baht 121.2 million, by issuing 20,000 new ordinary shares with a par value of Baht 1,000 each. This investment in the additional registered capital will result in an increase in the Company's shareholding from 49.00% to 49.20%.

## 12.3 Share of profit (loss), share of other comprehensive income and dividend income

During the years, the Group recognised its share of profit (loss), share of other comprehensive income from investments in associates in the consolidated financial statements, and the Company recognised dividend income in the separate financial statements as follows.

Company	Consolidated financial statements						(Unit: Thousand Baht)	
							Separate financial	
							statements	
	Share of profit (loss)		Share of other comprehensive income		Dividend income		Dividend income	
	2020	2019	2020	2019	2020	2019	2020	2019
<b>Associates in Thailand</b>								
Able Sanoh Industries (1996) Company Limited	70,600	207,424	-	(3,171)	271,067	226,069	271,067	226,069
Sanoh Industries (Thailand) Company Limited	2,029	6,730	-	(39)	4,511	-	4,511	-
MINTH AAPICO (Thailand) Company Limited	(7,707)	(6,684)	-	364	-	-	-	-
Thai Takagi Seiko Company Limited	(5,033)	(2,261)	-	(314)	-	-	-	-
Hyundai Motor (Thailand) Company Limited	57,473	77,861	-	-	-	548,280	-	548,280
Edscha AAPICO Automotive Company Limited	11,648	14,329	-	(21)	14,906	24,789	14,906	24,789
Sumino AAPICO (Thailand) Company Limited	17,597	22,199	-	(296)	4,734	-	4,734	-
<b>Associates in overseas</b>								
Sakthi Global Auto Holdings Limited	-	(315,674)	-	231,479	-	-	-	-
Nuro Technology Incorporated	(5,006)	(5,904)	1,534	(1,501)	-	-	-	-
Sakthi Auto Component Limited	(19,452)	126,471	(122,766)	(66,637)	-	-	-	-
Total	122,149	124,491	(121,232)	159,864	295,218	799,138	295,218	799,138

The value of the investment under the equity method of Sakthi Auto Component Limited ("SACL") as at 31 December 2020 and 2019 including share of profit and loss and share of other comprehensive income for the periods then ended prepared by the management of the associate that has not been audited or reviewed by the auditor of SACL.

#### 12.4 Summarised financial information of material associates

(Unit: Million Baht)

by a subsidiary

Summarised information about comprehensive income for the years ended 31 December 2020 and 2019.

(Unit: Million Baht)

by a subsidiary

\* Financial information for the period from 1 January 2019 to the date of change in status of the investment

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### 13. Investments in joint ventures

#### 13.1 Details of investments in joint ventures as at 31 December 2020 and 2019

Investments in joint ventures represent investments in entities which is jointly controlled by the Group and other company. Detail of these investments is as follows.

(Unit: Thousand Baht)

Joint venture	Nature of business	Consolidated financial statements					
		Shareholding percentage		Cost		Carrying amounts	
						based on equity method	
		2020	2019	2020	2019	2020	2019
		(%)	(%)				
Joint ventures in Thailand							
AAPICO Sodecia (Thailand) Company Limited	Manufacture and distribution of autoparts	50	50	82,500	82,500	73,558	73,712
AAPICO Electronics Company Limited	Distribution of electronics equipment inventive	51	51	12,750	12,750	4,770	7,084
Vroom Company Limited	Distribution of motorcycles	40	40	80,000	40,000	58,927	37,245
Total				175,250	135,250	137,255	118,041

(Unit: Thousand Baht)

Joint venture	Separate financial statements			
	Shareholding percentage		Carrying amounts based on cost method	
	2020	2019	2020	2019
	(%)	(%)		
<b>Joint ventures in Thailand</b>				
AAPICO Sodecia (Thailand) Company Limited	50	50	82,500	82,500
AAPICO Electronics Company Limited	51	51	12,750	12,750
Vroom Company Limited	40	40	80,000	40,000
Total			175,250	135,250

#### 13.2 Changes in investments in joint ventures

On 27 January 2020, the Extraordinary General Meeting of Shareholders of Vroom Company Limited passed a resolution to approve an increase in its registered capital, from Baht 100 million to Baht 200 million, by issuing 10,000,000 new ordinary shares with a par value of Baht 10 each, in order to support the expansion and growth of the business. The Company purchased the additional share capital increase in order to maintain its shareholding percentage.

### 13.3 Share of profit (loss), share of other comprehensive income and dividend income

During the years, the Group recognised its share of loss and share of comprehensive income from investments in joint ventures in the consolidated financial statements, and the Group recognised dividend income in the separate financial statements as follows.

					(Unit: Thousand Baht)	
Joint venture	Consolidated				Separate	
	financial statements				financial statements	
	Share of other comprehensive					
	Share of loss		income		Dividend income	
	2020	2019	2020	2019	2020	2019
AAPICO Sodecia (Thailand)						
Company Limited	(154)	(119)	-	-	-	-
AAPICO Electronics Company Limited	(2,314)	(2,963)	-	-	-	-
Vroom Company Limited	(18,318)	(2,755)	-	-	-	-
AAPICO VinFast Auto Parts Co., Ltd.	-	(3,266)	-	(16,610)	-	-
Total	(20,786)	(9,103)	-	(16,610)	-	-

### 13.4 Summarised financial information of material joint ventures

Summarised information about financial position as at 31 December 2020 and 2019.

	(Unit: Thousand Baht)			
	AAPICO Sodecia			
	(Thailand) Company Limited	Vroom Company Limited		
	2020	2019	2020	2019
Cash and cash equivalents	2,862	3,345	45,364	94,338
Current assets	22,532	22,362	91,942	1,977
Non-current assets	121,857	121,856	46,321	3,746
Current liabilities	(136)	(140)	(36,309)	(6,948)
Net assets	147,115	147,423	147,318	93,113
Shareholding percentage (%)	50	50	40	40
Carrying amounts of joint venture based on equity method	73,558	73,712	58,927	37,245

Summarised information about comprehensive income for the years ended 31 December 2020 and 2019

	(Unit: Thousand Baht)			
	AAPICO Sodecia (Thailand)			
	Company Limited	Vroom Company Limited		
	2020	2019	2020	2019
Revenue	147	269	40,778	12
Loss	(308)	(237)	(45,795)	(6,887)
Other comprehensive income	-	-	-	-
Total comprehensive income	(308)	(237)	(45,795)	(6,887)

#### 14. Investments in subsidiaries

##### 14.1 Details of investments in subsidiaries as at 31 December 2020 and 2019 and dividend income for the year 2020 and 2019

(Unit: Thousand Baht)

Company	Called-up capital		Shareholding percentage		Separate financial statements			
					Cost		Dividend income	
	2020	2019	2020	2019	2020	2019	2020	2019
			(%)	(%)				
<b>Subsidiaries in Thailand</b>								
New Era Sales Company Limited	Baht 20 million	Baht 20 million	100	100	20,000	20,000	-	-
AAPICO Amata Company Limited	Baht 800 million	Baht 800 million	100	100	1,164,139	1,164,139	-	150,000
Able Motors Company Limited	Baht 20 million	Baht 20 million	100	100	19,999	19,999	-	-
AAPICO Hitech Parts Company Limited	Baht 120 million	Baht 120 million	100	100	120,000	120,000	-	84,000
AAPICO Hitech Tooling Company Limited	Baht 65 million	Baht 65 million	100	100	65,000	65,000	50,050	-
AAPICO Forging Public Company Limited	Baht 500 million	Baht 500 million	100	100	1,823,907	1,823,907	-	-
AAPICO Structural Products Company Limited	Baht 200 million	Baht 200 million	100	100	200,000	200,000	-	600,000
AAPICO Technology Company Limited	Baht 0.25 million	Baht 0.25 million	100	100	250	250	-	-
AAPICO Training Center Company Limited	Baht 3 million	Baht 3 million	100	100	3,000	3,000	-	-
AAPICO Venture Company Limited	Baht 20 million	Baht 20 million	100	100	20,000	20,000	-	-
Able Motors Pakkret Company Limited	Baht 15 million	Baht 15 million	100	100	15,000	15,000	-	-
Able Motors Pathumthani Company Limited	Baht 15 million	Baht 15 million	100	100	15,000	15,000	-	-
Foton Passenger Vehicles Distribution (Thailand) Company Limited	Baht 25 million	Baht 25 million	97	97	24,250	24,250	-	-
AERP Company Limited	Baht 1.25 million	Baht 1.25 million	94	94	1,175	1,175	7,520	-
Katsuya (Thailand) Company Limited	Baht 28.5 million	Baht 28.5 million	76	76	15,675	15,675	-	-
AAPICO Lemtech (Thailand) Company Limited	Baht 40 million	Baht 40 million	60	60	24,000	24,000	-	-

(Unit: Thousand Baht)

Company	Called-up capital		Shareholding percentage		Separate financial statements			
					Cost		Dividend income	
	2020	2019	2020	2019	2020	2019	2020	2019
			(%)	(%)				
AAPICO ITS Company Limited	Baht 100 million	Baht 100 million	60	60	62,175	62,175	-	-
AAPICO Mitsuike (Thailand) Company Limited	Baht 33 million	Baht 33 million	51	51	16,830	16,830		
AAPICO Hyojin Autotech Company Limited	Baht 30 million	-	70	-	21,000	-	-	-
<b>Subsidiaries in overseas</b>								
Kunshan Chaitai-Xincheng Precision Forging Co., Ltd.	USD 8.1 million	USD 8.1 million	100	100	277,426	277,426	-	-
AAPICO Investment Pte., Ltd.	SGD 6.97 million	SGD 6.97 million	100	100	167,950	167,950	-	-
Tenaga Setia Resources Sdn. Bhd.	RM 6 million	RM 6 million	49	49	31,393	31,393	-	15,031
New Era Sales (M) Sdn. Bhd.	RM 1.5 million	RM 1.5 million	49	49	8,263	8,263	-	-
AAPICO Motors Sdn. Bhd.	RM 2 million	RM 2 million	49	49	7,650	7,650	-	-
AAPICO Maia, S.A.	EUR 6 million	EUR 6 million	100	100	1,136,810	1,136,810	-	-
Sakthi Global Auto Holdings Limited	USD 0.015 million	USD 0.015 million	100	100	2,877,855	2,877,855	-	-
Total					8,138,747	8,117,747	57,570	849,031
Less: Allowance for impairment					(3,455,800)	(3,435,801)		
Net					4,682,947	4,681,946		

The above net investments in subsidiaries included investment in AAPICO Forging Public Company Limited 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 been improved since prior year.

During 2020, the Company recognised loss on impairment of investment in Able Motors Company Limited amounting to Baht 20 million in the separate income statement.

During 2019, the Company recognised loss on impairment of investment in SGAH and loans to and interest receivable from SGAH and its subsidiary amounting to Baht 2,099 million in the separate income statement.

#### 14.2 Changes in investments in subsidiaries

##### *The Company*

During 2020, the Company acquired 70% of registered capital in AAPICO Hyojin Autotech Company Limited, a newly established company in Thailand that is engaged in the design and manufacturing of automotive assembly jigs and already fully paid-up the investment. The company has a registered share capital of Baht 30 million.

#### 14.3 Details of subsidiaries that have material non-controlling interests

(Unit: Million Baht)

Company	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		Other comprehensive income allocated to non-controlling interests during the year		Dividend paid to non-controlling interests during the year	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	(%)	(%)								
Tenaga Setia Resources Sdn. Bhd.	51	51	156	138	16	18	2	(9)	-	(15)
New Era Sales (M) Sdn. Bhd.	51	51	76	69	5	6	2	(5)	-	-
AAPICO Motors Sdn. Bhd.	51	51	4	6	(2)	(2)	-	-	-	-

#### 14.4 Summarised financial information that based on amounts before inter-company elimination of subsidiaries that have material non-controlling interests

Summarised information about financial position as at 31 December 2020 and 2019

(Unit: Million Baht)

Company	Current assets		Non-current assets		Current liabilities		Non-current liabilities		Non-controlling interests	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Tenaga Setia Resources Sdn. Bhd.	299	284	59	54	48	66	3	2	-	-
New Era Sales (M) Sdn. Bhd.	186	169	136	130	75	66	84	85	-	13
AAPICO Motors Sdn. Bhd.	119	69	40	7	138	63	14	2	-	(2)

Summarised information about comprehensive income for the years ended 31 December 2020 and 2019

Company	(Unit: Million Baht)							
	Revenue		Profit (loss)		Other comprehensive income		Total comprehensive income	
	2020	2019	2020	2019	2020	2019	2020	2019
Tenaga Setia Resources Sdn. Bhd.	1,466	2,128	32	36	4	(18)	36	18
New Era Sales (M) Sdn. Bhd.	789	1,116	10	12	5	(9)	15	3
AAPICO Motors Sdn. Bhd.	536	303	(4)	(3)	-	(1)	(4)	(4)

Summarised information about cash flows for the years ended 31 December 2020 and 2019

Company	(Unit: Million Baht)							
	Cash flows of operating activities		Cash flows of investing activities		Cash flows of financing activities		Net increase (decrease) in cash and cash equivalents	
	2020	2019	2020	2019	2020	2019	2020	2019
Tenaga Setia Resources Sdn. Bhd.	49	(24)	(60)	(21)	(20)	6	(31)	(39)
New Era Sales (M) Sdn. Bhd.	73	5	(45)	-	(22)	(19)	6	(14)
AAPICO Motors Sdn. Bhd.	(10)	(8)	(13)	(1)	44	10	21	1

## 15. Property, plant and equipment

15.1 Detail of property, plant and equipment as at 31 December 2020 and 2019 and the movement of property, plant and equipment for the years 2020 and 2019.

(Unit: Thousand Baht)

	Consolidated financial statements							Total (Restated)
	Land	Building on leasehold land	Building and building improvements	Apartment	Machinery and factory equipment	Motor vehicles and office equipment	Assets under construction and installation	
	(Restated)		(Restated)					
<b>Cost</b>								
1 January 2019	748,895	40,719	2,516,114	14,210	9,740,518	346,260	601,706	14,008,422
Acquisitions	213,226	76,063	7,612	81,149	363,947	79,527	156,065	977,589
Increase from acquisition of subsidiaries	177,987	-	976,648	-	2,028,310	442,875	103,811	3,729,622
Disposals/write-off	-	-	(8,030)	-	(220,502)	(58,383)	-	(286,915)
Transfer in (out)	-	-	1,396	-	509,528	5,732	(516,656)	-
Transfer from inventories	-	-	-	-	209,650	4,383	-	214,033
Translation adjustments	2,247	-	(20,434)	-	(23,537)	885	(641)	(41,480)
31 December 2019	1,142,346	116,782	3,473,306	95,359	12,607,914	821,279	344,285	18,601,271
Adjustments of right-of-use assets due to TFRS 16 adoption	-	-	(7,429)	-	(114,808)	(17,465)	-	(139,702)
Acquisitions	-	11,308	19,755	-	3,368	81,979	379,557	495,967
Disposals/write-off	-	-	(97)	-	(315,032)	(72,524)	-	(387,653)
Transfer in (out)	-	-	765	-	227,268	420	(228,453)	-
Transfer from inventories	-	-	-	-	73,121	-	-	73,121
Translation adjustments	16,806	-	112,897	-	226,328	44,152	15,010	415,193
31 December 2020	1,159,152	128,090	3,599,197	95,359	12,708,159	857,841	510,399	19,058,197



(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	Assets under construction and installation	Total
	(Restated)		(Restated)					(Restated)
<b>Accumulated depreciation</b>								
1 January 2019	-	31,635	1,292,329	3,682	7,257,383	148,186	-	8,733,215
Depreciation for the year	-	2,088	119,178	877	442,966	50,537	-	615,646
Depreciation on disposals/ write-off	-	-	(7,836)	-	(220,499)	(23,707)	-	(252,042)
Increase from acquisition of subsidiaries	-	-	242,416	-	1,042,991	250,343	-	1,535,750
Translation adjustments	-	-	(8,421)	-	(14,495)	(363)	-	(23,279)
31 December 2019	-	33,723	1,637,666	4,559	8,508,346	424,996	-	10,609,290
Adjustments of right-of-use assets due to TFRS 16 adoption	-	-	(3,905)	-	(6,794)	(8,151)	-	(18,850)
Depreciation for the year	-	5,984	135,159	2,052	585,874	33,762	-	762,831
Depreciation on disposals/ write-off	-	-	(97)	-	(258,903)	(32,584)	-	(291,584)
Translation adjustments	-	-	32,051	-	127,293	27,301	-	186,645
31 December 2020	-	39,707	1,800,874	6,611	8,955,816	445,324	-	11,248,332

(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	Assets under construction and installation	Total
	(Restated)		(Restated)					(Restated)
<b>Allowance for impairment loss</b>								
1 January 2019	-	-	-	-	60,112	-	-	60,112
31 December 2019	-	-	-	-	60,112	-	-	60,112
Increase during the year	-	-	-	-	77	-	-	77
Decrease during the year	-	-	-	-	(23,463)	-	-	(23,463)
31 December 2020	-	-	-	-	36,726	-	-	36,726
<b>Net book value</b>								
31 December 2019	1,142,346	83,059	1,835,640	90,800	4,039,456	396,283	344,285	7,931,869
31 December 2020	1,159,152	88,383	1,798,323	88,748	3,715,617	412,517	510,399	7,773,139
<b>Depreciation for the years</b>								
2019 (Baht 538 million included in manufacturing cost, and the balance in selling and distribution and administrative expenses)								615,646
2020 (Baht 670 million included in manufacturing cost, and the balance in selling and distribution and administrative expenses)								762,831

(Unit: Thousand Baht)

Separate financial statements							
	Land	Building and improvements	Apartment	Machinery and factory equipment	Motor vehicles and office equipment	Assets under construction and installation	Total
<b>Cost</b>							
1 January 2019	163,406	558,617	14,210	1,337,927	76,888	6,533	2,157,581
Acquisitions	-	-	81,149	103,507	9,992	14,679	209,327
Disposals/write-off	-	-	-	(13,438)	(16,874)	-	(30,312)
Transfer in (out)	-	-	-	1,016	5,516	(6,532)	-
31 December 2019	163,406	558,617	95,359	1,429,012	75,522	14,680	2,336,596
Adjustments of right-of-use assets due to							
TFRS 16 adoption	-	-	-	(2,800)	(2,911)	-	(5,711)
Acquisitions	-	-	-	59,608	4,350	18,189	82,147
Disposals/write-off	-	-	-	(69,762)	(2,339)	-	(72,101)
Transfer in (out)	-	-	-	14,229	-	(14,229)	-
31 December 2020	163,406	558,617	95,359	1,430,287	74,622	18,640	2,340,931
<b>Accumulated depreciation</b>							
1 January 2019	-	327,791	3,683	757,452	53,210	-	1,142,136
Depreciation for the year	-	24,608	877	70,161	8,988	-	104,634
Depreciation on disposals/write-off	-	-	-	(13,439)	(12,458)	-	(25,897)
31 December 2019	-	352,399	4,560	814,174	49,740	-	1,220,873
Adjustments of right-of-use assets due to							
TFRS 16 adoption	-	-	-	(1,760)	(1,819)	-	(3,579)
Depreciation for the year	-	27,230	2,051	81,498	6,785	-	117,564
Depreciation on disposals/write-off	-	-	-	(30,303)	(2,315)	-	(32,618)
31 December 2020	-	379,629	6,611	863,609	52,391	-	1,302,240

(Unit: Thousand Baht)

	Separate financial statements					
	Land	Building and building improvements	Apartment	Machinery and factory equipment	Motor vehicles and office equipment	Assets under construction and installation
<b>Allowance for impairment loss</b>						<b>Total</b>
1 January 2019	-	-	-	36,849	-	-
31 December 2019	-	-	-	36,849	-	-
Decrease during the year	-	-	-	(23,463)	-	-
31 December 2020	-	-	-	13,386	-	-
<b>Net book value</b>						
31 December 2019	163,406	206,218	90,799	577,989	25,782	14,680
31 December 2020	163,406	178,988	88,748	553,292	22,231	18,640
<b>Depreciation for the years</b>						
2019 (Baht 96 million included in manufacturing cost, and the balance in selling and distribution and administrative expenses)						104,634
2020 (Baht 101 million included in manufacturing cost, and the balance in selling and distribution and administrative expenses)						117,564

- 15.2 As at 31 December 2019, the Group had machinery, motor vehicles and equipment under finance lease agreements with net book values amounting to Baht 105 million, the Company only: Baht 2 million.
- 15.3 As at 31 December 2020, 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 Baht 6,587 million (2019: Baht 6,357 million), the Company only: Baht 578 million (2019: Baht 555 million).
- 15.4 Two subsidiaries have mortgaged their land, building, machinery and motor vehicles with a net book value as at 31 December 2020 of Baht 1,227 million (2019: Baht 1,279 million) to secure the credit facilities granted by a bank.

## 16. Leasehold rights

- 16.1 Detail of leasehold rights as at 31 December 2020 and 2019

(Unit: Thousand Baht)

	Consolidated financial statements	
	2020	2019
Cost	-	156,776
Accumulated amortisation	-	(46,876)
Net book value	-	109,900

- 16.2 The movement of the net book value of leasehold rights for the years 2020 and 2019

(Unit: Thousand Baht)

	Consolidated financial statements	
	2020	2019
Net book value at beginning of year	109,900	123,105
Adjustments due to TFRS 16 adoption	(109,900)	-
Amortisation	-	(5,088)
Translation adjustments	-	(8,117)
Net book value at end of year	-	109,900

- 16.3 A subsidiary has pledged its land leasehold right with a net book value as at 31 December 2019 of Baht 66 million to secure the credit facilities granted by a bank.

## 17. Leases

### The Group as a lessee

The Group has lease contracts for various items of land, building and equipment used in its operations. Leases generally have lease terms between 2 - 12 years.

## 17.1 Right-of-use assets

(Unit: Thousand Baht)

Consolidated financial statements					
	Land	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Total
1 January 2020	112,804	176,782	163,030	16,360	468,976
Additions	775	18,168	44,819	13,113	76,875
Cancellation	-	(1,052)	(39)	(2,091)	(3,182)
Depreciation for the year	(5,328)	(51,652)	(26,869)	(5,977)	(89,826)
Translation adjustments	3,723	3,170	13,040	307	20,240
31 December 2020	111,974	145,416	193,981	21,712	473,083

(Unit: Thousand Baht)

Separate financial statements				
	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Total
1 January 2020	28,458	1,040	1,092	30,590
Cancellation	(1,052)	-	-	(1,052)
Depreciation for the year	(7,347)	(560)	(582)	(8,489)
31 December 2020	20,059	480	510	21,049

## 17.2 Lease liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Lease payments	334,880	109,022	22,099	782
Less: Deferred interest expenses	(16,085)	(650)	(1,492)	(19)
	318,795	108,372	20,607	763
Less: Portion due within one year	(81,770)	(31,020)	(6,366)	(612)
Portion due more than one year	237,025	77,352	14,241	151

A maturity analysis of lease payments is disclosed in Note 40.1 to financial statements under the liquidity risk.

17.3 Expenses relating to leases that are recognised in the income statement for the year 2020

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Depreciation expense of right-of-use assets	89,826	8,489
Interest expense on lease liabilities	5,662	827
Expense relating to short-term leases	1,894	1,106
Expense relating to leases of low-value assets	221	-

17.4 The Group had total cash outflows for leases for the year 2020 of Baht 102 million (the Company only: Baht 9 million). Moreover, the Group had non-cash additions to right-of-use assets and lease liabilities of Baht 77 million.

**18. Goodwill**

18.1 Detail of goodwill account as at 31 December 2020 and 2019

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2020	2019
		(Restated)
Cost	2,246,581	2,173,252
Less: Allowance for impairment	(1,152,332)	(1,152,332)
Net book value	1,094,249	1,020,920

18.2 The movement of the net book value of goodwill account for the years 2020 and 2019

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2020	2019
		(Restated)
Net book value at beginning of year	1,020,920	234,530
Increase from acquisition of subsidiary	-	776,584
Translation adjustment	73,329	9,806
Net book value at end of year	1,094,249	1,020,920

- 18.3 The Company allocates goodwill acquired through business combination and development cost for production enhancement with indefinite useful lives to an asset's cash-generating unit for annual impairment testing as follows.

(Unit: Thousand Baht)

	AAPICO Amata Co., Ltd.	AAPICO Forging Plc.	AAPICO Maia, S.A.	Others	Total
As at 31 December 2020					
Goodwill	229,368	-	859,719	5,162	1,094,249
Development cost for production enhancement	-	-	1,415,796	-	1,415,796
Total	229,368	-	2,275,515	5,162	2,510,045

(Unit: Thousand Baht)

	AAPICO Amata Co., Ltd.	AAPICO Forging Plc.	AAPICO Maia, S.A.	Others	Total
As at 31 December 2019			(Restated)		
Goodwill	229,368	-	786,390	5,162	1,020,920
Development cost for production enhancement	-	-	1,295,036	-	1,295,036
Total	229,368	-	2,081,426	5,162	2,315,956

The Group has determined the recoverable amounts of its cash-generating units based on value in use using cash flow projections from financial estimation approved by management covering a 5-year period for AAPICO Amata Co., Ltd. and AAPICO Maia, S.A.

Key assumptions used in value in use calculations are as follows.

	AAPICO Amata Co., Ltd. (Percent per annum)	AAPICO Maia, S.A. (Percent per annum)
Growth rate	1.49	2.00
Pre-tax discount rate	9.06	8.15

Management has considered growth rate from growth rate and discount rate as a pre-tax rate to reflect the risks specific to each cash-generating unit.

Management believes that any reasonably possible change in the key assumptions on which the units' recoverable amount are based would not cause the units' carrying amount to exceed its recoverable amount.



## 19. Business Combinations

As mentioned in Note 8.2 to financial statements regarding the change of status from investments in associates to investments in subsidiaries, the financial statements of Sakthi Global Auto Holdings Limited and AAPICO Maia, S.A. have been included in the consolidated financial statements since the date on which assumed control. Details of the acquisitions are as follows.

	(Unit: Million Baht)
Fair value of the investment	1,184
Add: Loans and interest receivables converted to investment	716
Cash paid for additional investments	823
Acquisition cost of investments in subsidiaries	<u>2,723</u>
Cash paid for acquisition of investments in subsidiaries	2,723
Less: Estimated fair value of net assets (restated)	<u>(1,946)</u>
Goodwill (restated)	<u>777</u>
Acquisition cost of investments in subsidiaries	823
Less: Cash and cash equivalents of subsidiaries	<u>(17)</u>
Net cash paid for acquisition of investments in subsidiaries	<u>806</u>

The fair value of identifiable assets acquired and liabilities assumed of AAPICO Maia, S.A. as from the acquisition date, following the estimation of the Company's management are follows.

	Sakthi Global Auto Holdings Limited	AAPICO Maia, S.A.	Total
Cash and cash equivalents	-	17	17
Trade and other receivables	-	347	347
Inventory	-	1,269	1,269
Other current assets	-	108	108
Investments in associates	2,576	-	2,576
Property, plant and equipment	-	2,194	2,194
Intangible assets	-	1,654	1,654
Other non-current assets	-	5	5
Trade and other payables	(300)	(1,325)	(1,625)
Short-term loans	-	(754)	(754)
Long-term loans	-	(991)	(991)
Long-term loans from related parties	(2,093)	-	(2,093)
Lease liabilities	-	(60)	(60)
Deferred tax liability	-	(168)	(168)
Other liabilities	-	(533)	<u>(533)</u>
Fair value of net assets of subsidiaries in			
100% controlling interest			1,946
Goodwill			<u>777</u>
Cost of acquisitions of investments			
in subsidiaries			<u>2,723</u>

The Group restated the consolidated financial statement for the year 2019, presented herein as comparative information, to reflect the fair value of the identifiable assets acquired and liabilities assumed of AAPICO Maia, S.A. as from the acquisition date. The amounts of the adjustments affecting the consolidated financial statement for the year 2019 are summarised below.

(Unit: Thousand Baht)

Consolidated  
financial statements

**Statement of financial position as at 31 December 2019**

Decrease in estimated amount by which costs of the acquisition of investment in the subsidiary exceed identifiable net assets of the acquiree	915,882
Decrease in goodwill	927,447
Decrease in Property, plant and equipment	96,272
Increase in intangible assets	1,295,036
Increase in deferred tax liability	269,721
Increase in retained earning - unappropriated	1,596

**Income statement for the year ended 31 December 2019**

Decrease in cost of sales and services	2,146
Increase in income tax expenses	550
Increase in basic earnings per share (Baht per share)	0.01

**20. Other intangible assets**

(Unit: Thousand Baht)

	Consolidated financial statements				
	Computer software	Product development cost	Development cost for	Works under development	Total
			production enhancement		
			(Restated)		(Restated)
<b>Cost</b>					
1 January 2019	178,081	153,243	-	-	331,324
Reclassification of assets recognised from the costs to fulfill contracts with customers	-	(74,385)	-	-	(74,385)
Increase from acquisition of subsidiaries	30,438	56,817	1,278,888	79,049	1,445,192
Addition during the year	6,637	33	-	9,320	15,990
Transfer in (out)	-	10,103	-	(10,103)	-
Translation adjustments	(198)	717	16,148	998	17,665
31 December 2019	214,958	146,528	1,295,036	79,264	1,735,786
Addition during the year	2,212	1,566	-	37,165	40,943
Translation adjustments	3,289	6,310	120,760	7,390	137,749
31 December 2020	220,459	154,404	1,415,796	123,819	1,914,478

(Unit: Thousand Baht)

Consolidated financial statements					
	Computer software	Product development cost	Development cost for production enhancement (Restated)	Works under development	Total (Restated)
<b>Accumulated amortisation</b>					
1 January 2019	142,436	95,555	-	-	237,991
Reclassification of asset recognised from the costs to fulfill a contract with a customer	-	(23,881)	-	-	(23,881)
Increase for acquisition of subsidiaries	13,786	39,432	-	-	53,218
Amortisation	13,518	9,172	-	-	22,690
Translation adjustments	(275)	512	-	-	237
31 December 2019	169,465	120,790	-	-	290,255
Amortisation	17,667	24,376	-	-	42,043
Translation adjustments	1,966	4,630	-	-	6,596
31 December 2020	189,098	149,796	-	-	338,894
<b>Net book value</b>					
31 December 2019	45,493	25,738	1,295,036	79,264	1,445,531
31 December 2020	31,361	4,608	1,415,796	123,819	1,575,584

(Unit: Thousand Baht)

	Separate financial statements Computer software
<b>Cost</b>	
1 January 2019	85,455
Addition during the year	3,590
31 December 2019	89,045
Addition during the year	-
31 December 2020	89,045
<b>Accumulated amortisation</b>	
1 January 2019	67,703
Amortisation	6,042
31 December 2019	73,745
Amortisation	6,424
31 December 2020	80,169
<b>Net book value</b>	
31 December 2019	15,300
31 December 2020	8,876

## 21. Assets recognised from the costs to fulfill contracts with customers

21.1 The movement of the net book value of assets recognised from the costs to fulfill contracts with customers as at 31 December 2020 and 2019

		(Unit: Thousand Baht)	
		Consolidated financial statements	
		2020	2019
Cost		1,607,913	1,338,252
Less: Accumulated amortisation		(1,173,309)	(978,709)
Net book value		434,604	359,543

21.2 The movement of the net book value of assets recognised from the costs to fulfill contracts with customers for the years 2020 and 2019

		(Unit: Thousand Baht)	
		Consolidated financial statements	
		2020	2019
Net book value at beginning of year		359,543	-
Reclassification as assets recognised from the costs to fulfill contracts with customers		-	50,504
Increase during the year		151,989	97,303
Increase from acquisition of subsidiaries		-	262,180
Amortisation		(103,162)	(53,438)
Translation adjustments		26,234	2,994
Net book value at end of year		434,604	359,543

## 22. Deferred tax and income tax

22.1 Tax expenses (income) for the years ended 31 December 2020 and 2019

		(Unit: Thousand Baht)			
		Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
		(Restated)			
Current income tax					
Current income tax charge		51,863	227,537	-	140,691
Adjustment in respect of income tax of previous year		(11,585)	-	(11,585)	-
Deferred tax					
Relating to origination and reversal of temporary differences		(28,125)	(2,752)	(17,792)	(1,760)
Tax expenses (income) reported in the income statements		12,153	224,785	(29,377)	138,931

- 22.2 The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2020 and 2019

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Deferred tax on actuarial losses	-	12,320	-	1,419

- 22.3 The reconciliation between accounting profit (loss) and tax expenses (income) for the years ended 31 December 2020 and 2019

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	(Restated)			
Accounting profit (loss) before tax	175,235	58,739	243,017	(256,940)
Applicable tax rates:	15% - 24%	15% - 24%	20%	20%
Accounting profit (loss) before tax by applicable tax rates	32,348	16,201	48,603	(51,388)
Adjustment in respect of income tax of previous year	(11,585)	-	(11,585)	-
Unrecognised deferred tax assets/liabilities:				
Temporary differences	-	338,614	3,999	467,056
Tax losses	88,403	60,810	-	-
Change in status of interest in investment	-	142,915	-	30,804
Share of profit (loss) from investments in associates and joint ventures	(20,273)	23,078	-	-
	68,130	565,417	3,999	497,860
Utilisation of unrecognised deferred tax assets - tax losses	(6,306)	(15,597)	-	-
Deferred tax assets recognised during the year:				
Tax losses	(21,394)	15,578	-	-
Temporary differences	119	-	-	-
Write-off deferred tax assets - tax losses	15,850	-	-	-
Effects of:				
Promotional privileges (Note 35)	(69,612)	(48,268)	-	(10,056)
Income not subject to tax	(70,752)	(303,131)	(70,558)	(298,642)
Non/double deductible expenses, eliminations and others	75,355	(5,415)	164	1,157
	(65,009)	(356,814)	(70,394)	(307,541)
Tax expenses (income) reported in the income statements	12,153	224,785	(29,377)	138,931

## 22.4 The components of deferred tax assets and liabilities as at 31 December 2020 and 2019

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
	(Restated)			
Deferred tax assets				
Allowance for expected credit losses	29,799	-	55,994	-
Allowance for doubtful accounts	-	4,968	-	3,967
Allowance for diminution in value of inventories	8,312	7,624	423	771
Accumulated depreciation - plant and equipment	925	3,263	-	-
Allowance for asset impairment	6,809	10,834	2,677	7,370
Provision for long-term employee benefits	47,185	47,984	8,019	6,945
Tax credit	127,777	116,878	-	-
Unused tax losses	124,193	106,280	-	-
Others	6,000	6,065	63	-
Total	351,000	303,896	67,176	19,053
Deferred tax liabilities				
Government grants	6,083	7,888	-	-
Fair value of assets form acquisition of subsidiaries	341,052	340,728	-	-
Others	27,189	605	294	385
Total	374,324	349,221	294	385
Net	(23,324)	(45,325)	66,882	18,668

## 22.5 The movements of deferred tax assets and liabilities during the years ended 31 December 2020 and 2019

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
	(Restated)			
Balance at beginning of year	(45,325)	101,894	18,668	15,489
Adjustments due to TFRS9 adoption	16,525	-	30,422	-
Deferred tax income recognised				
in the income statement	28,125	2,943	17,792	1,760
Deferred tax income recognised				
in other comprehensive income	-	12,320	-	1,419
Increase in deferred tax liabilities from acquisition of subsidiaries	-	(165,793)	-	-
Translation adjustments	(22,649)	3,311	-	-
Balance at end of year	(23,324)	(45,325)	66,882	18,668

- 22.6 A group of subsidiaries in Portugal have unused corporate income tax credits of EUR 3.5 million or Baht 129.1 million (2019: EUR 3.5 million or Baht 116.9 million), on which deferred tax assets have been recognised as it believes future taxable profits are sufficient to allow utilisation of the unused tax credit.

As at 31 December 2020 and 2019, the unused tax credit will expire during 2025 to 2027.

- 22.7 As at 31 December 2020, the Group has unused tax losses totaling Baht 625 million (2019: Baht 501 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 Company only: None).

As at 31 December 2020 and 2019, most of unused tax losses of the subsidiaries will expire by 2027.

### 23. Short-term loans from banks

	Interest rate		Consolidated		(Unit: Thousand Baht)	
			financial statements		Separate	
	2020	2019	2020	2019	2020	2019
	(% per annum) (% per annum)					
Promissory notes	2.15 - 2.50	2.85 - 5.31	175,500	743,000	175,500	743,000
Short-term loans	3.72 - 7.22	2.50 - 7.22	1,742,714	1,057,279	-	-
Total			1,918,214	1,800,279	175,500	743,000

#### *The Company*

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

The loan agreements contain several 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.

#### *The subsidiaries*

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

## 24. Trade and other payables

		(Unit: Thousand Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		2020	2019	2020	2019
Related parties					
Trade payables		97,557	69,463	140,425	116,969
Share subscription payable		-	-	19,450	19,450
Accrued interest expenses		-	-	1,828	813
Payables for purchase of assets		-	1,146	-	-
Accrued expenses		4,733	8,165	8,599	26,681
Total		102,290	78,774	170,302	163,913
Unrelated parties					
Trade payables		3,560,336	3,536,447	319,769	516,263
Accrued interest expenses		12,010	14,511	12,010	14,511
Payables for purchase of assets		153,095	100,915	-	-
Accrued expenses		143,081	496,047	32,829	90,126
Others		147,951	170,503	22,949	26,228
Total		4,016,473	4,318,423	387,557	647,128
Total trade and other payables		4,118,763	4,397,197	557,859	811,041

## 25. Long-term loans

### 25.1 Details of long-term loans from banks as at 31 December 2020 and 2019

			(Unit: Thousand Baht)			
Loan	Interest rate (% per annum)	Repayment schedule	Consolidated		Separate	
			financial statements		financial statements	
			2020	2019	2020	2019
1	BLR - 2.1	Repayable in 60 quarterly installments, with the first due in March 2008	17,782	53,772	-	-
		Repayable in 40 quarterly installments, with the first due in November 2016	7,954	9,054	-	-
2	3.98	Repayable in quarterly installments within 5 years, with the first due in March 2018	675,000	810,000	675,000	810,000
3	110% of PBOC	Repayable in quarterly installments within 4 years, with the first due in February 2018	-	11,504	-	-



(Unit: Thousand Baht)						
Loan	Interest rate (% per annum)	Repayment schedule	Consolidated financial statements		Separate financial statements	
			2020	2019	2020	2019
4	3.02	Repayable in monthly installments within 3 years, with the first due in January 2018	51,000	100,800	51,000	100,800
5	LIBOR + 2.5	Repayable in quarterly installments within 5 years, with the first due in March 2018	453,102	545,964	453,102	545,964
6	2.85	Repayable in quarterly installment within 3 years, with the first due in September 2018	100,000	300,000	100,000	300,000
7	115% of PBOC	Repayable in quarterly installments within 4 years, with the first due in October 2018	4,239	14,747	-	-
		Repayable in quarterly installment within 3 years with the first due in October 2019	26,552	28,400	-	-
8	MLR - 2	Repayable in monthly installments within 5 years, with the first due in January 2019	909,760	1,039,840	909,760	1,039,840
9	MLR - 2.87	Repayable in quarterly installments within 5 years, with the first due in March 2019	150,000	200,000	150,000	200,000
10	MLR - 2.58	Repayable in monthly installment within 3 years, with the first due in October 2019	149,600	183,200	149,600	183,200
11	Euribor 6M + 2.50	Repayable in quarterly installments within 3 years, with the first due in March 2017	-	2,249	-	-
12	Euribor 6M + 3.25	Repayable in quarterly installments within 3 years, with the first due in September 2017	12,292	16,866	-	-
13	Euribor 6M + 3.25	Repayable in quarterly installments within 3 years, with the first due in December 2017	9,280	8,126	-	-

(Unit: Thousand Baht)						
Loan	Interest rate (% per annum)	Repayment schedule	Consolidated financial statements		Separate financial statements	
			2020	2019	2020	2019
14	Euribor 3M + 2.50	Repayable in monthly installments within 3 years, with the first due in January 2017	-	730	-	-
15	Euribor 12M + 2.875	Repayable in monthly installments within 3 years, with the first due in June 2018	21,511	23,892	-	-
16	Euribor 12M + 2.65	Repayable in monthly installments within 3 years, with the first due in December 2018	43,023	44,974	-	-
17	Euribor 6M + 3.80	Repayable in semi-annually installments within 7 years, with the first due in January 2017	156,165	142,176	-	-
18	Euribor 12M + 2.80	Repayable in semi-annually installments within 8 years, with the first due in June 2017	498,473	445,251	-	-
19	1.5	Repayable in monthly installments within 6 years, with the first due in July 2020	27,657	-	-	-
20	1.5	Repayable in monthly installments within 6 years, with the first due in July 2020	27,657	-	-	-
21	1.5	Repayable in monthly installments within 6 years, with the first due in August 2020	36,877	-	-	-
22	1.5	Repayable in monthly installments within 6 years, with the first due in September 2020	18,439	-	-	-
23	1.5	Repayable in monthly installments within 6 years, with the first due in September 2020	73,753	-	-	-
24	1.5	Repayable in monthly installments within 6 years, with the first due in September 2020	22,126	-	-	-

(Unit: Thousand Baht)						
Loan	Interest rate (% per annum)	Repayment schedule	Consolidated		Separate	
			financial statements		financial statements	
			2020	2019	2020	2019
25	Non-interest bearing	Repayable in semi-annually installments within 8 years, with the first due in November 2017	313,863	287,093	-	-
26	BIBOR 3M + 2.62	Repayable in quarterly installments within 5 years, with the first due in September 2021	300,000	-	300,000	-
27	MLR - 1.5	Repayable in quarterly installments within 5 years, with the first due in March 2022	1,200,000	-	1,200,000	-
Total			5,306,105	4,268,638	3,988,462	3,179,804
Less: Deferred financing fees			(7,760)	(1,758)	(7,760)	(1,758)
Long term loans - net			5,298,345	4,266,880	3,980,702	3,178,046
Less: Portion due within one year			(1,300,826)	(1,442,979)	(1,115,266)	(1,179,521)
Portion due more than one year			3,997,519	2,823,901	2,865,436	1,998,525

The loan agreements contain conditions and covenants as discussed in Note 23 to the financial statements.

During the current year, the Company and a subsidiary received a relaxation letter from banks granting 6-month and 12-month, respectively, pause in long-term loan repayment.

## 25.2 The movement in the long-term loans from banks account during the year ended 31 December 2020

(Unit: Thousand Baht)		
Movements	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2020	4,268,638	3,179,804
Additions during the year	1,723,842	1,500,000
Repayments during the year	(786,819)	(696,385)
Effect from foreign exchange rate	5,043	5,043
Translation adjustments	95,401	-
Balance as at 31 December 2020	5,306,105	3,988,462
Less: Deferred financing fees	(7,760)	(7,760)
Long-term loans from banks - net	5,298,345	3,980,702
Less: Portion due within one year	(1,300,826)	(1,115,266)
Portion due more than one year	3,997,519	2,865,436

## 26. Long-term debentures

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

(Unit: Thousand Baht)					
Debentures	Interest rate (% per annum)	Term (years)	Due date	Consolidated/Separate financial statements	
				2020	2019
No. 1/2017	3.09	3	6 October 2020	-	300,000
No. 1/2018	3.50	5	26 July 2023	300,000	300,000
No. 2/2018	3.75	3	27 September 2021	600,000	600,000
No. 1/2019	3.95	3	29 March 2022	500,000	500,000
No. 2/2019	4.10	5	28 June 2024	800,000	800,000
Total debentures - at face value				2,200,000	2,500,000
Less: Deferred debenture issuing costs				(1,091)	(1,765)
Long-term debentures - net				2,198,909	2,498,235
Less: Portion due within one year				(599,830)	(299,925)
Portion due more than one year				1,599,079	2,198,310

The debentures contain terms of the issuer 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 certain financial ratio at the end of each quarter.

## 27. Provision for product warranty

(Unit: Thousand Baht)	
	Consolidated financial statements
As at 1 January 2019	23,203
Increase during the year	5,979
Utilisation	(7,631)
Reversal of provisions	(83)
As at 31 December 2019	21,468
Increase during the year	5,694
Utilisation	(4,271)
Reversal of provisions	(3,661)
As at 31 December 2020	19,230

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

## 28. Provision for long-term employee benefits

28.1 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 retirement benefits	Provision for other long-term benefits	Total
As at 1 January 2019	113,868	8,771	122,639
Included in profit or loss:			
Current service cost	17,608	855	18,463
Interest cost	4,985	223	5,208
Past service costs	42,777	721	43,498
Included in other comprehensive income:			
Actuarial loss (gain) arising from			
Demographic assumptions changes	(5,797)	-	(5,797)
Financial assumptions changes	42,007	-	4,2007
Experience adjustments	25,388	-	25,388
Total	61,598	-	61,598
Benefits paid during the year	(7,491)	(428)	(7,919)
As at 31 December 2019	233,345	10,142	243,487
Included in profit or loss:			
Current service cost	23,078	885	23,963
Interest cost	3,416	158	3,574
Benefits paid during the year	(18,170)	(1,386)	(19,556)
As at 31 December 2020	241,669	9,799	251,468

(Unit: Thousand Baht)

	Separate financial statements		
	Provision for retirement benefits	Provision for other long-term benefits	Total
As at 1 January 2019	20,507	903	21,410
Included in profit or loss:			
Current service cost	3,113	192	3,305
Interest cost	770	42	812
Past service costs	6,253	978	7,231
Included in other comprehensive income:			
Actuarial loss (gain) arising from			
Demographic assumptions changes	(344)	-	(344)
Financial assumptions changes	6,723	-	6,723
Experience adjustments	718	-	718
Total	7,097	-	7,097
Benefit paid during the year	(820)	(97)	(917)
As at 31 December 2019	36,920	2,018	38,938
Included in profit or loss:			
Current service cost	3,682	184	3,866
Interest cost	571	54	625
Benefits paid during the year	(557)	(284)	(841)
As at 31 December 2020	40,616	1,972	42,588

28.2 As at 31 December 2020, the Group expects to pay Baht 6.4 million of long-term employee benefits during the next year (2019: Baht 7.7 million), the Company only: Baht 0.2 million (2019: Baht 0.8 million).

28.3 As at 31 December 2020, the weighted average duration of the liabilities for long-term employee benefits is 10 years (2019: 11 years).

28.4 Significant actuarial assumptions

	Consolidated/Separate financial statements	
	2020	2019
	(% per annum)	(% per annum)
Discount rate	1.5	1.5
Salary increase rate	5.0	5.0

- 28.5 The result of sensitivity analysis for significant assumptions that affect the increase (decrease) in present value of long-term employee benefit obligations as at 31 December 2020 and 2019

(Unit: Thousand Baht)

	Provision for retirement benefits			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Discount rate				
Increase by 1%	(19,969)	(18,559)	(3,783)	(3,295)
Decrease by 1%	19,969	23,331	3,783	4,229
Salary increase rate				
Increase by 1%	23,871	23,721	4,349	4,300
Decrease by 1%	(18,323)	(18,218)	(3,271)	(3,234)

(Unit: Thousand Baht)

	Provision for other long-term benefits			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Discount rate				
Increase by 1%	(970)	(891)	(219)	(228)
Decrease by 1%	970	1,003	219	201

## 29. Government grants

A group of subsidiaries in Portugal has received grants from AICEP Portugal Global, a foreign investment promotion agency in forms of non-interest bearing loans, as discussed in Note 25 to the financial statements both reimbursable and non-reimbursable portions, to invest in fixed assets, intangible assets including training costs. Under the grants, the group of subsidiaries is required to fulfill conditions attaching to the recognised grants namely creating and maintaining a minimum number of employment jobs and targeted sales and gross value added, including the maintenance of equity-to-asset ratio. As at 31 December 2020 and 2019, the grants were recorded as deferred income which were presented under the caption of other non-current liabilities in the consolidated statement of financial position.

## 30. Treasury shares

On 26 February 2016, the Company's Board of Directors' meeting passed a resolution to approve a share repurchase program for financial management purposes for the amount not exceeding Baht 150 million. The number of ordinary shares to be repurchased did not exceed 14.5 million shares, with a par value of Baht 1 per share, equivalent to 4.5% of paid-up capital of the Company. The Company repurchased its ordinary shares through the Stock Exchange of Thailand from 15 March 2016 to 14 September 2016 and will resell these shares through the Stock Exchange of Thailand. Treasury shares could not be counted in determining a quorum and there were no voting or dividend rights.

As of the end of the repurchase period, the Company 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.

On 28 February 2017, the Company's Board of Directors' meeting passed a resolution to approve treasury shares sales through the Stock Exchange of Thailand from 15 March 2017 to 13 September 2019. If there are remaining treasury shares after the end of sales period, the Company will register the decrease in its share capital with the Ministry of Commerce equivalent to the remaining balance of treasury shares.

During the year 2019, the Company sold 5,982,700 of remaining treasury shares, totaling Baht 108.31 million. The Company recognised gain on sales of treasury shares amounting to Baht 32.93 million as premium on treasury shares in the shareholders' equity.

### 31. Dividend paid

Dividend	Approved by	Dividend per share (Baht)	Dividend paid (Thousand Baht)
Final dividend for 2018	The Annual General Meeting of shareholders on 24 April 2019	0.60	189,960
Interim dividend for 2019	The Board of Directors' Meeting on 14 August 2019	0.36	113,972
Total dividend for 2019			303,932

### 32. 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% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

### 33. Finance cost

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Interest expenses on borrowings and debentures	367,255	293,451	259,673	263,687
Interest expenses on lease liabilities	5,662	2,297	827	72
<b>Total</b>	<b>372,917</b>	<b>295,748</b>	<b>260,500</b>	<b>263,759</b>



### 34. Expenses by nature

Significant expenses classified by nature are as follows.

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Salaries, wages and other employee benefits	2,053,746	1,718,784	266,505	307,645
Depreciation and amortisation	997,862	696,734	132,478	110,676
Loss on exchange rate	13,289	189,329	14,899	172,274
Loss on change in status of investment	-	563,904	-	-
Loss on impairment of investments	-	11,375	19,999	2,099,194
Expected credit losses (reversal)	(15,145)	-	110,222	-
Doubtful debts	-	507,761	-	290,578
Rental expenses	2,115	85,078	1,106	16,076
Raw materials and consumables used	6,961,460	7,644,574	1,406,084	3,087,527
Purchases of merchandise goods	4,750,863	5,354,454	22,882	1,194,169
Changes in finished goods and work in process	266,950	(1,082,821)	(33,139)	(2,313)

### 35. Promotional privileges

The Group has received promotional privileges from the Board of Investment for various operations. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax on net profit of the following activities.

Exemption from corporate income tax for the periods of			
	3 years	7 years	8 years
	commencing from	commencing from	commencing from
<b>The Company</b>			
Manufacture of stamping parts	-	-	19 May 2011
<b>Subsidiaries</b>			
<b>AAPICO Hitech Parts Company Limited</b>			
Manufacture of metal and electronic parts	-	-	18 December 2012
<b>AAPICO Hitech Tooling Company Limited</b>			
Manufacture of die and grapple parts	-	-	8 January 2013
<b>AAPICO Precision Company Limited</b>			
Manufacture of autoparts	-	-	17 July 2014
<b>AAPICO Plastics Public Company Limited</b>			
Manufacture of plastic parts	Not yet utilised	-	-
Manufacture of plastic autoparts	Not yet utilised	-	-

Exemption from corporate income tax for the periods of			
	3 years	7 years	8 years
	commencing from	commencing from	commencing from
AAPICO Structural Products Company Limited			
Manufacture of autoparts	-	3 January 2012	-
Manufacture of autoparts	-	Not yet utilised	-
AAPICO Amata Company Limited			
Manufacture of autoparts	-	Not yet utilised	-
AAPICO Lemtech (Thailand) Company Limited			
Manufacture of metal parts	-	12 February 2014	-

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				
2020				
	Promoted operations	Promoted Operations 50%	Non-promoted operations	Total
Sales and service income				
Domestic	-	613,725	1,112,576	1,726,301
Export	-	14,888	82,215	97,103
Total	-	628,613	1,194,791	1,823,404

(Unit: Thousand Baht)

Separate financial statements				
2019				
	Promoted operations	Promoted Operations 50%	Non-promoted operations	Total
Sales and service income				
Domestic	324,050	557,041	1,465,048	2,346,139
Export	-	555	1,890,776	1,891,331
Total	324,050	557,596	3,355,824	4,237,470

### 36. Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing profit (loss) for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares 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	
	2020	2019	2020	2019
	(Restated)			
Profit (loss) attributable to shareholders of the Company	147,764	(179,512)	272,394	(395,870)
Number of ordinary shares issues	322,584	322,584	322,584	322,584
Effect of treasury shares	-	(4,171)	-	(4,171)
Weighted average number of ordinary shares	322,584	318,413	322,584	318,413
Earnings (loss) per share (Baht)	0.46	(0.56)	0.84	(1.24)

### 37. Provident fund

The Company and certain 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 Company and certain subsidiaries 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 2020 amounting to Baht 35 million (2019: Baht 32 million), the Company only: Baht 6 million (2019: Baht 3 million) were recognised as expenses.

### 38. Commitments and contingent liabilities

#### 38.1 Capital commitments

As at 31 December 2020 and 2019, the Group had capital commitments relating to the installation of computer software, acquisition of machinery and building from unrelated parties as follows.

(Unit: Million)

Currency	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Baht	132.9	29.7	28.8	2.3
RMB	10.3	17.1	-	-
USD	-	0.1	-	0.1

### 38.2 Uncalled portion of long-term investments commitment

As at 31 December 2020 and 2019, the Group had outstanding commitments in respect of uncalled portion of investments as follows.

(Unit: Million Baht)

Investment type	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Subsidiaries	223	223	77	77
Associate	25	25	25	25
Joint venture	68	68	68	68

### 38.3 Operating leases and commitments

The Group has entered into operating lease agreements in respect of the lease of land, building, office building space, equipment and motor vehicle and related service agreements. The terms of the agreements are generally between 1 and 12 years.

As at 31 December 2019, the Group had future minimum payments required under these agreements as follows.

(Unit: Million Baht)

Payable	Consolidated	Separate
	financial statements	financial statements
	2019	2019
In up to 1 year	109	14
In over 1 to up to 5 years	103	3
In over 5 years	16	-

### 38.4 Long-term service commitments

Two local 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 2027. Other two local subsidiaries have entered into memorandums with a Japanese company, under which the subsidiaries have 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 2020 amounting to Baht 11 million (2019: Baht 21 million) were recognised as expenses under these agreements.

### 38.5 Guarantees

- a) As at 31 December 2020 and 2019, the Company has guaranteed bank credit facilities of its foreign subsidiary amounting to RMB 18 million and its local associate amounting to Baht 100 million.
- b) As at 31 December 2020, two foreign subsidiaries have provided guarantees for bank credit facilities of another foreign subsidiary amounting to RM 2 million and RM 3 million, respectively (2019: RM 6 million and RM 8 million, respectively).

- c) As at 31 December 2020 and 2019, there were outstanding bank guarantees issued by banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business as follows.

Letter of guarantee	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Contractual performance	Baht 31 million	Baht 31 million	-	-
Electricity use and others	Baht 30 million RM 0.5 million	Baht 30 million RM 0.5 million	Baht 4 million	Baht 6 million

- 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 2020 and 2019, the Company and its subsidiary had no guarantee liabilities under these agreements.

### 38.6 Contingent liabilities

A subsidiary in China calculates social welfare payments for employees based on the minimum rate stipulated by the Labour and Social Security Bureau in the precinct in which it is located. However, according to central government regulations on this issue, the subsidiary should pay social welfare based on the actual salary of staff, if those salaries are between the lowest and highest salary rates stipulated. The subsidiary could therefore potentially be at risk of additional assessment by the Chinese authorities, which the subsidiary's management has assessed, as at 31 December 2020, would not exceed RMB 18.1 million (2019: not exceed RMB 16.7 million). However, the subsidiary's management believes that the practice is in line with that of other international firms situated in the same precinct, and the likelihood of such assessment is remote.

### 39. Segment information

- 39.1 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 its products and services and have 3 reported segments.

- 1) Manufacture of auto parts
- 2) Sales of automobiles and provision of automobiles repair service
- 3) Others represent the manufacture and sales of car navigation systems and services relating to technology

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.

39.2 The following tables present revenues and profit (loss) information regarding the Group's operating segments for the years ended 31 December 2020 and 2019.

(Unit: Million Baht)

	Sales of automobiles and provision of Manufacture of auto parts segment											
			Sales of automobiles repair service segment		Others		Total segments		Adjustments and eliminations		Consolidated	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	(Restated)						(Restated)				(Restated)	
Revenues from contracts with customers												
External customers	12,025	12,908	5,144	5,478	3	3	17,172	18,389	-	-	17,172	18,389
Inter-segment	1,331	1,680	742	26	13	11	2,086	1,717	(2,086)	(1,717)	-	-
Total revenues	13,356	14,588	5,886	5,504	16	14	19,258	20,106	(2,086)	(1,717)	17,172	18,389
Finance income	29	111	3	3	3	80	35	194	-	-	35	194
Depreciation and amortisation	924	659	70	34	4	6	998	699	-	-	998	699
Finance cost	361	284	12	12	-	-	373	296	-	-	373	296
Segment profit (loss)	93	791	52	24	(23)	61	122	876	-	-	122	876
Gain on changes in interest in investments in associate and join venture											-	151
Loss on changes in status of investment											-	(564)
Expected credit losses											(48)	-
Doubtful debts											-	(508)
Loss on impairment investment											-	(11)
Share of profit from investments in associates and joint ventures											101	115
Profit before income tax expenses											175	59
Income tax expense											(12)	(225)
Profit (loss) for the year											163	(166)

### 39.3 Geographic information

(Unit: Million Baht)		
For the years ended 31 December		
	2020	2019
Revenue from external customers based on country of domicile		
Thailand	10,557	13,434
China	669	634
Malaysia	2,724	3,494
Portugal	3,222	827
Total	17,172	18,389

(Unit: Million Baht)		
As at 31 December		
	2020	2019
(Restated)		
Non-current assets (other than financial instruments and deferred tax assets)		
Thailand	6,723	6,906
China	587	530
Malaysia	150	141
Portugal	5,227	4,772
India	2,456	2,598
Total	15,143	14,947

### 39.4 Major customers

For the year 2020, the Group had revenues from a major customer in amount of Baht 4,155 million (2019: Baht 5,921 million derived from 2 major customer), arising from the manufacture of auto parts segment.

## 40. Financial instruments

### 40.1 Financial risk management

The Group's financial instruments principally comprise cash and cash equivalents, trade receivables, loans to, investments, short-term and long-term loans 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 receivables, loans to, deposits with banks and financial institutions and other financial instruments. The maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

#### *Trade receivables and contract assets*

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables and contract assets are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions. In addition, the Group do has high concentrations of credit risk since it has a small customer base in automotive industries.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The Group classifies customer segments by customer. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and not subject to enforcement activity.

#### *Financial instruments and cash deposits*

The Group manages the credit risk from balances with banks and financial institutions by making investments only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis and may be updated throughout the year subject to approval of the Group's Executive Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The credit risk on debt instruments and derivatives is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

#### **Market risk**

There are two types of market risk comprising interest rate risk and currency risk.

##### *Interest rate risk*

The Group's exposure to interest rate risk relates primarily to its debentures, interest-carrying loan receivable and payable. 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)

## Consolidated financial statements

	Fixed interest rates													
							Floating		Non-interest					
	Within 1 year		1 - 5 years		In over 5 years		interest rate		bearing		Total		Interest rate (% per annum)	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Financial assets														
Cash and cash equivalents	-	-	-	-	-	-	408	274	244	264	652	538	Note 7	Note 7
Investment in debt instruments	-	-	-	-	-	-	-	-	38	54	38	54	-	-
Trade and other receivables	-	-	-	-	-	-	-	-	2,846	1,968	2,846	1,968	-	-
Loans to related parties	-	-	633	476	-	-	4	14	-	-	637	490	3.7 - 5.0	3.8 and 10.0
Investment in unquoted equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	633	476	-	-	412	288	3,128	2,286	4,173	3,050		
Financial liabilities														
Short-term loans from banks	1,918	1,800	-	-	-	-	-	-	-	-	1,918	1,800	Note 23	Note 23
Trade and other payables	-	-	-	-	-	-	-	-	4,119	4,397	4,119	4,397	-	-
Short-term loans from related parties	33	33	-	-	-	-	-	-	-	-	33	33	5.0	5.0
Long-term loans	421	571	612	640	-	-	3,951	2,769	314	287	5,298	4,267	Note 25	Note 25
Long-term debentures	600	300	1,599	2,198	-	-	-	-	-	-	2,199	2,498	Note 26	Note 26
Lease liabilities	82	31	230	77	7	-	-	-	-	-	319	108	1.4 - 6.0	2.0 - 5.8
	3,054	2,735	2,441	2,915	7	-	3,951	2,769	4,433	4,684	13,886	13,103		

(Unit: Million Baht)

## Separate financial statements

	Fixed interest rates				Floating		Non-interest		Total		Interest rate (% per annum)	
	Within 1 year		1 - 5 years		interest rate		bearing					
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>Financial assets</b>												
Cash and cash equivalent	-	-	-	-	69	39	-	-	69	39	Note 7	Note 7
Investment in debt instruments	-	-	-	-	-	-	11	-	11	-	-	-
Trade and other receivables	-	-	-	-	-	-	1,352	1,503	1,352	1,503	-	-
Loans to related parties	-	-	2,249	2,385	2,444	2,633	-	-	4,693	5,018	3.7 - 4.0	3.8 - 5.0 and 10.0
Investment in unquoted equity	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	2,249	2,385	2,513	2,672	1,363	1,503	6,125	6,560		
<b>Financial liabilities</b>												
Short-term loans from banks	176	743	-	-	-	-	-	-	176	743	Note 23	Note 23
Trade and other payables	-	-	-	-	-	-	558	811	558	811	-	-
Short-term loans from related parties	-	-	-	-	748	869	-	-	748	869	3.7 - 3.8	3.8
Long-term loans	421	571	405	640	3,155	1,967	-	-	3,981	3,178	Note 25	Note 25
Long-term debentures	600	300	1,599	2,198	-	-	-	-	2,199	2,498	Note 26	Note 26
Lease liabilities	7	1	14	-	-	-	-	-	21	1	2.1 - 3.9	3.8 - 5.8
	1,204	1,615	2,018	2,838	3,903	2,836	558	811	7,683	8,100		

The impact on the Group's profit before tax is due to interest rates on that portion of floating loans to and loans from denominated in main currencies affected as at 31 December 2020.

Currency	Increase/Decrease	Effect on profit before tax
	(Basic point)	(Million Baht)
Baht	+25	(18.2)
	-25	18.2
Euro	+25	(5.1)
	-25	5.1

The above analysis has been prepared assuming that the amounts of the floating rate loans to and loans from and all other variables remain constant over one year. Moreover, the floating legs of these loans to, and loans from are assumed to not yet have set interest rates. As a result, a change in interest rates affects interest receivable or payable for the full 12-month period of the sensitivity calculation. This information is not a forecast or prediction of future market conditions.

#### *Foreign currency risk*

The Group's exposure to the foreign currency risk relates primarily to its trading transactions and purchasing fixed assets that are denominated in foreign currencies. The Group seeks to reduce this risk by entering into foreign exchange forward contracts when it considers appropriate. Generally, the forward contracts mature within one year.

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

As at 31 December 2020, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Average exchange rate	Consolidated financial statements	
		Financial assets	Financial liabilities
	(Baht per 1 foreign currency unit)	(Million)	(Million)
US dollar	30.04	92.0	15.9
Euro	36.87	0.4	0.1

The following tables demonstrate the sensitivity of the Group's profit before tax to a reasonably possible change in exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities as at 31 December 2020.

Currency	Increase/Decrease	Effect on profit before tax
	(%)	(Million Baht)
US dollar	+0.5	11.4
	-0.5	(11.4)

This information is not a forecast or prediction of future market conditions.

## Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and banks and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. At the end of the reporting period the Group held deposits at call of Baht 637 million (2019: Baht 537 million). The Group has assessed the concentration of risk with respect to refinancing its debts and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturity within 12 months can be rolled over with existing lenders.

## Financing Management

As at 31 December 2020 and 2019, the credit facilities of the Group which have not yet been drawn down are summarised below.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Short-term credit facilities	3,892	3,072	3,125	2,457
Long-term credit facilities	350	-	-	-
Total	4,242	3,072	3,125	2,457

## Maturity of financial liabilities

The table below summarises the maturity profile of the Group's non-derivative financial liabilities and derivative financial instruments as at 31 December 2020 based on contractual undiscounted cash flows.

	(Unit: Million Baht)					
	Consolidated financial statements					Carrying amount
	On demand	Less than 1 year	1 to 5 years	In over 5 years	Total	
<b>Non-derivatives</b>						
Short-term loans from banks	1,878	70	-	-	1,948	1,918
Trade and other payables	-	4,119	-	-	4,119	4,119
Short-term loans from related parties	33	-	-	-	33	33
Long-term loans	-	1,452	4,211	-	5,663	5,298
Debentures	-	680	1,703	-	2,383	2,199
Lease liabilities	-	89	238	7	334	319
<b>Total</b>	<b>1,911</b>	<b>6,410</b>	<b>6,152</b>	<b>7</b>	<b>14,480</b>	<b>13,886</b>

(Unit: Million Baht)

	Separate financial statements					
	On demand	Less than 1 year	1 to 5 years	In over 5 years	Total	Carrying amount
<b>Non-derivatives</b>						
Short-term loans from banks	107	70	-	-	177	176
Trade and other payables	-	558	-	-	558	558
Short-term loans from related parties	748	-	-	-	748	748
Long-term loans	-	1,237	3,033	-	4,270	3,981
Debentures	-	680	1,703	-	2,383	2,199
Lease liabilities	-	7	15	-	22	21
<b>Total</b>	<b>855</b>	<b>2,552</b>	<b>4,751</b>	<b>-</b>	<b>8,158</b>	<b>7,683</b>

**40.2 Fair values of financial instruments**

The methods and assumptions used by the Group in estimating the fair value of financial instruments are as follows.

- For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, short-term loan receivables and short-term loans, their carrying amounts in the statement of financial position approximate their fair value.
- For equity securities, their fair value is generally derived from quoted market prices, or based on generally accepted pricing models when no market price is available.
- For fixed rate debentures and long-term loans, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans.
- For long-term loans carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximates their fair value.

As at 31 December 2020 and 2019, the Group had the assets and liabilities that were measured at fair value or for which fair value was disclosed using different levels of inputs as follows.

(Unit: Million Baht)

	Consolidated financial statements				
	2020				
	Fair value				
	Carrying amount	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>					
Investment in debt instrument - open-end fund	38	-	38	-	38
Investment in unquoted market	-	-	-	-	-
<b>Liabilities measured at fair value</b>					
Long-term loan from banks - fixed interest rate	1,033	-	1,055	-	1,055
Debentures	2,199	-	2,271	-	2,271

(Unit: Million Baht)

	Consolidated financial statements				
	2019				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>					
Investment in debt instrument - open-end fund	54	-	54	-	54
<b>Liabilities measured at fair value</b>					
Long-term loan from banks - fixed interest rate	1,211	-	1,222	-	1,222
Debentures	2,498	-	2,561	-	2,561

(Unit: Million Baht)

	Separate financial statements				
	2020				
		Fair value			
	Carrying				
	amount	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>					
Investment in debt instrument - open-end fund	11	-	11	-	11
Investment in unquoted market	-	-	-	-	-
<b>Liabilities measured at fair value</b>					
Long-term loan from banks - fixed interest rate	826	-	840	-	840
Debentures	2,199	-	2,271	-	2,271

(Unit: Million Baht)

	Separate financial statements				
	2019				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>					
Investment in debt instrument - open-end fund	-	-	-	-	-
<b>Liabilities measured at fair value</b>					
Long-term loan from banks - fixed interest rate	1,211	-	1,222	-	1,222
Debentures	2,498	-	2,561	-	2,561

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

#### 41. 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.

The Group manages its capital position with reference to their debt-to-equity ratio in order to comply with a condition in long-term loan agreements with financial institutions and issuance of debentures, which require the Group to maintain a debt-to-equity ratio of not more than 1.75:1 and 2.00:1, respectively.

As at 31 December 2020, the Group's debt-to-equity ratio was 1.9:1 (2019: 1.8:1) and the Company's was 1.5:1 (2019: 1.6:1).

As at 31 December 2020 and 2019, the Company was unable to maintain a financial ratio covenanted under loan agreements. However, the Company received waiver letters from the banks within the end of the reporting period.

No changes were made in the objectives, policies or processes during the years ended 31 December 2020 and 2019.

#### 42. Events after the reporting period

On 1 March 2021, a meeting of the Company's Board of Directors passed a resolution to propose for approval by the 2020 Annual General Meeting of the Company's shareholders to consider a decrease in the registered share capital amounting to Baht 65,316 by reducing unissued 65,316 shares, and increase in the registered share capital amounting to Baht 32,258,384, from Baht 322,649,160 to Baht 354,842,228 by issuing ordinary shares 32,258,384 shares with a par value of Baht 1 each to support cash and stock dividends as follows.

- a) Stock dividend payment will be from registered capital increase and will not exceed 32,258,384 ordinary shares with a par value of Baht 1 per share, totalling Baht 32,258,384 at the ratio of ten existing shares to one stock dividend. If there is a fractional existing share from stock dividend payment calculation, the dividend payment for the fractional share will be made in cash at the rate of Baht 0.10 per share.
- b) Cash payment at Baht 0.15 per share, totalling Baht 48,387,577.

#### 43. Reclassification

Certain amounts in the consolidated financial position as at 31 December 2019 have been reclassified to conform with the current year's classification as follows.

	(Unit: Thousand Baht)	
	Consolidated financial statement	
	As reclassified	As previously reported
Deposits for purchases of fixed assets	-	1,530
Other current assets	85,681	84,151
Current portion of long-term loans	1,442,978	1,389,601
Other current liabilities	152,201	211,654
Long-term loans	2,823,901	2,590,185
Other non-current liabilities	29,955	257,595

#### 44. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 1 March 2021.