

AAPICO Hitech Public Company Limited and its subsidiaries

Notes to interim consolidated financial statements

For the three-month period ended 31 March 2018

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 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, 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 interim financial statements.

1.2 Basis of consolidation

These interim consolidated financial statements include the financial statements of AAPICO Hitech Public Company Limited (hereinafter called as “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 2017. During the current period, there was no significant change in the structure of the Group.

1.3 New financial reporting standards

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

During the period, the Group has adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements.

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

During the period, the Federation of Accounting Professions issued TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after 1 January 2019. Key principles of this standard are summarised below.

TFRS 15 supersedes TAS 11 Construction Contracts and TAS 18 Revenue, together with related Interpretations. Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Group is currently evaluating the impact of this standard to the Group's financial statements.

1.4 Significant accounting policies

The interim financial statements are prepared using the same significant accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2017.

(Unaudited but reviewed)

2. Current investments

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
Held for trade investments				
Unit trusts (fixed income fund)				
- fair value	40,968	54,480	-	14,000
Total	40,968	54,480	-	14,000

3. Related party transactions

- 3.1 During the periods, 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.

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	For the three-month periods ended 31 March				
	2018	2017	2018	2017	
Transactions with subsidiaries (eliminated from the consolidated financial statements)					
Sales of goods and services	-	-	53	45	Close to selling price to third party
Dividend income	-	-	-	200	As declared
Interest income	-	-	41	26	3.99% and 5.00% p.a. (2017: 4.35% - 4.36% p.a.)
Rental income	-	-	1	1	Close to rental rates for other building in the vicinity
Management fee income	-	-	22	15	Approximate cost
Other income	-	-	5	5	Approximate cost
Purchases of goods and services	-	-	47	48	Cost plus margin, averaging around 3% - 5% (2017: 5% and 17 - 18%)
Purchases of machinery and equipment	-	-	-	2	Close to selling price to third party
Other expenses	-	-	2	2	Approximate cost
Interest expenses	-	-	5	4	0.90% and 3.99% p.a. (2017: 0.50% - 4.36% p.a.)
Transactions with associates and joint ventures					
Sales of goods and services	58	55	-	-	Close to selling price to third party
Dividend income	171	76	171	75	As declared
Interest income	79	-	-	-	3.99% and 20.00% p.a.
Rental income	2	2	-	-	Close to rental rates for other building in the vicinity
Management fee income	3	1	3	1	Approximate cost
Other income	1	1	1	1	Approximate cost
Purchases of goods and services	71	79	52	52	Cost plus margin, averaging around 17% - 28% and 47% (2017: -15% and 22% - 33%)

(Unaudited but reviewed)

3.2 The balances of the accounts between the Company and those related parties as at 31 March 2018 and 31 December 2017

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2018	2017	2018	2017
Trade and other receivables - related parties (Note 4)				
Subsidiaries	-	-	597,200	551,145
Associates	212,205	132,883	4,118	2,540
Joint ventures	156	254	119	210
Related persons (common shareholder/directors)	750	750	-	-
Total	<u>213,111</u>	<u>133,887</u>	<u>601,437</u>	<u>553,895</u>
Trade and other payables - related parties				
Subsidiaries	-	-	40,823	38,155
Associates	73,017	60,944	50,932	44,589
Joint ventures	85	-	-	-
Related persons (director and management)	-	470	-	470
Total	<u>73,102</u>	<u>61,414</u>	<u>91,755</u>	<u>83,214</u>

3.3 The balances of loans between the Company and those related parties as at 31 March 2018 and 31 December 2017

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2018	2017	2018	2017
Short-term loans to related parties				
Subsidiaries	-	-	384,863	384,863
Total	<u>-</u>	<u>-</u>	<u>384,863</u>	<u>384,863</u>
Long-term loans to related parties				
Subsidiaries	-	-	3,356,455	3,419,063
Associates	1,576,386	1,648,014	14,000	14,000
Total	<u>1,576,386</u>	<u>1,648,014</u>	<u>3,370,455</u>	<u>3,433,063</u>
Short-term loans from related parties				
Subsidiaries	-	-	702,896	553,710
Related company (common director)	16,414	11,282	-	-
Total	<u>16,414</u>	<u>11,282</u>	<u>702,896</u>	<u>553,710</u>

(Unaudited but reviewed)

3.4 The movements of loans between the Company and those related parties during the three-month period ended 31 March 2018

(Unit: Thousand Baht)

Loans to related parties	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2018	1,648,014	3,817,926
Increase during period	-	697,084
Decrease during period	-	(689,601)
Unrealised loss on exchange rate	(29,659)	(70,091)
Translation adjustments	(41,969)	-
Balance as at 31 March 2018	<u>1,576,386</u>	<u>3,755,318</u>

(Unit: Thousand Baht)

Loans from related parties	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2018	11,282	553,710
Increase during period	5,054	1,065,324
Decrease during period	-	(916,138)
Translation adjustments	78	-
Balance as at 31 March 2018	<u>16,414</u>	<u>702,896</u>

3.5 Directors and management's benefits

During the three-month periods ended 31 March 2018 and 2017, the Group had employee benefit expenses payable to its directors and management as below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 31 March			
	2018	2017	2018	2017
Short-term employee benefits	8,338	7,330	8,338	7,330
Post-employment benefits	27	45	27	45
Total	<u>8,365</u>	<u>7,375</u>	<u>8,365</u>	<u>7,375</u>

3.6 Guarantee obligations with related parties

The Company has outstanding guarantee obligations for credit facilities of its related parties, as described in Note 19.5 to financial statements.

(Unaudited but reviewed)

4. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
Trade receivables - related parties				
Aged on the basis of due dates				
Not yet due and past due				
not over 3 months	36,985	33,500	24,328	18,121
Total trade receivables - related parties	36,985	33,500	24,328	18,121
Trade receivables - unrelated parties				
Aged on the basis of due dates				
Not yet due and past due				
not over 3 months	2,129,823	2,014,202	313,107	239,703
Past due 3 - 12 months	5,020	1,393	6	6
Past due more than 12 months	10,177	14,463	173	173
Total	2,145,020	2,030,058	313,286	239,882
Less: Allowance for doubtful accounts	(9,926)	(14,402)	(197)	(197)
Total trade receivables - unrelated parties, net	2,135,094	2,015,656	313,089	239,685
Total trade receivables - net	2,172,079	2,049,156	337,417	257,806
Other receivables				
Advances - related parties	1,108	3,102	3,454	2,488
Advances - unrelated parties	24,312	20,569	-	-
Interest receivables - related parties	166,320	92,244	559,298	521,530
Accrued income - related parties	-	-	2,702	2,702
Accrued income - unrelated parties	29,011	28,841	-	-
Others - related parties	8,698	5,041	11,655	9,054
Others - unrelated parties	31,006	21,173	3,744	1,086
Total other receivables - net	260,455	170,970	580,583	536,860
Total trade and other receivables - net	2,432,534	2,220,126	918,270	794,666

(Unaudited but reviewed)

5. Inventories

Movements in the allowance for reduction of cost of inventories to net realisable value account during the three-month period ended 31 March 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2018	92,579	19,007
Less: Reversal of reduction of inventory cost to net realisable value	(6,947)	(1,595)
Balance as at 31 March 2018	<u>85,632</u>	<u>17,412</u>

As at 31 March 2018, certain subsidiaries have pledged finished goods of Baht 152 million (31 December 2017: Baht 95 million) to secure loans from banks.

6. Investments in associates

6.1 Details of investments in associates

Company	(Unit: Thousand Baht)					
	Consolidated financial statements					
	Shareholding percentage		Cost		Carrying amounts based on equity method	
	31		31		31	
	31 March 2018	December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017
	(%)	(%)	(%)	(%)	(%)	(%)
Associates in Thailand						
Able Sanoh Industries (1996) Company Limited	46	46	30,700	30,700	692,343	626,530
Sanoh Industries (Thailand) Company Limited	20	20	29,250	29,250	90,696	89,098
MINTH AAPICO (Thailand) Company Limited	40	40	151,400	151,400	130,221	130,121
Thai Takagi Seiko Company Limited	49	49	49,587	49,587	8,654	11,066
Hyundai Motor (Thailand) Company Limited	30	30	120,000	120,000	548,862	644,416
Edscha AAPICO Automotive Company Limited	49	49	25,480	25,480	61,806	57,065
Sumino AAPICO (Thailand) Company Limited	49	49	147,000	147,000	132,314	127,120
Associate in overseas						
Sakthi Global Auto Holdings Limited (24.1% held by the Company and 1% held by AAPICO Investment Pte., Ltd.)	25.1	25.1	1,702,423	1,702,423	1,783,528	1,774,960
Total			<u>2,255,840</u>	<u>2,255,840</u>	<u>3,448,424</u>	<u>3,460,376</u>

(Unaudited but reviewed)

Company	Separate financial statements							
	Shareholding percentage		Cost		Allowance for impairment		Carrying amounts based on cost method - net	
	31	31	31	31	31	31	31	31
	March 2018	December 2017	March 2018	December 2017	March 2018	December 2017	March 2018	December 2017
	(%)	(%)						
Associates in Thailand								
Able Sanoh Industries (1996) Company Limited	46	46	30,700	30,700	-	-	30,700	30,700
Sanoh Industries (Thailand) Company Limited	20	20	29,250	29,250	-	-	29,250	29,250
MINTH AAPICO (Thailand) Company Limited	40	40	151,400	151,400	-	-	151,400	151,400
Thai Takagi Seiko Company Limited	49	49	49,587	49,587	-	-	49,587	49,587
Hyundai Motor (Thailand) Company Limited	30	30	120,000	120,000	-	-	120,000	120,000
Edscha AAPICO Automotive Company Limited	49	49	25,480	25,480	-	-	25,480	25,480
Sumino AAPICO (Thailand) Company Limited	49	49	147,000	147,000	-	-	147,000	147,000
Associate in overseas								
Sakthi Global Auto Holdings Limited	24.1	24.1	1,668,450	1,668,450	-	-	1,668,450	1,668,450
Total			<u>2,221,867</u>	<u>2,221,867</u>	<u>-</u>	<u>-</u>	<u>2,221,867</u>	<u>2,221,867</u>

6.2 Investments in associates

In June 2017, the Group acquired 25.1% (24.1% held by the Company and 1% held by AAPICO Investment Pte., Ltd.) of the registered and paid-up share capital of Sakthi Global Auto Holdings Limited ("SGAH"), which was incorporated in the United Kingdom and is the holding company of a group companies engaged in the manufacture of automotive parts in India, Portugal and the United States with a value of USD 50 million. The structure of the investment is as follows.

- a. A USD 50 million investment in 2,510 newly issued ordinary shares of SGAH with a par value of USD 1 each, representing 25.1% of the total registered and paid-up share capital of SGAH.
- b. A USD 50 million synthetic convertible loan from the Company, carrying interest at a rate of 20% per annum, due and payable in full on 31 March 2020 and secured by directors of SGAH's parent company, the parent company of SGAH and the pledge of shares in SGAH's subsidiary in the United States.

(Unaudited but reviewed)

The objective of this investment structure is that the synthetic convertible loan will form part of the purchase price of the 25.1% interest acquired, if conditions stipulated in the relevant agreement are fully met or waived. The conversion of the loan is dependent on the value of SGAH's shares, calculated on the basis of SGAH's future financial performance. The synthetic convertible loan is to be converted to 1 ordinary share (equivalent to 0.01% of total registered and paid-up shares of SGAH) on 31 March 2020 and this share has no special rights and is merely a consideration used to void the synthetic convertible loan for SGAH if it is able to meet the profit targets under the conversion conditions in the next 2 years. After the conversion, the Company's shareholding in SGAH will be 25.11%. The reinvestment is based on the following conditions applied as applicable.

- a. If 25.1% of the equity value of SGAH exceeds or equals USD 100 million, the Company will reinvest the amount of USD 50 million in exchange for 1 ordinary share in SGAH; or
- b. If 25.1% of the equity value of SGAH is between USD 50 million and USD 100 million, the Company will reinvest the amount in excess of USD 50 million of 25.1% of SGAH's equity value in exchange for 1 ordinary share in SGAH; or
- c. If 25.1% of the equity value of SGAH is less than USD 50 million, there will be no reinvestment, and the Company will not convert the synthetic convertible loan to 1 ordinary share in SGAH.

In June 2017, the Company paid SGAH USD 50 million for the purchase of the investment and provided a loan to SGAH of USD 50 million through AAPICO Investment Pte., Ltd., the Company's subsidiary in Singapore, or a total of USD 100 million, equivalent to Baht 3,404 million. The Company would recognise the excess of the purchase price over the fair value of the net assets acquired as goodwill which record as a part of investments in associates. However, some tangible assets is in process of appraisal by third parties in order to allocate the fair value associated with the assets. The Company expects to obtain this appraisal and complete the purchase price allocation by the end of June 2018.

(Unaudited but reviewed)

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

During the periods, 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.

(Unit: Thousand Baht)

Company	Consolidated financial statements						Separate financial statements	
	Share of profit (loss)		Share of other comprehensive income		Dividend income		Dividend income	
	For the three-month periods ended 31 March							
	2018	2017	2018	2017	2018	2017	2018	2017
Associates in Thailand								
Able Sanoh Industries (1996) Company Limited	65,813	47,417	-	-	-	-	-	-
Sanoh Industries (Thailand) Company Limited	1,598	5,742	-	-	-	-	-	-
MINTH AAPICO (Thailand) Company Limited	100	(2,649)	-	-	-	-	-	-
Thai Takagi Seiko Company Limited	(2,412)	(2,486)	-	-	-	-	-	-
Hyundai Motor (Thailand) Company Limited	75,446	55,000	-	-	171,000	75,000	171,000	75,000
Edscha AAPICO Automotive Company Limited	4,741	3,603	-	-	-	-	-	-
Sumino AAPICO (Thailand) Company Limited	5,194	341	-	-	-	-	-	-
Associates in overseas								
Quantum Inventions Pte., Ltd.	-	2,156	-	(498)	-	929	-	-
Sakthi Global Auto Holdings Limited	8,568	-	-	-	-	-	-	-
Total	159,048	109,124	-	(498)	171,000	75,929	171,000	75,000

7. Investments in subsidiaries

7.1 Details of investments in subsidiaries

Investments in subsidiaries as presented in the separate financial statements are as follows.

(Unit: Thousand Baht)

Company	Paid-up capital		Shareholding percentage		Cost	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017
			(%)	(%)		
Subsidiaries in Thailand						
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
Able Motors Company Limited	Baht 20 million	Baht 20 million	100	100	19,999	19,999
AAPICO Engineering Company Limited	Baht 10 million	Baht 10 million	100	100	10,000	10,000
AAPICO Hitech Parts Company Limited	Baht 120 million	Baht 120 million	100	100	120,000	120,000
AAPICO Hitech Tooling Company Limited	Baht 65 million	Baht 65 million	100	100	65,000	65,000
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

(Unaudited but reviewed)

Company	(Unit: Thousand Baht)					
	Paid-up capital		Shareholding percentage		Cost	
	31 March	31 December	31 March	31 December	31 March	31 December
	2018	2017	2018	2017	2018	2017
			(%)	(%)		
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
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
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
AAPICO ITS Company Limited	Baht 100 million	Baht 100 million	60	60	62,175	62,175
AAPICO Mitsuike (Thailand) Company Limited	Baht 8.25 million	Baht 8.25 million	51	51	4,208	4,208
Subsidiaries in overseas						
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
New Era Sales (M) Sdn. Bhd.	RM 1.5 million	RM 1.5 million	49	49	8,263	8,263
Total					4,062,810	4,062,810
Less: Allowance for impairment					(1,336,608)	(1,336,608)
Net					2,726,202	2,726,202

7.2 Dividend income from subsidiary

(Unit: Thousand Baht)

Company	Separate financial statements	
	For the three-month periods ended 31 March	
	2018	2017
AAPICO Structural Products Company Limited	-	200,000
Total	-	200,000

8. Investments in joint ventures

8.1 Details of investments in joint ventures

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

(Unit: Thousand Baht)

Joint venture	Nature of business	Consolidated financial statements					
		Shareholding percentage		Cost		Carrying amounts based on equity method	
		31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017
		(%)	(%)				
Joint ventures in Thailand							
AAPICO Sodecia (Thailand) Company Limited	Manufacture and distribution of autoparts	50	50	82,500	82,500	73,912	73,941
AAPICO Electronics Company Limited	Distribution of electronics equipment in vehicle	51	51	12,750	12,750	11,857	12,338
Total				95,250	95,250	85,769	86,279

(Unit: Thousand Baht)

Joint venture	Separate financial statements			
	Shareholding percentage		Carrying amounts based on cost method	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
	(%)	(%)		
Joint ventures in Thailand				
AAPICO Sodecia (Thailand) Company Limited	50	50	82,500	82,500
AAPICO Electronics Company Limited	51	51	12,275	12,750
Total			95,250	95,250

(Unaudited but reviewed)

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

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

Joint venture	(Unit: Thousand Baht)					
	Consolidated financial statements				Separate financial statements	
	Share of loss		Share of other comprehensive income		Dividend income	
	For the three-month periods ended 31 March					
	2018	2017	2018	2017	2018	2017
AAPICO Sodecia (Thailand) Company Limited	29	62	-	-	-	-
Mappico Company Limited	-	17	-	-	-	-
AAPICO Electronics Company Limited	481	-	-	-	-	-
Total	510	79	-	-	-	-

9. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements	
	31 March	31 December
	2018	2017
Other investments		
Equity securities	11,375	11,375
Total	11,375	11,375

(Unaudited but reviewed)

10. Property, plant and equipment

Movements in the property, plant and equipment account during the three-month period ended 31 March 2018 are summarised below.

Movements	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2018	4,861,304	1,035,376
Acquisitions during period - at cost	143,108	2,286
Disposals/write-off during period - net book value at disposal/write-off date	(3,141)	-
Depreciation for the period	(150,205)	(25,125)
Translation adjustments	(3,161)	-
Net book value as at 31 March 2018	<u>4,847,905</u>	<u>1,012,537</u>

During the three-month period ended 31 March 2017, borrowing costs of Baht 0.2 million (2018: none) were capitalised as cost of assets under construction and installation. The weighted average rates used to determine the amount of borrowing costs eligible for capitalisation were 4.0% - 5.2%.

As at 31 March 2018, the Group had machinery, motor vehicles and equipment under finance lease agreements with net book values amounting to Baht 23 million (31 December 2017: Baht 25 million), the Company only: Baht 4 million (31 December 2017: Baht 4 million).

A subsidiary has mortgaged its building with a net book value as at 31 March 2018 of Baht 74 million (31 December 2017: Baht 75 million) to secure the credit facilities granted by a bank.

11. Leasehold rights

Movements in the leasehold rights account during the three-month period ended 31 March 2018 are summarised below.

Movements	(Unit: Thousand Baht)
	Consolidated financial statements
Net book value as at 1 January 2018	133,432
Amortisation for the period	(1,504)
Translation adjustments	15
Net book value as at 31 March 2018	<u>131,943</u>

(Unaudited but reviewed)

A subsidiary has pledged its land leasehold right with a net book value as at 31 March 2018 of Baht 76 million (31 December 2017: Baht 76 million) to secure the credit facilities granted by a bank.

12. Goodwill

(Unit: Thousand Baht)

Goodwill from purchases of subsidiaries	Consolidated financial statements	
	31 March 2018	31 December 2017
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. Other intangible assets

Movements in the other intangible assets account during the three-month period ended 31 March 2018 are summarised below.

(Unit: Thousand Baht)

Movements	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2018	76,956	18,344
Acquisitions during period - at cost	827	-
Transfer from other assets	25,849	-
Amortisation for the period	(7,562)	(1,193)
Translation adjustments	(12)	-
Net book value as at 31 March 2018	96,058	17,151

14. Short-term and long-term loans from banks

Movements in the long-term loans from banks account during the three-month period ended 31 March 2018 are summarised below.

(Unit: Thousand Baht)

Movements	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2018	3,053,667	2,921,816
Additions during period	961	-
Repayments during period	(227,723)	(220,775)
Unrealised gain on exchange rate	(41,384)	(41,384)
Translation adjustments	140	-
Balance as at 31 March 2018	2,785,661	2,659,657
Less: Portion due within one year	(760,531)	(736,638)
Portion due more than one year	2,025,130	1,923,019

The Company

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

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.

The subsidiaries

Certain subsidiaries' bank overdrafts, short-term loans and long-term loans from banks are secured by the pledge of inventories, land leasehold right, buildings, 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.

(Unaudited but reviewed)

15. Long-term debentures

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

(Unit: Thousand Baht)

Debentures	Interest rate (% p.a.)	Term (years)	Due date	Consolidated/Separate financial statements	
				31 March 2018	31 December 2017
No. 1/2015	4.34	3	29 April 2018	800,000	800,000
No. 1/2016	3.10	3	11 June 2019	300,000	300,000
No. 1/2017	3.09	3	6 October 2020	300,000	300,000
Total debentures - at face value				1,400,000	1,400,000
Less: Deferred debenture issuing costs				(481)	(710)
Long-term debentures - net				1,399,519	1,399,290
Less: Portion due within one year				(799,944)	(799,778)
Portion due more than one year				599,575	599,512

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

16. 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,

(Unaudited but reviewed)

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.

As at 31 March 2018, the Company has yet to sell any treasury shares under the program.

17. Income tax

Tax expenses (income) for the three-month periods ended 31 March 2018 and 2017

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 31 March			
	2018	2017	2018	2017
Current income tax				
Interim corporate income tax charge	11,385	6,997	-	-
Deferred tax				
Relating to origination and reversal of temporary differences	(2,052)	896	(65)	-
Tax expenses (income) reported in the statement of income	<u>9,333</u>	<u>7,893</u>	<u>(65)</u>	<u>-</u>

The Company was not liable to corporate income tax for the three-month periods ended 31 March 2018 and 2017 due to tax losses brought forward from previous years in excess of its estimated profit of the non-promoted operations after adding back certain expenses which are disallowable for tax computation purposes, and deducting expenses that are tax-deductible at a greater amount and portion of dividend income which are exempted for tax computation purpose.

(Unaudited but reviewed)

18. Earnings per share

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

(Unit: Thousand Baht/Thousand Shares)

	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 31 March			
	2018	2017	2018	2017
Profit attributable to shareholders of the Company	397,064	224,031	180,333	305,694
Number of ordinary shares issued	322,584	322,584	322,584	322,584
Effect of treasury shares	(6,008)	(6,008)	(6,008)	(6,008)
Weighted average number of ordinary shares	316,576	316,576	316,576	316,576
Earnings per share (Baht)	1.25	0.71	0.57	0.97

19. Commitment and contingent liabilities

19.1 Capital commitments

As at 31 March 2018 and 31 December 2017, the Group had capital commitments relating to the construction of factory and acquisition of machinery from the unrelated parties as follows.

(Unit: Million)

Currency	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2018	2017	2018	2017
THB	198.6	1.6	-	-
RMB	6.3	5.2	-	-
EUR	-	0.3	-	-
USD	0.9	0.1	-	-

(Unaudited but reviewed)

19.2 Uncalled portion of long-term investments

As at 31 March 2018 and 31 December 2017, the Group had outstanding commitments in respect of uncalled portion of investments as follows.

(Unit: Million Baht)

Investment type	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
Associate	25	25	25	25
Subsidiaries	131	131	89	89
Joint venture	68	68	68	68

19.3 Operating leases and service 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 service agreements. The terms of the agreements are generally between 1 and 10 years.

As at 31 March 2018 and 31 December 2017, the Group had future minimum payments required under these agreements as follows.

(Unit: Million Baht)

Payable	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
In up to 1 year	76	55	15	13
In over 1 to up to 5 years	96	94	16	18
In over 5 years	29	32	-	-

19.4 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 two Japanese companies, under which the subsidiaries have to pay royalty 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 three-month period ended 31 March 2018 amounting to Baht 7 million (2017: Baht 6 million) were recognised as expenses.

19.5 Guarantees

- a) As at 31 March 2018 and 31 December 2017, the Company has guaranteed bank credit facilities of its foreign subsidiary amounting to RMB 8 million and its local associate amounting to Baht 100 million.
- b) As at 31 March 2018 and 31 December 2017, two foreign subsidiaries has provided guarantees for bank credit facilities of another foreign subsidiary amounting to RM 11 million and RM 7 million, respectively.
- c) As at 31 March 2018 and 31 December 2017, 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	
	31 March	31 December	31 March	31 December
	2018	2017	2018	2017
Contractual performance	Baht 31 million	Baht 31 million	-	-
Electricity use and others	Baht 30 million RM 0.3 million	Baht 30 million RM 0.3 million	Baht 6 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 limited facilities of Baht 200 million. As at 31 March 2018 and 31 December 2017, the Company and a subsidiary had no guarantee liabilities under these agreements.

19.6 Forward foreign exchange contracts

Outstanding forward foreign exchange contracts as at 31 March 2018 and 31 December 2017 are summarised below.

31 March 2018			
Foreign currency	Sold amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
USD	3.7	31.65 - 31.74	January - February 2019

31 December 2017			
Foreign currency	Sold amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
USD	2.5	33.0	November 2018

19.7 Contingent liabilities

A subsidiary in China calculates social welfare payments for its 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 2018, would not exceed RMB 8.6 million (31 December 2017: not exceed RMB 7.9 million). However, the subsidiary's management believes that the practice is in line with that of other international firms situated in the same precinct, and the likelihood of such assessment is remote.

20. Litigation

In late 2011 a subsidiary in which the Company has an equity interest of 60% 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% 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 would incur losses not exceeding the amount of the award ordered by the IP&IT Court. This subsidiary had therefore recorded provision for compensation claim of 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. In March 2018, the Supreme Court ordered that the IP&IT Court’s judgement be reversed and dismissed the civil case. The case therefore was finalised and the subsidiary reversed the recorded provision for compensation claim in the current period’s financial statements.

21. Fair value hierarchy

The Group had the financial asset that was measured at fair value using Level 2 of inputs as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2018	2017	2018	2017
Financial asset measured at fair value				
Held for trade investments				
Debt instruments	40,968	54,480	-	14,000

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

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

22. Segment information

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

The following tables present revenue and profit (loss) information regarding the Group's operating segments for the three-month periods ended 31 March 2018 and 2017.

(Unit: Million Baht)

	For the three-month periods ended 31 March											
	Manufacture of automobile parts segment		Car dealerships and after-sale service segment		Others		Total segments		Adjustments and eliminations		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenues												
External customers	2,685	2,470	1,578	1,355	1	4	4,264	3,829	-	-	4,264	3,829
Inter-segment	320	289	5	8	3	2	328	299	(328)	(299)	-	-
Total revenues	3,005	2,759	1,583	1,363	4	6	4,592	4,128	(328)	(299)	4,264	3,829
Operating results												
Segment profit (loss)	210	207	20	15	69	(8)	299	214	3	2	302	216
Loss from non-current assets classified as held for sale											-	(62)
Share of profit from investments in associates and joint ventures											159	109
Finance cost											(50)	(27)
Profit before income tax expenses											411	236
Income tax expenses											(9)	(8)
Profit for the period											402	228

23. Event after the reporting period

On 23 April 2018, the Annual General Meeting of the Company's shareholders passed a resolution to approve the payment of a dividend of Baht 0.60 per share, totaling Baht 189.9 million, to be paid in May 2018.

24. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 14 May 2018.