

AAPICO Hitech Public Company Limited and its subsidiaries
Notes to consolidated interim financial statements
For the three-month period ended 31 March 2016

1. General information

1.1 Basis for the preparation of interim financial statements

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

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

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

1.2 Basis of consolidation

These consolidated interim financial statements include the financial statements of AAPICO Hitech Public Company Limited (“the Company”) and its subsidiaries (hereinafter called as “the Group”) and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2015. During the current period, there was no significant change in the structure of the Group.

1.3 New financial reporting standards

During the period, the Group has adopted the revised and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of financial reporting standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements.

1.4 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2015.

2. Current investments

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2016	2015	2016	2015
Held for trade investments				
Unit trusts - fixed income fund, fair value	136,051	38,120	94,999	-
Held-to-maturity investments				
12-month fixed deposit	5,403	-	-	-
Total current investments	<u>141,454</u>	<u>38,120</u>	<u>94,999</u>	<u>-</u>

3. Related party transactions

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

(Unit: Million Baht)

	For the three-month periods ended 31 March				Transfer Pricing Policy
	Consolidated		Separate financial		
	financial statements		statements		
	2016	2015	2016	2015	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales of goods and services	-	-	52	85	Cost plus margin, averaging around -11% to 6%
Interest income	-	-	32	36	0.01% - 5.05% p.a.
Dividend income	-	-	200	-	As declared
Rental income	-	-	1	1	Close to rental rates for other building in the vicinity
Management fee income	-	-	16	17	Approximate cost
Other income	-	-	3	2	Approximate cost
Purchases of goods and services	-	-	107	66	Cost plus margin, averaging around 10% - 30%
Purchases of machinery and equipment	-	-	5	6	Cost plus margin, averaging around 20% - 35%
Interest expenses	-	-	2	1	0.63% - 5.05% p.a.
Other expenses	-	-	3	3	Approximate cost
<u>Transactions with associates and joint venture</u>					
Sales of goods and services	51	53	1	-	Cost plus margin, averaging around 20% - 35%
Rental income	2	2	-	-	Close to rental rates for other building in the vicinity
Dividend income	76	100	75	100	As declared
Management fee income	1	1	1	1	Approximate cost
Other income	7	1	5	-	Approximate cost
Purchases of goods and services	78	68	50	44	Cost plus margin, averaging around 2% - 3% and 20% - 55%
<u>Transactions with related parties</u>					
Purchases of goods and services	-	75	-	-	Cost plus margin of 5% - 30%

(Unaudited but reviewed)

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
<u>Trade and other receivables - related parties (Note 4)</u>				
Subsidiaries	-	-	373,825	345,141
Associates	60,916	60,103	11,898	9,754
Joint venture	-	696	-	32
Related companies (common shareholder/director)	1,089	2,846	339	339
Total	62,005	63,645	386,062	355,266
<u>Trade and other payables - related parties</u>				
Subsidiaries	-	-	76,934	41,201
Associates	50,923	42,573	37,598	27,733
Related companies (common shareholder/director)	7,271	12,428	-	-
Total	58,194	55,001	114,532	68,934

Loans to related parties and loans from related parties

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

		(Unit: Thousand Baht)				
		Consolidated financial statements				
		Balance as at 31 December 2015	Increase during the period	Decrease during the period	Unrealised loss on exchange	Balance as at 31 March 2016
<u>Short-term loans from</u>						
Dee Mak SDN. BHD.	Common director	1,686	234	-	123	2,043
Directors of the Group		12,932	-	-	875	13,807
Total		14,618	234	-	998	15,850

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

		(Unit: Thousand Baht)				
		Separate financial statements				
		Balance as at 31 December 2015	Increase during the period	Decrease during the period	Unrealised gain on exchange	Balance as at 31 March 2016
<u>Short-term loans to</u>						
New Era Sales Company Limited	Subsidiary	12,000	-	-	-	12,000
Able Motors Company Limited	Subsidiary	18,000	45,000	(45,000)	-	18,000
Katsuya (Thailand) Company Limited	Subsidiary	600	-	-	-	600
AAPICO Hitech Parts Company Limited	Subsidiary	60,000	179,700	(179,700)	-	60,000
AAPICO Hitech Tooling Company Limited	Subsidiary	36,000	8,700	(8,700)	-	36,000
AAPICO Forging Public Company Limited	Subsidiary	288,000	216,500	(216,500)	-	288,000
AAPICO Amata Company Limited	Subsidiary	18,000	39,000	(39,000)	-	18,000
Kunshan Chaitai-Xincheng Precision Forging Company Limited	Subsidiary	71,847	-	(71,847)	-	-
Total		504,447	488,900	(560,747)	-	432,600

(Unaudited but reviewed)

(Unit: Thousand Baht)

		Separate financial statements				
		Balance as at			Unrealised	Balance as at
		31 December	Increase during	Decrease during	gain on	31 March
Related by		2015	the period	the period	exchange	2016
<u>Long-term loans to</u>						
New Era Sales Company Limited	Subsidiary	250,000	-	(9,000)	-	241,000
Able Motors Company Limited	Subsidiary	87,000	55,000	-	-	142,000
AAPICO Forging Public Company Limited	Subsidiary	1,921,100	-	(29,900)	-	1,891,200
AAPICO Hitech Parts Company Limited	Subsidiary	215,000	-	(76,300)	-	138,700
AAPICO Hitech Tooling Company Limited	Subsidiary	38,700	16,100	-	-	54,800
Katsuya (Thailand) Company Limited	Subsidiary	3,200	-	-	-	3,200
AAPICO Investment Pte. Ltd.	Subsidiary	86,267	-	-	1,928	88,195
AAPICO Amata Company Limited	Subsidiary	42,970	-	(6,250)	-	36,720
Total		2,644,237	71,100	(121,450)	1,928	2,595,815
<u>Short-term loans from</u>						
AAPICO Engineering Company Limited	Subsidiary	9,200	-	-	-	9,200
AAPICO Structural Products Company Limited	Subsidiary	252,300	642,500	(727,000)	-	167,800
Total		261,500	642,500	(727,000)	-	177,000

Directors and management's benefits

During the three-month periods ended 31 March 2016 and 2015, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	For the three-month periods ended 31 March			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Short-term employee benefits	7,116	7,545	7,116	7,545
Post-employment benefits	43	46	43	46
Total	7,159	7,591	7,159	7,591

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 18.6 to financial statements.

(Unaudited but reviewed)

4. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial		Separate financial	
	statements		statements	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due and past due				
not over 3 months	37,510	42,757	46,079	30,281
Total trade receivables - related parties	37,510	42,757	46,079	30,281
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due and past due				
not over 3 months	2,100,453	1,785,210	332,454	241,292
Past due over 3 - 12 months	2,256	2,166	216	558
Past due over 12 months	5,571	5,881	-	-
Total	2,108,280	1,793,257	332,670	241,850
Less: Allowance for doubtful accounts	(5,373)	(5,487)	(14)	(14)
Total trade receivables - unrelated parties, net	2,102,907	1,787,770	332,656	241,836
Total trade receivables - net	2,140,417	1,830,527	378,735	272,117
<u>Other receivables - net</u>				
Interest receivable - related parties	-	-	319,845	306,670
Advances - related parties	14,797	7,982	11,863	11,391
Advances - unrelated parties	19,703	13,338	-	-
Dividend receivable - related parties	5,034	5,727	-	1,772
Accrued income - unrelated parties	18,321	32,647	-	-
Others - related parties	4,664	7,179	8,275	5,152
Others - unrelated parties	13,917	14,328	1,454	647
Total other receivables - net	76,436	81,201	341,437	325,632
Total trade and other receivables - net	2,216,853	1,911,728	720,172	597,749

5. Inventories

As at 31 March 2016, certain subsidiaries have pledged finished goods of approximately Baht 29 million (31 December 2015: Baht 64 million) to secure loans from banks.

(Unaudited but reviewed)

6. Investments in associates

6.1 Details of associates:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			31 March 2016	31 December 2015	31 March 2016	31 December 2015	31 March 2016	31 December 2015
			(%)	(%)				
Able Sanoh Industries (1996) Company Limited	Manufacture and distribution of autoparts	Thailand	46	46	30,700	30,700	451,561	412,247
Sanoh Industries (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	20	20	29,250	29,250	66,857	64,953
MINTH AAPICO (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	40	40	151,400	151,400	136,394	138,684
Thai Takagi Seiko Company Limited	Distribution of dies	Thailand	49	49	49,587	49,587	29,025	40,655
Hyundai Motor (Thailand) Company Limited	Distribution of vehicles and parts	Thailand	30	30	120,000	120,000	383,320	451,600
Edscha AAPICO Automotive Company Limited	Manufacture and distribution of autoparts	Thailand	49	49	19,600	19,600	38,282	35,269
Sumino AAPICO (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	49	49	98,000	98,000	63,581	68,481
Quantum Inventions Pte. Ltd. (25 percent held by AAPICO Investment Pte. Ltd.)	Manufacture of car navigation systems	Singapore	25	25	76,085	76,085	80,950	81,250
Total					574,622	574,622	1,249,970	1,293,139

(Unit: Thousand Baht)

Company's name	Separate financial statements							
	Shareholding percentage		Cost		Allowance for impairment of investments		Carrying amounts based on cost method - net	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015	31 March 2016	31 December 2015	31 March 2016	31 December 2015
	(%)	(%)						
Able Sanoh Industries (1996) Company Limited	46	46	30,700	30,700	-	-	30,700	30,700
Sanoh Industries (Thailand) Company Limited	20	20	29,250	29,250	-	-	29,250	29,250
MINTH AAPICO (Thailand) Company Limited	40	40	151,400	151,400	-	-	151,400	151,400
Thai Takagi Seiko Company Limited	49	49	49,587	49,587	-	-	49,587	49,587
Hyundai Motor (Thailand) Company Limited	30	30	120,000	120,000	-	-	120,000	120,000
Edscha AAPICO Automotive Company Limited	49	49	19,600	19,600	-	-	19,600	19,600
Sumino AAPICO (Thailand) Company Limited	49	49	98,000	98,000	-	-	98,000	98,000
Total			498,537	498,537	-	-	498,537	498,537

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

6.2 Share of comprehensive income and dividend income

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

(Unit: Thousand Baht)

Company's name	For the three-month periods ended 31 March							
	Consolidated financial statements				Separate financial statements			
	Share of other comprehensive income							
	Share of profit (loss) from investments in associates during the period		from investments in associates during the period		Dividend income during the period		Dividend income during the period	
2016	2015	2016	2015	2016	2015	2016	2015	
Able Sanoh Industries (1996) Company Limited	39,314	16,561	-	-	-	-	-	-
Sanoh Industries (Thailand) Company Limited	1,904	2,451	-	-	-	-	-	-
MINTH AAPICO (Thailand) Company Limited	(2,290)	1,388	-	-	-	-	-	-
Thai Takagi Seiko Company Limited	(11,630)	(3,583)	-	-	-	-	-	-
Hyundai Motor (Thailand) Company Limited	6,720	35,024	-	-	75,000	99,600	75,000	99,600
Edscha AAPICO Automotive Company Limited	3,013	4,379	-	-	-	-	-	-
Sumino AAPICO (Thailand) Company Limited	(4,900)	(2,233)	-	-	-	-	-	-
Quantum Inventions Pte. Ltd.	(1,091)	1,935	1,782	(2,294)	991	-	-	-
Total	31,040	55,922	1,782	(2,294)	75,991	99,600	75,000	99,600

7. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost	
	31 March	31 December	31 March	31 December	31 March	31 December
	2016	2015	2016	2015	2016	2015
			(%)	(%)		
New Era Sales Co., Ltd.	Baht 20 million	Baht 20 million	100	100	20,000	20,000
AAPICO Amata Co., Ltd.	Baht 800 million	Baht 800 million	100	100	1,164,139	1,164,139
Able Motors Co., Ltd.	Baht 20 million	Baht 20 million	100	100	19,999	19,999
AAPICO Engineering Co., Ltd.	Baht 10 million	Baht 10 million	100	100	10,000	10,000
Tenaga Setia Resources SDN. BHD.	RM 6 million	RM 6 million	49	49	31,393	31,393
Kunshan Chaitai-Xincheng Precision Forging Co., Ltd.	USD 8.1 million	USD 8.1 million	100	100	277,426	277,426
AAPICO ITS Co., Ltd.	Baht 100 million	Baht 100 million	60	60	62,175	62,175
AAPICO Hitech Parts Co., Ltd.	Baht 120 million	Baht 120 million	100	100	120,000	120,000
AAPICO Hitech Tooling Co., Ltd.	Baht 65 million	Baht 65 million	100	100	65,000	65,000
AAPICO Investment Pte. Ltd.	SGD 6.97 million	SGD 6.97 million	100	100	167,950	167,950

(Unaudited but reviewed)

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost	
	31 March	31 December	31 March	31 December	31 March	31 December
	2016	2015	2016	2015	2016	2015
			(%)	(%)		
AAPICO Mitsuike (Thailand) Co., Ltd.	Baht 8.25 million	Baht 8.25 million	51	51	4,208	4,208
AAPICO Forging Plc.	Baht 500 million	Baht 500 million	100	100	1,823,907	1,823,907
AAPICO Structural Products Co., Ltd.	Baht 200 million	Baht 200 million	100	100	200,000	200,000
A Maction Co., Ltd.	Baht 10 million	Baht 10 million	100	100	8,100	8,100
New Era Sales (M) SDN. BHD.	RM 1.5 million	RM 1.5 million	49	49	8,263	8,263
AAPICO Technology Co., Ltd.	Baht 0.25 million	Baht 0.25 million	100	100	250	250
AERP Co., Ltd.	Baht 1.25 million	Baht 1.25 million	88	88	1,100	1,100
Katsuya (Thailand) Co., Ltd.	Baht 28.5 million	Baht 28.5 million	76	76	15,675	15,675
Foton Passenger Vehicles Distribution (Thailand) Co., Ltd.	Baht 25 million	Baht 25 million	97	97	24,250	24,250
AAPICO Lemtech (Thailand) Co., Ltd.	Baht 40 million	Baht 40 million	60	60	24,000	24,000
AAPICO Training Center Co., Ltd.	Baht 3 million	Baht 3 million	100	100	3,000	3,000
Total					4,050,835	4,050,835
Less: Allowance for impairment					(1,343,977)	(1,343,977)
Net					2,706,858	2,706,858

During the three-month period ended 31 March 2016, the Company received Baht 200 million of dividend from AAPICO Structural Products Company Limited (2015: Nil).

On 11 March 2016, A Maction Company Limited registered the completion of its liquidation with the Ministry of Commerce. This company is in the process of distribution of remaining assets to the shareholders.

8. Investment in joint venture

8.1 Details of investment in joint venture

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

(Unit: Thousand Baht)

Joint venture	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			31 March	31 December	31 March	31 December	31 March	31 December
			2016	2015	2016	2015	2016	2015
			(%)	(%)				
AAPICO Sodectia (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	50	50	82,500	82,500	74,656	74,829

(Unit: Thousand Baht)

(Unaudited but reviewed)

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

8.2 Share of comprehensive income and dividend received

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

(Unit: Thousand Baht)

Joint venture	For the three-month periods ended 31 March					
	Consolidated financial statements				Separate financial statements	
	Share of loss from investment in joint venture during the period		Share of other comprehensive income from investment in joint venture during the period		Dividend received during the period	
	2016	2015	2016	2015	2016	2015
AAPICO Sodecia (Thailand) Company Limited	173	1,696	-	-	-	-

9. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements	
	31 March 2016	31 December 2015
Investments in available-for-sale securities		
Marketable equity securities	160,666	160,666
Allowance for change in value and exchange difference on translation of financial statements in foreign currency	(111,724)	(84,062)
	<u>48,942</u>	<u>76,604</u>

(Unaudited but reviewed)

10. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2016 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2016	5,846,695	1,252,446
Acquisitions during period - at cost	45,398	7,503
Transfers from inventories	16,550	10,999
Capitalised interest	50	50
Disposals/write-off during period - net book value at disposal date/write-off date	(11,969)	(1)
Depreciation for the period	(172,471)	(34,296)
Allowance for impairment loss increased during the period	(22,159)	(18,000)
Exchange differences on translation of financial statements in foreign currency	(3,955)	-
Net book value as at 31 March 2016	<u>5,698,139</u>	<u>1,218,701</u>

Borrowing costs totaling approximately Baht 0.1 million was capitalised as cost of work under construction during the three-month period ended 31 March 2016 (2015: Baht 0.1 million).

As at 31 March 2016, the Group had machinery, motor vehicles and equipment under finance lease agreements with net book values amounting to Baht 12 million (31 December 2015: Baht 17 million).

Certain subsidiaries have mortgaged building, certain machinery and factory equipment with a total net book value as at 31 March 2016 of Baht 98 million (31 December 2015: Baht 93 million) as collateral for credit facilities granted by banks.

11. Leasehold right

Subsidiary has pledged its land leasehold right with a net book value as at 31 March 2016 of Baht 89 million (31 December 2015: Baht 84 million) as collateral for credit facilities granted by banks.

(Unaudited but reviewed)

12. Goodwill

(Unit: Thousand Baht)

	Consolidated financial statements	
	31 March 2016	31 December 2015
Goodwill from purchase of subsidiaries:		
AAPICO Amata Company Limited	229,368	229,368
AAPICO Forging Public Company Limited	1,152,332	1,152,332
Other companies	5,162	5,162
Total	1,386,862	1,386,862
Less: Allowance for impairment	(1,152,332)	(1,152,332)
Net	234,530	234,530

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

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

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

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

14. Debentures

On 29 April 2015, the Company issued Baht 800 million of senior unsecured registered debentures with a debenture holders' representative and offered them to institutional investors and high net worth investors. The debentures bear interest at a rate of 4.34 percent per annum and have a tenor of 3 year. The term of interest payment is semi-annual and the principal is to be redeemed on the debenture redemption date. Details of the debenture balances are as follows.

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated/Separate financial statements	
	31 March 2016	31 December 2015
Debentures	800,000	800,000
Less: Deferred debenture issuing costs	(1,389)	(1,556)
Debentures - net	<u>798,611</u>	<u>798,444</u>

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

15. Treasury shares

On 26 February 2016, a meeting of the Company's Board of Directors passed a resolution to approve the share repurchase program for financial management purposes in amount not exceeding Baht 150 million. The number of ordinary shares to be repurchased is not exceeding 14.5 million shares (par value of Baht 1 per share), equal to 4.5% of the total number of paid-up share capital of the Company. The Company will repurchase its ordinary shares through the Stock Exchange of Thailand between 15 March 2016 and 14 September 2016 and resell them through the Stock Exchange of Thailand more than 6 months but not later than 3 years after the completion date of the share repurchase program.

During the three-month period ended 31 March 2016, the Company has yet to repurchase any shares under the program.

16. Income tax

Income tax expenses for the three-month periods ended 31 March 2016 and 2015 are made up as follows.

	(Unit: Thousand Baht)			
	For the three-month periods ended 31 March			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Current income tax:				
Interim corporate income tax charge	4,701	6,045	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	1,352	116	-	332
Income tax expense reported in the statement of income	<u>6,053</u>	<u>6,161</u>	<u>-</u>	<u>332</u>

17. Earnings per share

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

18. Commitment and contingent liabilities**18.1 Capital commitments**

As at 31 March 2016, the Group had capital commitments of approximately Baht 5.5 million, RMB 1.3 million and EUR 0.1 million, totalling Baht 15 million (31 December 2015: Baht 5.4 million and RMB 1.5 million, totalling Baht 14 million), relating to the purchase of land, the construction of factory buildings and the acquisition of machinery from the unrelated parties.

18.2 Uncalled portion of long-term investments

As at 31 March 2016 and 31 December 2015, the Group had outstanding commitment of Baht 89 million and Baht 68 million in respect of uncalled portion of investments in their subsidiaries and a joint venture.

18.3 Operating leases and service commitments

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

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

	(Unit: Million Baht)	
Payable	As at 31 March 2016	As at 31 December 2015
In up to 1 year	59	67
In over 1 to up to 5 years	69	74
In over 5 years	22	26

18.4 Long-term service commitments

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

In addition, a subsidiary has entered into a management assistance agreement with a Japanese company, under which the subsidiary has to pay a fee at a fixed rate, together with other remunerations stipulated in the agreement. The agreement has a term of one year and automatically renews annually for further periods of one year each time.

The fees for the three-month period ended 31 March 2016 amounting to approximately Baht 8 million (2015: Baht 8 million) were recognised as expenses.

18.5 Commitments from debentures

As at 31 March 2016 and 31 December 2015, the Company had commitments in respect of the service fees payable to debenture holders' representative and registrar agent. These service fees are to be paid annually to each company at a rate of 0.004 percent of total outstanding principal amount of debentures, plus the related value added tax in accordance with tax legislation.

18.6 Guarantee

- a) As at 31 March 2016 and 31 December 2015, the Company had guaranteed bank credit facilities of its foreign subsidiary companies amounting to RMB 30 million and its local associated company amounting to Baht 100 million.
- b) As at 31 March 2016, two foreign subsidiaries has provided guarantees for bank credit facilities of another foreign subsidiary amounting to RM 12 million and RM 8 million, respectively (31 December 2015: RM 12 million and RM 9 million, respectively).

(Unaudited but reviewed)

- c) As at 31 March 2016 and 31 December 2015, there were outstanding bank guarantees of approximately Baht 65 million, and RM 0.2 million issued by banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 35 million to guarantee contractual performance, and Baht 30 million and RM 0.2 million to guarantee electricity use, among others.
- d) The Company and a subsidiary entered into agreements related to the Supplier Financing Program, as a sponsor, whereby they provide guarantees of credit lines of their suppliers used to purchase raw materials and goods, up to a limited of Baht 200 million. As at 31 March 2016 and 31 December 2015, the Company and a subsidiary had no guarantee liabilities under these agreements.

18.7 Forward foreign exchange contracts

As at 31 March 2016 and 31 December 2015, foreign exchange contracts outstanding are summarised below.

Foreign currency	Sold amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	4.9	33.25 - 34.20	April - May 2016

18.8 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 March 2016, would not exceed RMB 1.7 million (31 December 2015: would not exceed RMB 2.3 million). However, the subsidiary's management believes that the practice is in line with that of other international firms situated in the same precinct, and the likelihood of such assessment is remote.

19. Litigation

In late 2011 a subsidiary company in which the Company has an equity interest of 60 percent was sued for approximately Baht 450 million under civil litigation for copyright infringement related to map data. In 2012, this subsidiary was sued for the same infringement under criminal litigation. In January 2013, the Central Intellectual Property and International Trade Court (“IP&IT Court”) ordered the dismissal of the criminal case. However, the plaintiff has appealed to the Supreme Court. In October 2014, the Supreme Court rendered its judgement in favor of the subsidiary. Therefore, the criminal case was finalised. In the civil case, the IP&IT Court rendered a judgement in favor of the plaintiff and the subsidiary was ordered to pay compensation of approximately Baht 1 million plus interest at a rate of 7.5 percent per annum from the date the lawsuit was filed until the payment is made. This subsidiary’s management has assessed the circumstances and believes that it will incur losses not exceeding the amount of the award ordered by the IP&IT Court. This subsidiary has therefore recorded provision for compensation claim of approximately Baht 1 million in the 2014 financial statements. Subsequently, in May 2015, the subsidiary appealed this judgement of IP&IT Court to the Supreme Court. As of this report date, the case is being considered by the Supreme Court.

20. Fair value hierarchy

The Group had the financial assets that were measured at fair value using different levels of inputs as follows.

		(Unit: Thousand Baht)					
		Consolidated financial statements					
		Level 1		Level 2		Total	
		31 March 2016	31 December 2015	31 March 2016	31 December 2015	31 March 2016	31 December 2015
Financial assets measured at fair value							
Held for trade investments							
Debt instruments		-	-	136,051	38,120	136,051	38,120
Available-for-sale investments							
Equity instruments		48,942	76,604	-	-	48,942	76,604
		(Unit: Thousand Baht)					
		Separate financial statements					
		Level 1		Level 2		Total	
		31 March 2016	31 December 2015	31 March 2016	31 December 2015	31 March 2016	31 December 2015
Financial assets measured at fair value							
Held for trade investments							
Debt instruments		-	-	94,999	-	94,999	-

(Unaudited but reviewed)

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

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

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

21. Segment information

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

The following tables present revenue and profit information regarding the Group's operating segments for the three-month periods ended 31 March 2016 and 2015.

(Unit: Million Baht)

	Manufacture of automobiles assembly tools and parts segment	Sales of automobiles and the provision of automobiles repair service segment	Total segment	Adjustments and eliminations	Consolidated
For the three-month period ended 31 March 2016					
Revenues					
External customers	2,623	1,195	3,818	-	3,818
Inter-segment	432	6	438	(438)	-
Total revenues	3,055	1,201	4,256	(438)	3,818
Operating results					
Segment profit	237	28	265	(98)	167
Share of profit from investments in associates and joint venture					31
Finance cost					(36)
Profit before income tax expense					162
Income tax expense					(6)
Profit for the period					156

(Unaudited but reviewed)

(Unit: Million Baht)

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

22. Events after the reporting period

- a) On 27 April 2016, the Annual General Meeting of the Company's shareholders passed a resolution to approve the payment of a dividend of Baht 0.20 per share, totaling Baht 64.5 million, to be paid in May 2016.
- b) The approvals of share capital increase of the Company's associates are as follows.
- On 25 April 2016, the Annual General Meeting of Sumino AAPICO (Thailand) Company Limited passed a resolution to approve the increase of its share capital by Baht 150 million. The Company will increase its investment in this associate by Baht 73.5 million to maintain its existing shareholding of 49%. The associate initially called-up 67% of its share capital.
 - On 28 April 2016, the Annual General Meeting of Edscha AAPICO Automotive Company Limited passed a resolution to approve the increase of its share capital by Baht 12 million. The Company will increase its investment in this associate by Baht 5.9 million to maintain its existing shareholding of 49%. The associate fully called-up its share capital.

(Unaudited but reviewed)

23. Approval of interim financial statements

These interim financial statements were authorised for issue by the Board of Directors of the Company on 13 May 2016.