

AAPICO Hitech Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2018

1. General information

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.

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 ("the Company") and the following subsidiaries (hereinafter called as "the Group").

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2018	2017
			(%)	(%)
Held by the Company				
AAPICO Amata Company Limited	Manufacture of autoparts	Thailand	100	100
AAPICO Engineering Company Limited	Research and development in field of automobile engineering	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

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2018 (%)	2017 (%)
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 operation	Thailand	100	100
AAPICO Training Center Company Limited	Provide training services	Thailand	100	100
AAPICO Venture Company Limited	Venture capital	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	Manufacture of autoparts	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
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	-
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
Held by the Company's subsidiaries				
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.)	Manufacture of autoparts	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.)	Investment in other companies	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
Able ITS Pte. Ltd. (100% held by AAPICO ITS Company Limited)	Investment in other companies	Singapore	60	60

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.

- e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in shareholders’ equity.
 - f) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
 - g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements present investments in subsidiaries, joint ventures and associates under the cost method.

3. New financial reporting standards

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

During the year, the Group 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 standards that will become effective for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. 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. However, the new standard involves changes to key principles, as summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related Interpretations.

Accounting standards

TAS 11 (revised 2017) Construction contracts

TAS 18 (revised 2017) Revenue

Accounting standard interpretation

TSIC 31 (revised 2017) Revenue - Barter Transactions Involving Advertising Services

Financial reporting standard interpretations

TFRIC 13 (revised 2017) Customer Loyalty Programmes

TFRIC 15 (revised 2017) Agreements for the Construction of Real Estate

TFRIC 18 (revised 2017) Transfers of Assets from Customers

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 believes that the revised financial reporting standard will not have any significant impact on the financial statements when they are initially applied.

c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which 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

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 entity'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. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

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

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales of goods are valued after deducting discounts and allowance.

Rendering of services

Service revenues are recognised when services have been rendered taking into account the stage of completion.

Interest income

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

Dividends

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

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

4.4 Inventories

Finished goods and work in process are valued at the lower of average cost and net realisable value. 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 factory 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.

4.5 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- c) Investments in non-marketable equity securities, which the Group classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- d) Investments in joint ventures and associates are accounted for in the consolidated financial statements using the equity method.
- e) Investments in subsidiaries, joint ventures and associates, accounted for in the separate financial statements, 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 profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

4.6 Property, plant and equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment (except for some of factory equipment, on a production 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 - 35 years
Apartment	20 years
Machinery and factory equipment	3 - 20 years
Motor vehicles and office equipment	5 - 10 years

Depreciation is included in determining income.

No depreciation is provided on land 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.

4.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.8 Intangible assets and amortisation

The intangible assets are carried at cost less accumulated amortisation and allowance for loss on impairment of assets (if any).

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

Computer software	Straight-line basis over useful lives of 5 and 10 years
Cost of product development	Depending on unit sold

4.9 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.10 Related party transactions

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

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

4.11 Long-term leases

Leases of assets which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease 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 profit or loss on the straight line basis over the lease term.

4.12 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements as measured using the functional currency of the entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange rate are included in determining income.

4.13 Impairment of assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment and other assets whenever events or changes in circumstances indicate that an asset may be impaired. The Group also carries out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

4.14 Income tax

Income tax 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.

4.15 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits and other long-term employee benefits

Defined contribution plans

The Group and 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 profit and loss.

4.16 Treasury shares

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

4.17 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.18 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. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures, and actual results could differ from these estimates. Significant judgements and estimates are as follows.

Consolidation of subsidiaries that the Company holds less than half of shares

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

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

The management of the Company determined that the Company has no control over AAPICO Electronics Company Limited, even though the Company 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 Company 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.

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

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.

Allowance for doubtful accounts for receivables and loans

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

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.

Impairment of assets

The Group performed an impairment review in respect of assets, which consisted of investments and other assets whenever events or changes in circumstances indicate that the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use (calculated from the estimated future discounted cash flows) is less than the carrying amount.

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

Property, plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Goodwill

The initial recognition and measurement of goodwill, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the 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.

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.

Litigation

A subsidiary has contingent liabilities as a result of litigation. The subsidiary's used judgement to assess the results of the litigation and record this provision in the financial statements.

6. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Cash	848	1,628	29	29
Bank deposits	536,595	439,251	54,385	60,868
Total	537,443	440,879	54,414	60,897

As at 31 December 2018, bank deposits in savings accounts and fixed deposits of the Group carried interest at the rates between 0.01% and 0.50% per annum (2017: between 0.25% and 2.03% per annum), the Company only: between 0.05% and 0.50% per annum (2017: between 0.38% and 0.40% per annum).

7. Current investments

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Held for trade investments				
Unit trusts (fixed income fund) - fair value	77,231	54,480	18,002	14,000
Total	77,231	54,480	18,002	14,000

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.

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2018	2017	2018	2017	
Transactions with subsidiaries					
(eliminated from the consolidated financial statements)					
Sales of goods and services	-	-	208	167	Close to selling price to third party
Dividend income	-	-	9	490	As declared
Interest income	-	-	157	150	3.44% - 5.00% p.a. (2017: 4.03% - 5.00% p.a.)
Rental income	-	-	2	2	Close to rental rates for other building in the vicinity
Management fee income	-	-	86	61	Approximate cost
Other income	-	-	19	20	Approximate cost
Purchases of goods and services	-	-	207	178	Cost plus margin, averaging around 1% - 7% (2017: 2% - 25%)
Purchases of machinery and equipment	-	-	7	7	Close to selling price to third party
Other expenses	-	-	6	11	Approximate cost
Interest expense	-	-	23	17	0.90% and 3.44 - 3.99% p.a. (2017: 0.50% and 4.12 - 4.35% p.a.)
Transactions with associates and joint ventures					
Sales of goods and services	243	214	-	-	Close to selling price to third party
Dividend income	416	118	416	117	As declared
Interest income	362	191	33	-	3.44% - 3.99%, 10.00% and 20.00% p.a, (2017: 4.12% - 4.35% and 20.00% p.a.)
Rental income	10	9	-	-	Close to rental rates for other building in the vicinity
Management fee income	13	6	13	6	Approximate cost
Other income	7	10	2	4	Approximate cost
Purchases of goods and services	322	274	228	192	Cost plus margin, averaging around 19% - 20% and 44% (2017: 2% - 3%, 20% and 46%)

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Trade and other receivables - related parties (Note 9)				
Subsidiaries	-	-	709,979	551,145
Associates	106,625	132,883	35,799	2,540
Joint ventures	736	254	675	210
Related persons				
(common shareholders/directors)	750	750	-	-
Total	108,111	133,887	746,453	553,895
Trade and other payables - related parties (Note 21)				
Subsidiaries	-	-	94,178	38,155
Associates	71,800	60,944	47,677	44,589
Related persons (director and management)	-	470	-	470
Total	71,800	61,414	141,855	83,214

- 8.3 The balances of loans receivable and payable between the Company and those related parties as at 31 December 2018 and 2017

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Short-term loans to related parties				
Subsidiaries	-	-	363,600	384,863
Associates	451,987	-	451,987	-
Related company	1,000	-	-	-
Total	452,987	-	815,587	384,863
Long-term loans to related parties				
Subsidiaries	-	-	3,281,042	3,419,063
Associates	2,470,304	1,648,014	853,405	14,000
Less: Allowance for doubtful accounts	-	-	(3,000)	-
Total	2,470,304	1,648,014	4,131,447	3,433,063

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Short-term loans from related parties				
Subsidiaries	-	-	755,587	553,710
Related company (common director)	24,197	11,282	-	-
Total	24,197	11,282	755,587	553,710

8.4 The movements of loans receivable and payable between the Company and those related parties during the year ended 31 December 2018

Loans to related parties	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2018	1,648,014	3,817,926
Increase during the year	1,323,491	4,494,164
Decrease during the year	-	(3,356,781)
Unrealised loss on exchange rate	(45,908)	(5,275)
Translation adjustments	(2,306)	-
Allowance for doubtful accounts	-	(3,000)
Balance as at 31 December 2018	2,923,291	4,947,034

Loans from related parties	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2018	11,282	553,710
Increase during the year	13,839	4,680,995
Decrease during the year	(219)	(4,479,118)
Translation adjustments	(705)	-
Balance as at 31 December 2018	24,197	755,587

8.5 Directors and management's benefits

During the years ended 31 December 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	
	2018	2017	2018	2017
Short-term employee benefits	32,241	30,509	32,241	30,509
Post-employment benefits	110	134	110	134
Total	32,351	30,643	32,351	30,643

8.6 Guarantee obligations with related parties

The Company has outstanding guarantee obligations for credit facilities of its related parties, as described in Note 34.5 to the financial statements.

9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Trade receivables - related parties				
Aged on the basis of due dates				
Not yet due and past due				
not over 3 months	39,365	33,500	22,274	18,121
Total trade receivables - related parties	39,365	33,500	22,274	18,121
Trade receivables - unrelated parties				
Aged on the basis of due dates				
Not yet due and past due				
not over 3 months	2,146,828	2,014,202	419,077	239,703
Past due 3 - 12 months	3,775	1,393	82	6
Past due more than 12 months	15,897	14,463	178	173
Total	2,166,500	2,030,058	419,337	239,882
Less: Allowance for doubtful accounts	(14,411)	(14,402)	(197)	(197)
Total trade receivables - unrelated parties, net	2,152,089	2,015,656	419,140	239,685
Total trade receivables - net	2,191,454	2,049,156	441,414	257,806

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Other receivables				
Advances - related parties	2,963	3,102	2,952	2,488
Advances - unrelated parties	100,256	20,569	84,847	-
Interest receivable - related parties	58,468	92,244	706,060	521,530
Accrued income - related parties	421	-	2,772	2,702
Accrued income - unrelated parties	16,444	28,841	279	-
Others - related parties	6,894	5,041	12,395	9,054
Others - unrelated parties	38,744	21,173	304	1,086
Total other receivables - net	224,190	170,970	809,609	536,860
Total trade and other receivables - net	2,415,644	2,220,126	1,251,023	794,666

10. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2018	2017	2018	2017	2018	2017
Finished goods	709,335	541,791	(13,855)	(19,684)	695,480	522,107
Raw materials, spare parts and supplies	449,507	442,211	(46,612)	(42,726)	402,895	399,485
Work in process	336,948	218,223	(25,410)	(30,169)	311,538	188,054
Goods in transit	9,069	11,452	-	-	9,069	11,452
Total	1,504,859	1,213,677	(85,877)	(92,579)	1,418,982	1,121,098

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2018	2017	2018	2017	2018	2017
Finished goods	54,619	47,523	(2,916)	(4,173)	51,703	43,350
Raw materials, spare parts and supplies	57,845	51,884	(9,675)	(11,754)	48,170	40,130
Work in process	10,043	6,918	(4,734)	(3,080)	5,309	3,838
Total	122,507	106,325	(17,325)	(19,007)	105,182	87,318

During the year 2018, the Group reversed the write-down of cost of inventories by Baht 7 million (the Company only: Baht 2 million), and reduced the amount of inventories recognised as expenses during the year.

During the year 2017, the Group reduced cost of inventories by Baht 2 million (the Company only: Baht 2 million), to reflect the net realisable value. This was included in cost of sales.

As at 31 December 2018, certain subsidiaries have pledged finished goods of Baht 115 million (2017: Baht 95 million) to secure loans from banks.

11. Investments in associates

11.1 Details of investments in associates

(Unit: Thousand Baht)

Company	Nature of business	Consolidated financial statements					
		Shareholding percentage		Cost		Carrying amounts based on equity method	
		2018	2017	2018	2017	2018	2017
		(%)	(%)				
Associates in Thailand							
Able Sanoh Industries (1996) Company Limited	Manufacture and distribution of autoparts	45.62	45.62	30,700	30,700	713,022	626,530
Sanoh Industries (Thailand) Company Limited	Manufacture and distribution of autoparts	20	20	29,250	29,250	96,541	89,098
MINTH AAPICO (Thailand) Company Limited	Manufacture and distribution of autoparts	40	40	115,400	151,400	90,164	130,121
Thai Takagi Seiko Company Limited	Distribution of dies	49	49	49,587	49,587	10,478	11,066
Hyundai Motor (Thailand) Company Limited	Distribution of vehicles and parts	30	30	120,000	120,000	638,338	644,416
Edscha AAPICO Automotive Company Limited	Manufacture and distribution of autoparts	49	49	25,480	25,480	53,009	57,065
Sumino AAPICO (Thailand) Company Limited	Manufacture and distribution of autoparts	49	49	147,000	147,000	148,673	127,120
Associates in overseas							
Sakthi Global Auto Holdings Limited (48.99% held by the Company and 1% held by AAPICO Investment Pte., Ltd.)	Holding company	49.99	25.10	2,525,593	1,702,423	2,077,020	1,774,960
Nuro Technology Incorporated	Provision of electronic information services	20.36	-	50,866	-	51,695	-
Total				<u>3,093,876</u>	<u>2,255,840</u>	<u>3,878,940</u>	<u>3,460,376</u>

(Unit: Thousand Baht)

Company	Separate financial statements							
	Shareholding percentage		Cost		Allowance for impairment		Carrying amounts based on cost method - net	
	2018	2017	2018	2017	2018	2017	2018	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	115,406	151,400	-	-	115,400	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	48.99	24.10	2,475,194	1,668,450	-	-	2,475,194	1,668,450
Nuro Technology Incorporated	20.36	-	50,866	-	-	-	50,866	-
Total			3,043,477	2,221,867	-	-	3,043,477	2,221,867

11.2 Changes in investments in associates

The Company and a subsidiary

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 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.
- 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.

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 Group paid 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 Group 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. During the measurement period, the Group obtained further information on the fair values of part of the assets and liabilities, which gave rise to differences relating to the investments in associates previously recognised by the Group using the equity method. Therefore, the Group recognised the differences in share of profit from investments in associates account in the current year.

In October 2018, the Group acquired an additional 24.89% interest in SGAH for USD 25 million, and provided a 3-year loan to SGAH of USD 40 million with an interest rate of 10.00% per annum, secured by directors of SGAH's parent company, the parent company of SGAH and the pledge of shares in SGAH and SGAH's subsidiary in the United States. The objective of this investment is to support and strengthen the strategic partnership and enhance synergies between the Company and SGAH to grow their business in the global market. The additional investment was made independent of the investment condition for the June 2017. After the transaction, the Group's equity holding in SGAH has increased from 25.10% to 49.99% of all issued and paid-up shares of SGAH. The Group recognised the difference of the purchase price over the fair value of the net assets acquired which recorded as a part of investments in associates.

The Company

- a. In April 2018, the Annual General Meeting of the shareholders of MINTH AAPICO (Thailand) Company Limited passed a resolution approving the decrease of its registered share capital by Baht 90 million. The Company received Baht 36 million as a result of the share capital reduction, in proportion to its shareholding.
- b. In July 2018, the Company had acquired 20.36% of registered share capital of Nuro Technology Incorporated, which was incorporated in Taiwan and is engaged in the provision of electronic information services. The value of investment was Baht 50.86 million. In July 2018, the Company paid for the purchase of the investment. The Company recognised the excess of the purchase price over the fair value of the net assets acquired as goodwill which recorded as a part of investments in associates.

11.3 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.

(Unit: Thousand Baht)

Company	Consolidated financial statements						Separate financial statements	
	Share of profit (loss)		Share of other comprehensive income		Dividend income		Dividend income	
	2018	2017	2018	2017	2018	2017	2018	2017
Associates in Thailand								
Able Sanoh Industries (1996) Company Limited	198,989	159,515	-	-	112,497	41,884	112,497	41,884
Sanoh Industries (Thailand) Company Limited	7,443	11,025	-	-	-	-	-	-
MINTH AAPICO (Thailand) Company Limited	(3,957)	(5,285)	-	-	-	-	-	-
Thai Takagi Seiko Company Limited	(588)	(20,420)	-	-	-	-	-	-
Hyundai Motor (Thailand) Company Limited	272,922	244,588	-	-	279,000	75,000	279,000	75,000
Edscha AAPICO Automotive Company Limited	20,023	12,531	-	-	24,079	-	24,079	-
Sumino AAPICO (Thailand) Company Limited	21,553	11,574	-	-	-	-	-	-
Associates in overseas								
Quantum Inventions Pte. Ltd.	-	1,937	-	-	-	929	-	-
Sakthi Global Auto Holdings Limited	(410,576)	72,537	(110,534)	-	-	-	-	-
Nuro Technology Incorporated	825	-	4	-	-	-	-	-
Total	106,634	488,002	(110,530)	-	415,576	117,813	415,576	116,884

The investment in Sakthi Global Auto Holdings Limited, accounted for under the equity method, was valued based on the associate's management accounts. The auditor of the associate is in the process of performing the audit of the associate's financial statements and has not yet reached a conclusion. There could be adjustments to the associate's figures when the audit is completed.

11.4 Summarised financial information of material associates

Summarised information about financial position as at 31 December 2018 and 2017

(Unit: Million Baht)

	Able Sanoh Industries (1996) Company Limited		Hyundai Motor (Thailand) Company Limited		Sakthi Global Auto Holdings Limited	
	2018	2017	2018	2017	2018	2017
	Current assets	1,696	1,403	3,062	2,314	4,741
Non-current assets	541	578	260	264	14,161	13,626
Current liabilities	(649)	(586)	(1,342)	(585)	(7,702)	(7,092)
Non-current liabilities	(25)	(22)	(16)	(8)	(7,328)	(4,878)
Net assets	1,563	1,373	1,964	1,985	3,872	5,554
Non-controlling interests	-	-	-	-	(762)	(859)
	1,563	1,373	1,964	1,985	3,110	4,695
Shareholding percentage (%)	45.62	45.62	30.00	30.00	49.99	25.10
Share of net assets	713	626	589	595	1,555	1,178
Goodwill	-	-	49	49	522	597
Carrying amounts of associates based on equity method	713	626	638	644	2,077	1,775

Summarised information about comprehensive income for the years ended 31 December 2018 and 2017

(Unit: Million Baht)

	Able Sanoh Industries (1996) Company Limited		Hyundai Motor (Thailand) Company Limited		Sakthi Global Auto Holdings Limited	
	2018	2017	2018	2017	2018	2017*
	Revenue	3,579	3,165	8,381	7,658	12,986
Profit (loss)	436	352	908	814	(821)	289
Other comprehensive income	-	-	-	-	(221)	-
Total comprehensive income	436	352	908	814	(1,042)	289

* Above financial information is for the period as from the date of investment in the associate to 31 December 2017.

12. Investments in subsidiaries

12.1 Details of investments in subsidiaries

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

(Unit: Thousand Baht)

Company	Called-up capital		Shareholding percentage		Cost	
	2018	2017	2018	2017	2018	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
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
AAPICO Motors Sdn. Bhd.	RM 2 million	-	49	-	7,650	-
Total					4,070,460	4,062,810
Less: Allowance for impairment					(1,336,608)	(1,336,608)
Net					2,733,852	2,726,202

The above net investments in subsidiaries included investment in a subsidiary which has a capital deficit. The Group's management is implementing financial and operational measures to improve the subsidiary's future performance and this subsidiary's operating results have been improved since prior year.

12.2 Changes in investments in subsidiaries

The Company

- a. In August 2018, Katsuya (Thailand) Company Limited registered its dissolution with the Ministry of Commerce and is currently in the process of liquidation.
- b. In December 2018, the Company purchased 49% of ordinary shares of AAPICO Motors Sdn. Bhd., a newly established company in Malaysia, that is engaged in sales of automobiles and the provision of automobile repair services. This company has a registered share capital of RM 2 million, which is 100% called-up. As at 31 December 2018, the Company had not yet paid for the shares and therefore presented the amount payable as share subscription payable under trade and other payables in the statement of financial position.

Subsidiary

In December 2018, the Extraordinary General Meeting of shareholders of Able ITS Pte. Ltd., a subsidiary of AAPICO ITS Co., Ltd., passed a resolution approving its dissolution, which is currently in the process of being registered.

12.3 Dividend income from subsidiaries for the years ended 31 December 2018 and 2017

(Unit: Thousand Baht)

Company	Separate financial statements	
	2018	2017
AAPICO Structural Products Company Limited	-	400,000
AERP Company Limited	9,400	-
AAPICO Investment Pte., Ltd.	-	90,341
Total	9,400	490,341

12.4 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	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	(%)	(%)								
Tenaga Setia Resources Sdn. Bhd.	51	51	144	126	22	21	(5)	2	-	-
New Era Sales (M) Sdn. Bhd.	51	51	68	58	13	13	(3)	1	-	-
AAPICO ITS Company Limited	40	40	11	14	(5)	(7)	2	-	-	-
AAPICO Lemtech (Thailand) Company Limited	40	40	31	15	16	-	-	-	-	-

12.5 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 2018 and 2017

(Unit: Million Baht)

Company	Current assets		Non-current assets		Current liabilities		Non-current liabilities		Non-controlling interests	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Tenaga Setia Resources Sdn. Bhd.	259	267	54	58	28	73	2	4	-	-
New Era Sales (M) Sdn. Bhd.	171	202	147	162	71	118	103	123	(11)	(9)
AAPICO ITS Company Limited	26	32	8	14	8	11	2	3	3	3
AAPICO Lemtech (Thailand) Company Limited	80	37	33	36	35	35	-	-	-	-

Summarised information about comprehensive income for the years ended 31 December 2018 and 2017

(Unit: Million Baht)

Company	Revenue		Profit (loss)		Other comprehensive income		Total comprehensive income	
	2018	2017	2018	2017	2018	2017	2018	2017
	Tenaga Setia Resources Sdn. Bhd.	2,390	2,452	43	40	(9)	3	34
New Era Sales (M) Sdn. Bhd.	1,496	1,623	25	24	(5)	1	20	25
AAPICO ITS Company Limited	16	17	(13)	(16)	-	-	(13)	(16)
AAPICO Lemtech (Thailand) Company Limited	212	113	41	(1)	-	-	41	(1)

Summarised information about cash flows for the years ended 31 December 2018 and 2017

(Unit: Million Baht)

Company	Cash flows of operating activities		Cash flows of investing activities		Cash flows of financing activities		Net increase (decrease) in cash and cash equivalents	
	2018	2017	2018	2017	2018	2017	2018	2017
	Tenaga Setia Resources Sdn. Bhd.	14	10	-	1	(4)	(41)	10
New Era Sales (M) Sdn. Bhd.	73	32	1	1	(63)	(7)	11	26
AAPICO ITS Company Limited	(1)	(3)	-	8	-	-	(1)	5
AAPICO Lemtech (Thailand) Company Limited	12	8	(6)	(3)	(5)	(5)	1	-

13. Investments in joint ventures

13.1 Details of investments in joint ventures

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

(Unit: Thousand Baht)

Joint venture	Nature of business	Consolidated financial statements					
		Shareholding percentage		Cost		Carrying amounts based on equity method	
		2018	2017	2018	2017	2018	2017
		(%)	(%)				
Joint ventures in Thailand							
AAPICO Sodectia (Thailand) Company Limited	Manufacture and distribution of autoparts	50	50	82,500	82,500	73,830	73,941
AAPICO Electronics Company Limited	Distribution of electronics equipment	51	51	12,750	12,750	10,047	12,338
Total	inventive			<u>95,250</u>	<u>95,250</u>	<u>83,877</u>	<u>86,279</u>

(Unit: Thousand Baht)

Joint venture	Separate financial statements			
	Shareholding percentage		Carrying amounts based on cost method	
	2018	2017	2018	2017
	(%)	(%)		
Joint ventures in Thailand				
AAPICO Sodectia (Thailand) Company Limited	50	50	82,500	82,500
AAPICO Electronics Company Limited	51	51	<u>12,750</u>	<u>12,750</u>
Total			<u>95,250</u>	<u>95,250</u>

13.2 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 Company recognised dividend income in the separate financial statements as follows.

(Unit: Thousand Baht)

Joint venture	Consolidated financial statements				Separate financial statements	
	Share of loss		Share of other comprehensive income		Dividend income	
	2018	2017	2018	2017	2018	2017
AAPICO Sodectia (Thailand) Company Limited	111	127	-	-	-	-
AAPICO Electronics Company Limited	2,291	412	-	-	-	-
Mappico Company Limited	-	17	-	-	-	-
Total	<u>2,402</u>	<u>556</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

13.3 Summarised financial information of material joint ventures

Summarised information about financial position as at 31 December 2018 and 2017

(Unit: Thousand Baht)

	AAPICO Sodecia (Thailand) Company Limited	
	2018	2017
Cash and cash equivalents	3,854	4,453
Current assets	22,087	21,787
Non-current assets	121,869	121,883
Current liabilities	(150)	(241)
Net assets	147,660	147,882
Shareholding percentage (%)	50	50
Carrying amounts of joint venture based on equity method	73,830	73,941

Summarised information about comprehensive income for the years ended 31 December 2018 and 2017

(Unit: Thousand Baht)

	AAPICO Sodecia (Thailand) Company Limited	
	2018	2017
Revenue	-	-
Loss	(223)	(255)
Other comprehensive income	-	-
Total comprehensive income	(223)	(255)

14. Other long-term investments

(Unit: Thousand Baht)

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

15. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements							Total
	Land	Building on leasehold land	Building and building improvements	Apartment	Machinery and factory equipment	Motor vehicles and office equipment	Assets under construction and installation	
Cost								
1 January 2017	748,895	40,719	2,403,378	14,210	9,445,946	312,632	119,957	13,085,737
Acquisitions	-	-	9,248	-	33,669	45,677	70,627	159,221
Disposals/write-off	-	-	-	-	(17,311)	(29,645)	-	(46,956)
Decrease from disposal of a subsidiary	-	-	-	-	-	(556)	-	(556)
Transfer from inventories	-	-	-	-	41,617	2,441	-	44,058
Transfer to intangible assets	-	-	-	-	-	-	(9,431)	(9,431)
Transfer to other non-current assets	-	-	-	-	-	-	(4,587)	(4,587)
Transfer in (out)	-	-	7,126	-	78,257	3,415	(88,798)	-
Capitalised interest	-	-	-	-	-	-	303	303
Translation adjustments	-	-	(7,153)	-	(11,926)	(608)	(1,792)	(21,479)
31 December 2017	748,895	40,719	2,412,599	14,210	9,570,252	333,356	86,279	13,206,310
Acquisitions	-	-	3,656	-	86,547	62,457	813,418	966,078
Disposals/write-off	-	-	(4,738)	-	(61,262)	(49,085)	-	(115,085)
Transfer from inventories	-	-	-	-	5,126	-	-	5,125
Transfer in (out)	-	-	124,259	-	167,745	2,564	(294,568)	-
Capitalised interest	-	-	1,882	-	-	-	-	1,882
Translation adjustments	-	-	(21,544)	-	(27,890)	(3,032)	(3,423)	(55,889)
31 December 2018	748,895	40,719	2,516,114	14,210	9,740,518	346,260	601,706	14,008,422

(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
Accumulated depreciation								
1 January 2017	-	27,563	1,083,298	2,262	6,486,561	127,658	-	7,727,342
Depreciation for the year	-	2,036	114,782	710	447,951	29,007	-	594,486
Depreciation on disposals/write-off	-	-	-	-	(14,274)	(10,387)	-	(24,661)
Decrease from disposal of a subsidiary	-	-	-	-	-	(130)	-	(130)
Transfer to inventories	-	-	-	-	(60)	-	-	(60)
Transfer to other non-current assets	-	-	-	-	(4,163)	-	-	(4,163)
Translation adjustments	-	-	(1,262)	-	(6,338)	(320)	-	(7,920)
31 December 2017	-	29,599	1,196,818	2,972	6,909,677	145,828	-	8,284,894
Depreciation for the year	-	2,036	104,234	710	424,741	28,448	-	560,169
Depreciation on disposals/write-off	-	-	(2,252)	-	(59,306)	(23,862)	-	(85,420)
Translation adjustments	-	-	(6,471)	-	(17,729)	(2,228)	-	(26,428)
31 December 2018	-	31,635	1,292,329	3,682	7,257,383	148,186	-	8,733,215
Allowance for impairment loss								
1 January 2017	-	-	-	-	60,112	-	-	60,112
31 December 2017	-	-	-	-	60,112	-	-	60,112
31 December 2018	-	-	-	-	60,112	-	-	60,112
Net book value								
31 December 2017	748,895	11,120	1,215,781	11,238	2,600,463	187,528	86,279	4,861,304
31 December 2018	748,895	9,084	1,223,785	10,528	2,423,023	198,074	601,706	5,215,095
Depreciation for the years								
2017 (Baht 560 million included in manufacturing cost, and the balance in selling and distribution and administrative expenses)								594,486
2018 (Baht 520 million included in manufacturing cost, and the balance in selling and distribution and administrative expenses)								560,169

(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	Total
Cost							
1 January 2017	163,406	558,617	14,210	1,310,265	58,888	11,590	2,116,976
Acquisitions	-	-	-	10,593	5,268	2,967	18,828
Disposals/write-off	-	-	-	(562)	-	-	(562)
Transfer to inventories	-	-	-	(891)	-	-	(891)
Transfer to intangible assets	-	-	-	-	-	(9,431)	(9,431)
Transfer in (out)	-	-	-	4,528	-	(4,528)	-
Capitalised interest	-	-	-	-	-	15	15
31 December 2017	163,406	558,617	14,210	1,323,933	64,156	613	2,124,935
Acquisitions	-	-	-	19,539	16,422	7,838	43,799
Disposals/write-off	-	-	-	(6,157)	(4,996)	-	(11,153)
Transfer in (out)	-	-	-	612	1,306	(1,918)	-
31 December 2018	163,406	558,617	14,210	1,337,927	76,888	6,533	2,157,581
Accumulated depreciation							
1 January 2017	-	270,492	2,262	615,389	47,560	-	935,703
Depreciation for the year	-	31,797	711	80,188	4,926	-	117,622
Transfer to inventories	-	-	-	(60)	-	-	(60)
Depreciation on disposals/write-off	-	-	-	(555)	-	-	(555)
31 December 2017	-	302,289	2,973	694,962	52,486	-	1,052,710
Depreciation for the year	-	25,502	710	68,647	5,720	-	100,579
Depreciation on disposals/write-off	-	-	-	(6,157)	(4,996)	-	(11,153)
31 December 2018	-	327,791	3,683	757,452	53,210	-	1,142,136

(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	Total
Allowance for impairment loss							
1 January 2017	-	-	-	36,849	-	-	36,849
31 December 2017	-	-	-	36,849	-	-	36,849
31 December 2018	-	-	-	36,849	-	-	36,849
Net book value							
31 December 2017	163,406	256,328	11,237	592,122	11,670	613	1,035,376
31 December 2018	163,406	230,826	10,527	543,626	23,678	6,533	978,596
Depreciation for the years							
2017 (Baht 111 million included in manufacturing cost, and the balance in selling and distribution and administrative expenses)							117,622
2018 (Baht 94 million included in manufacturing cost, and the balance in selling and distribution and administrative expenses)							100,579

During the year ended 31 December 2018, borrowing costs of Baht 1.9 million (2017: Baht 0.3 million) were capitalised as cost of assets. The weighted average rates used to determine the amount of borrowing costs eligible for capitalisation were 2.9% - 4.3% (2017: 4.0% - 5.2%).

As at 31 December 2018, the Group had machinery, motor vehicles and equipment under finance lease agreements with net book values amounting to Baht 16 Million (2017: Baht 25 million), the Company only: Baht 3 million (2017: Baht 4 million).

As at 31 December 2018, 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 4,953 million (2017: Baht 4,452 million), the Company only: Baht 518 million (2017: Baht 282 million).

A subsidiary has mortgaged its building with a net book value as at 31 December 2018 of Baht 68 million (2017: Baht 75 million) to secure the credit facilities granted by a bank.

16. Leasehold rights

(Unit: Thousand Baht)

	Consolidated financial statements	
	2018	2017
Cost	166,963	173,125
Accumulated amortisation	(43,858)	(39,693)
Net book value	<u>123,105</u>	<u>133,432</u>

A reconciliation of the net book value of leasehold rights for the years 2018 and 2017

(Unit: Thousand Baht)

	Consolidated financial statements	
	2018	2017
Net book value at beginning of year	133,432	134,396
Increase during the year	-	5,000
Amortisation	(5,295)	(5,301)
Translation adjustments	(5,032)	(663)
Net book value at end of year	<u>123,105</u>	<u>133,432</u>

A subsidiary has pledged its land leasehold right with a net book value as at 31 December 2018 of Baht 72 million (2017: Baht 76 million) to secure the credit facilities granted by a bank.

17. Goodwill

(Unit: Thousand Baht)

Goodwill from purchases of subsidiaries	Consolidated financial statements	
	2018	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

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

18. Other intangible assets

(Unit: Thousand Baht)

	Consolidated financial statements		
	Computer software	Cost of product development	Total
Cost			
1 January 2017	149,896	109,819	259,715
Addition during the year	10,423	8,384	18,807
Transfer from assets under installation and inventories	9,946	-	9,946
Decrease from disposal of a subsidiary	(70)	(211)	(281)
Translation adjustments	(108)	(3)	(111)
31 December 2017	170,087	117,989	288,076
Addition during the year	10,530	13,994	24,524
Transfer from other assets	-	23,261	23,261
Disposals	(2)	(2,003)	(2,005)
Translation adjustments	(362)	2	(360)
31 December 2018	180,253	153,243	333,496

(Unit: Thousand Baht)

Consolidated financial statements

	Computer software	Cost of product development	Total
Accumulated amortisation			
1 January 2017	117,750	61,104	178,854
Amortisation	14,139	18,360	32,499
Decrease from disposal of a subsidiary	(46)	(145)	(191)
Translation adjustments	(41)	(1)	(42)
31 December 2017	131,802	79,318	211,120
Amortisation	13,053	17,014	30,067
Amortisation on disposals	-	(781)	(781)
Translation adjustments	(247)	4	(243)
31 December 2018	144,608	95,555	240,163
Net book value			
31 December 2017	38,285	38,671	76,956
31 December 2018	35,645	57,688	93,333

(Unit: Thousand Baht)

Separate
financial statements
Computer software

Cost	
1 January 2017	72,458
Addition during the year	1,082
Transfer from assets under installation	9,431
31 December 2017	82,971
Addition during the year	4,617
31 December 2018	87,588
Accumulated amortisation	
1 January 2017	58,920
Amortisation	5,707
31 December 2017	64,627
Amortisation	5,209
31 December 2018	69,836
Net book value	
31 December 2017	18,344
31 December 2018	17,752

19. Deferred tax and income tax

19.1 Tax expenses (income) for the years ended 31 December 2018 and 2017

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
Current income tax				
Current income tax charge	57,893	31,722	12,903	-
Deferred tax				
Relating to origination and reversal of temporary differences	(87,792)	(376)	(9,115)	(399)
Tax expenses (income) reported in the income statements	<u>(29,899)</u>	<u>31,346</u>	<u>3,788</u>	<u>(399)</u>

The Company was not liable for corporate income tax for the year ended 31 December 2017 due to taxable losses from its non-promoted operations.

19.2 The reconciliation between accounting profit and tax expenses (income) for the years ended 31 December 2018 and 2017

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
Accounting profit before tax	<u>1,312,208</u>	<u>1,213,161</u>	<u>698,449</u>	<u>628,815</u>
Accounting profit before tax multiplied by applicable tax rates:				
Applicable tax rate 15%	2,418	1,904	-	-
Applicable tax rate 17%	43,909	-	-	-
Applicable tax rate 20%	274,126	258,432	139,690	125,763
Applicable tax rate 24%	22,400	21,445	-	-
	342,853	281,781	139,690	125,763
Unrecognised deferred tax assets/liabilities:				
Tax losses	8,264	35,274	-	1,794
Share of profit from investments in associates and joint ventures	(20,846)	(97,489)	-	-
	(12,582)	(62,215)	-	1,794
Utilisation of unrecognised deferred tax assets - tax losses	(40,980)	(10,043)	(17,823)	-
Deferred tax assets recognised during the year:				
Tax losses	(43,922)	-	-	-
Temporary differences	(21,068)	-	(8,720)	-

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Effects of:				
Promotional privileges (Note 31)	(125,386)	(108,356)	(22,519)	(23,750)
Income not subject to tax	(130,138)	(55,935)	(84,995)	(103,377)
Non/double deductible expenses and eliminations and others	1,324	(13,886)	(1,845)	(829)
	(254,200)	(178,177)	(109,359)	(127,956)
Tax expenses (income) reported in the income statements	(29,899)	31,346	3,788	(399)

19.3 The components of deferred tax assets and liabilities as at 31 December 2018 and 2017

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Deferred tax assets				
Allowance for doubtful accounts	3,967	-	3,967	-
Allowance for diminution in value of inventories	10,420	2,669	617	640
Accumulated depreciation - plant and equipment	3,981	2,149	-	-
Allowance for asset impairment	10,352	2,642	7,370	2,617
Provision for long-term employee benefits	19,931	5,685	3,761	3,229
Unused tax losses	76,430	1,122	-	-
Others	6,720	-	-	-
Total	131,801	14,267	15,715	6,486
Deferred tax liabilities				
Fair value of assets of acquired subsidiary	29,652	-	-	-
Others	255	165	226	112
Total	29,907	165	226	112
Net	101,894	14,102	15,489	6,374

19.4 As at 31 December 2018, the Group has unused tax losses totaling Baht 212 million (2017: Baht 907 million), the Company only: None (2017: Baht 114 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.

As at 31 December 2017, the unused tax losses of the Company will expire by 2022.

As at 31 December 2018, most of unused tax losses of the subsidiaries will expire by 2026 (2017: by 2022).

20. Short-term loans from banks

(Unit: Thousand Baht)

	Interest rate		Consolidated		Separate	
	(% per annum)		financial statements		financial statements	
	2018	2017	2018	2017	2018	2017
Promissory notes	2.10 - 2.30	2.00 - 4.50	335,100	218,000	335,100	213,000
Short-term loans	4.65 - 7.40	4.35 - 7.15	226,809	272,968	-	-
Total			561,909	490,968	335,100	213,000

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.

21. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Related parties				
Trade payables	64,601	47,835	94,968	50,987
Advances	-	470	-	470
Share subscription payable	-	-	27,099	19,450
Accrued interest expenses	-	-	2,025	1,630
Accrued expenses	7,199	13,109	17,763	10,677
Total	71,800	61,414	141,855	83,214
Unrelated parties				
Trade payables	2,193,421	1,863,874	472,230	318,140
Accrued interest expenses	12,129	8,899	12,129	8,899
Payables for purchase of assets	104,833	24,049	-	889
Accrued expenses	144,110	139,818	49,938	32,945
Others	167,663	139,386	29,513	21,058
Total	2,622,156	2,176,026	563,810	381,931
Total trade and other payables	2,693,956	2,237,440	705,665	465,145

22. Long-term loans

22.1 Details of long-term loans from banks as at 31 December 2018 and 2017

Loan	Interest rate (% per annum)	Repayment schedule	(Unit: Thousand Baht)			
			Consolidated financial statements		Separate financial statements	
			2018	2017	2018	2017
1	BLR - 2.1	Repayable in 180 monthly installments, with the first due in March 2008	67,467	79,447	-	-
		Repayable in 120 monthly installments, with the first due in November 2016	10,813	12,293	-	-
2	4.5	Repayable in quarterly installments within 3 years, with the first due in June 2015	-	61,200	-	61,200
3	MLR - 2.25	Repayable in quarterly installments within 3 years, with the first due in March 2016	-	120,000	-	120,000
4	4.3	Repayable in quarterly installments within 5 years, with the first due in October 2016	42,000	105,200	42,000	105,200
5	3.98	Repayable in quarterly installments within 5 years, with the first due in May 2017	1,080,000	1,350,000	1,080,000	1,350,000
6	110% of PBOC	Repayable in quarterly installments within 4 years, with the first due in February 2018	25,190	40,111	-	-
7	3.02	Repayable in quarterly installments within 3 years, with the first due in January 2018	200,400	300,000	200,400	300,000
8	LIBOR + 2.5	Repayable in quarterly installments within 5 years, with the first due in March 2018	782,755	985,416	782,755	985,416
9	2.85	Repayable in quarterly installment within 3 years, with the first due in September 2018	500,000	-	500,000	-
10	115% of PBOC	Repayable in quarterly installments within 4 years, with the first due in October 2018	16,144	-	-	-

(Unit: Thousand Baht)

Loan	Interest rate (% per annum)	Repayment schedule	Consolidated		Separate	
			financial statements	financial statements	financial statements	financial statements
			2018	2017	2018	2017
11	MLR - 2	Repayable in quarterly installments within 5 years, with the first due in March 2019	1,300,000	-	1,300,000	-
12	MLR - 2.87	Repayable in monthly installments within 5 years, with the first due in January 2019	300,000	-	300,000	-
Total			4,324,769	3,053,667	4,205,155	2,921,816
Less: Deferred financing fees			(2,385)	-	(2,385)	-
Long term loans - net			4,322,384	3,053,667	4,202,770	2,921,816
Less: Portion due within one year			(1,189,852)	(834,904)	(1,166,822)	(811,083)
Portion due more than one year			3,132,532	2,218,763	3,035,948	2,110,733

The loan agreements contain conditions and covenants as discussed in Note 20 to the financial statements.

22.2 Movements in the long-term loans from banks account during the year ended 31 December 2018

(Unit: Thousand Baht)

Movements	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2018	3,053,667	2,921,816
Additions during the year	2,219,557	2,200,000
Repayments during the year	(936,400)	(909,810)
Unrealised gain on exchange rate	(6,851)	(6,851)
Translation adjustments	(5,204)	-
Balance as at 31 December 2018	4,324,769	4,205,155
Less: Deferred financing fees	(2,385)	(2,385)
Long-term loans from banks - net	4,322,384	4,202,770
Less: Portion due within one year	(1,189,852)	(1,166,822)
Portion due more than one year	3,132,532	3,035,948

22.3 As at 31 December 2018, the long-term credit facilities of the Group which were not drawn down amounted to Baht 31 million (2017: none).

23. 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 (% per annum)	Term (years)	Due date	Consolidated/Separate financial statements	
				2018	2017
No. 1/2015	4.34	3	29 April 2018	-	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
No. 1/2018	3.50	5	26 July 2023	300,000	-
No. 2/2018	3.75	3	26 September 2021	600,000	-
Total debentures - at face value				1,500,000	1,400,000
Less: Deferred debenture issuing costs				(1,137)	(710)
Long-term debentures - net				1,498,863	1,399,290
Less: Portion due within one year				(299,938)	(799,778)
Portion due more than one year				1,198,925	599,512

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.

24. Liabilities under finance lease agreements

24.1 Details of liabilities under finance lease agreements as at 31 December 2018 and 2017

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Liabilities under finance lease agreements	14,832	24,163	2,504	4,303
Less: Deferred interest expenses	(777)	(1,622)	(92)	(242)
Total	14,055	22,541	2,412	4,061
Less: Portion due within one year	(6,064)	(7,469)	(1,649)	(1,651)
Portion due more than one year	7,991	15,072	763	2,410

The Group has entered into the finance lease agreements with leasing companies for rental of machinery, motor vehicles and equipment for use in its operations, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally 5 years and are non-cancellable.

24.2 Future minimum lease payments required under the finance lease agreements as at 31 December 2018 and 2017

(Unit: Thousand Baht)

		2018		
		Consolidated financial statements		
		Less than		
		1 year	1 - 5 years	Total
Future minimum lease payments		6,527	8,305	14,832
Deferred interest expenses		(463)	(314)	(777)
Present value of future minimum lease payments		6,064	7,991	14,055
		(Unit: Thousand Baht)		
		2017		
		Consolidated financial statements		
		Less than		
		1 year	1 - 5 years	Total
Future minimum lease payments		8,194	15,969	24,163
Deferred interest expenses		(725)	(897)	(1,622)
Present value of future minimum lease payments		7,469	15,072	22,541
		(Unit: Thousand Baht)		
		2018		
		Separate financial statements		
		Less than		
		1 year	1 - 5 years	Total
Future minimum lease payments		1,722	782	2,504
Deferred interest expenses		(73)	(19)	(92)
Present value of future minimum lease payments		1,649	763	2,412
		(Unit: Thousand Baht)		
		2017		
		Separate financial statements		
		Less than		
		1 year	1 - 5 years	Total
Future minimum lease payments		1,797	2,506	4,303
Deferred interest expenses		(146)	(96)	(242)
Present value of future minimum lease payments		1,651	2,410	4,061

25. Provision for long-term employee benefits

25.1 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
Balance as at 1 January 2017	101,494	2,407	103,901
Included in profit or loss			
Current service cost	10,070	203	10,273
Interest cost	3,057	61	3,118
Past service cost	-	4,453	4,453
Benefit paid during the year	(9,051)	(89)	(9,140)
Balance as at 31 December 2017	105,570	7,035	112,605
Included in profit or loss			
Current service cost	11,429	2,543	13,972
Interest cost	3,349	195	3,544
Benefit paid during the year	(6,480)	(1,002)	(7,482)
Balance as at 31 December 2018	113,868	8,771	122,639

(Unit: Thousand Baht)

	Separate financial statements		
	Provision for retirement benefits	Provision for other long-term benefits	Total
Balance as at 1 January 2017	16,053	-	16,053
Included in profit or loss			
Current service cost	2,024	-	2,024
Interest cost	499	-	499
Past service cost	-	1,361	1,361
Benefit paid during the year	(555)	-	(555)
Balance as at 31 December 2017	18,021	1,361	19,382
Included in profit or loss			
Current service cost	2,074	156	2,230
Interest cost	555	41	596
Benefit paid during the year	(143)	(655)	(798)
Balance as at 31 December 2018	20,507	903	21,410

During the year 2017, the Company and certain subsidiaries amended their defined benefits plans, introducing additional benefits in the form of long service awards. This had resulted in an increase of Baht 4.5 million in the Group's liabilities related to past service cost (the Company only: Baht 1.4 million).

25.2 The Group expects to pay Baht 7.2 million of long-term employee benefits during the next year (2017: Baht 5.0 million), the Company only: Baht 0.8 million (2017: Baht 0.3 million).

25.3 As at 31 December 2018 and 2017, the weighted average duration of the liabilities for long-term employee benefits is 17 years.

25.4 Significant actuarial assumptions

	Consolidated/Separate financial statements	
	2018	2017
	(% per annum)	(% per annum)
Discount rate	3.1	3.1
Salary increase rate	4.0 - 6.0	4.0 - 6.0
Gold price inflation rate	3.0	3.0

25.5 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 2018 and 2017

(Unit: Thousand Baht)

	Provision for retirement benefits			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Discount rate				
Increase by 1%	(12,380)	(11,271)	(2,223)	(1,944)
Decrease by 1%	14,644	13,315	2,610	2,292
Salary increase rate				
Increase by 1%	14,010	12,740	2,374	2,085
Decrease by 1%	(12,106)	(11,213)	(2,058)	(1,808)

(Unit: Thousand Baht)

	Provision for other long-term benefits			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Discount rate				
Increase by 1%	(461)	(431)	(75)	(72)
Decrease by 1%	523	488	84	81

25.6 On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive not less than 400 days' compensation at the latest wage rate. This change is considered a post-employment benefits plan amendment and the Group has additional liabilities for long-term employee benefits of Baht 42.6 million (the Company only: Baht 6.6 million). The Group will reflect the effect of the change by recognising past service costs as expenses in profit or loss of the period in which the law is effective.

26. Provision for product warranty

	(Unit: Thousand Baht)
	Consolidated
	financial statements
	<hr/>
As at 1 January 2017	22,463
Increase during the year	8,935
Utilisation	(735)
Reversal of provisions	(3,539)
As at 31 December 2017	<hr/> 27,124
Increase during the year	7,953
Utilisation	(3,224)
Reversal of provisions	(8,650)
As at 31 December 2018	<hr/> <hr/> 23,203

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

27. Treasury shares

On 26 February 2016, the Company's Board of Directors' meeting passed a resolution to approve 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 2018, the Company sold 25,000 of treasury shares under the program totaling Baht 0.96 million. The Company recognised gain on sales of treasury shares amounting to Baht 0.65 million as premium on treasury shares in shareholders' equity (2017: none).

28. Dividend paid

Dividend	Approved by	Dividend per share (Baht)	Dividend paid (Thousand Baht)
Final dividend for 2017	The Annual General Meeting of shareholders on 23 April 2018	0.60	189,944
Interim dividend for 2018	The Board of Directors' Meeting on 14 August 2018	0.70	221,621
Total for 2018			<u>411,565</u>
Final dividend for 2016	The Annual General Meeting of shareholders on 20 April 2017	0.33	104,354
Interim dividend for 2017	The Board of Directors' Meeting on 14 August 2017	0.60	189,944
Total for 2017			<u>294,298</u>

29. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% 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.

30. Expenses by nature

Significant expenses classified by nature are as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Salaries, wages and other employee				
benefits	1,545,094	1,338,239	279,177	273,882
Depreciation and amortisation	595,531	632,286	105,788	123,329
Loss on exchange rate	15,512	87,632	10,023	85,108
Loss on disposal of other long-term				
investment	-	61,789	-	-
Rental expenses from operating lease				
agreements	85,839	86,356	16,665	14,573
Raw materials and consumables used	7,589,312	7,305,248	1,599,303	1,428,701
Purchases of merchandise goods	4,964,008	5,271,285	61,701	-
Changes in finished goods and				
work in process	(286,269)	(48,021)	(10,221)	4,646

31. 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 commencing from	7 years commencing from	8 years commencing from
The Company			
Manufacture of stamping parts	-	-	19 May 2011
Subsidiaries			
AAPICO Hitech Parts Company Limited			
Manufacture of metal and electronic parts	-	-	18 December 2012
AAPICO Hitech Tooling Company Limited			
Manufacture of die and grapple parts	-	-	8 January 2013
AAPICO Precision Company Limited			
Manufacture of autoparts	-	-	17 July 2014
AAPICO Plastics Public Company Limited			
Manufacture of plastic parts	Not yet utilised	-	-
Manufacture of plastic autoparts	Not yet utilised	-	-
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					
	2018			2017		
	Promoted operations	Non-promoted operations	Total	Promoted operations	Non-promoted operations	Total
Sales and service income						
Domestic	874,747	1,173,742	2,048,489	943,865	1,041,110	1,984,975
Export	68,048	226,137	294,185	148	16,850	16,998
Total	942,795	1,399,879	2,342,674	944,013	1,057,960	2,001,973

32. Earnings per share

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

(Unit: Thousand Baht/Thousand shares)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Profit attributable to shareholders of the Company	<u>1,299,159</u>	<u>1,157,614</u>	<u>694,661</u>	<u>629,214</u>
Number of ordinary shares issues	322,584	322,584	322,584	322,584
Effect of treasury shares	<u>(5,983)</u>	<u>(6,008)</u>	<u>(5,983)</u>	<u>(6,008)</u>
Weighted average number of ordinary shares	<u>316,601</u>	<u>316,576</u>	<u>316,601</u>	<u>316,576</u>
Earnings per share (Baht)	<u>4.10</u>	<u>3.66</u>	<u>2.19</u>	<u>1.99</u>

33. 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 2018 amounting to Baht 32 million (2017: Baht 27 million), the Company only: Baht 3 million (2017: Baht 4 million) were recognised as expenses.

34. Commitments and contingent liabilities

34.1 Capital commitments

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

(Unit: Million)

Currency	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Baht	162.3	1.6	3.5	-
RMB	16.9	5.2	-	-
EURO	-	0.3	-	-
USD	0.4	0.1	-	-

34.2 Uncalled portion of long-term investments

As at 31 December 2018 and 2017, 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	
	2018	2017	2018	2017
Subsidiaries	131	131	89	89
Associate	25	25	25	25
Joint venture	68	68	68	68

34.3 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 December 2018 and 2017, the Group had future minimum payments required under these agreements as follows.

(Unit: Million Baht)

Payable	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
In up to 1 year	61	55	20	13
In over 1 to up to 5 years	71	94	13	18
In over 5 years	19	32	-	-

34.4 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 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 2018 amounting to Baht 31 million (2017: Baht 25 million) were recognised as expenses.

34.5 Guarantees

- a) As at 31 December 2018, the Company has guaranteed bank credit facilities of its foreign subsidiary amounting to RMB 18 million (2017: RMB 8 million) and its local associate amounting to Baht 100 million (2017: Baht 100 million).
- b) As at 31 December 2018, two foreign subsidiaries have provided guarantees for bank credit facilities of another foreign subsidiary amounting to RM 10 million and RM 6 million, respectively (2017: RM 11 million and RM 7 million, respectively).
- c) As at 31 December 2018 and 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	
	2018	2017	2018	2017
Contractual performance	Baht 31 million	Baht 31 million	Baht 73 million	-
Electricity use and others	Baht 105 million	Baht 30 million	Baht 6 million	Baht 6 million
	RM 0.5 million	RM 0.3 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 2018 and 2017, the Company and its subsidiary had no guarantee liabilities under these agreements.

34.6 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 2018, would not exceed RMB 12.1 million (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.

35. 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 year's financial statements.

36. Segment information

36.1 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 three reported segments.

- 1) Manufacture of automobiles assembly tools and 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.

36.2 The following tables present revenues and profit information regarding the Group's operating segments for the years ended 31 December 2018 and 2017.

(Unit: Million Baht)

	Manufacture of automobiles		Sales of automobiles and provision of automobiles repair service segment		Others		Total segments		Adjustments and eliminations		Consolidated	
	assembly tools and parts segment		2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenues												
External customers	10,641	9,680	6,081	6,087	16	9	16,738	15,776	-	-	16,738	15,776
Inter-segment	1,363	1,157	27	4	11	10	1,401	1,171	(1,401)	(1,171)	-	-
Total revenues	12,004	10,837	6,108	6,091	27	19	18,139	16,947	(1,401)	(1,171)	16,738	15,776
Interest income	34	1	3	2	331	191	368	194	-	-	368	194
Depreciation and amortisation	558	594	38	31	-	7	596	632	-	-	596	632
Finance cost	182	133	14	16	1	-	197	149	-	-	197	149
Segment profit	822	401	74	63	313	158	1,209	622	(1)	5	1,208	627
Gain on disposal of investments in associate and joint venture											-	150
Gain on disposal of investment in subsidiary											-	10
Loss on disposal of other long-term investment											-	(62)
Share of profit from investments in associates and joint ventures											104	488
Profit before income tax expenses											1,312	1,213
Tax income (expenses)											30	(31)
Profit for the year											1,342	1,182

36.3 Geographic information

	(Unit: Million Baht)	
	For the years ended 31 December	
	2018	2017
Revenue from external customers based on country of domicile		
Thailand	12,189	11,116
China	731	631
Malaysia	3,818	4,029
Total	<u>16,738</u>	<u>15,776</u>

	(Unit: Million Baht)	
	As at 31 December	
	2018	2017
Non-current assets (other than financial instruments and deferred tax assets)		
Thailand	9,077	8,194
China	550	552
Malaysia	156	219
Total	<u>9,783</u>	<u>8,965</u>

36.4 Major customers

For the year 2018, the Group had revenues from 1 major customer in amount of Baht 4,052 million (2017: Baht 5,397 million derived from 2 major customers), arising from the manufacture of automobile assembly tools and parts segment.

37. Financial instruments

37.1 Financial risk management

The Group's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investments, trade and other receivables, short-term and long-term loans receivable, other long-term investments, trade and other payables, short-term and long-term loans payable, liabilities under finance lease agreements, and debentures. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risks primarily with respect to trade and other receivables and loans receivable. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. However, certain subsidiaries are exposed to concentrations of credit risk with respect to trade receivables because they have only main customer.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its cash at bank, liabilities under finance lease agreements, debentures, and interest-carrying loans 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		Total		Interest rate	
	Within 1 year		1 - 5 years		interest rate		bearing				(% per annum)	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Financial assets												
Cash and cash equivalents	-	-	-	-	114	80	423	361	537	441	Note 6	Note 6
Current investments	-	-	-	-	-	-	77	54	77	54	-	-
Trade and other receivables	-	-	-	-	-	-	2,416	2,220	2,416	2,220	-	-
Loans to related parties	452	-	2,471	1,648	-	-	-	-	2,923	1,648	10.0 and 20.0	20.0
Other long-term investments	-	-	-	-	-	-	11	11	11	11	-	-
	<u>452</u>	<u>-</u>	<u>2,471</u>	<u>1,648</u>	<u>114</u>	<u>80</u>	<u>2,927</u>	<u>2,646</u>	<u>5,964</u>	<u>4,374</u>		
Financial liabilities												
Short-term loans from banks	562	491	-	-	-	-	-	-	562	491	Note 20	Note 20
Trade and other payables	-	-	-	-	-	-	2,694	2,237	2,694	2,237	-	-
Short-term loans from related parties	24	11	-	-	-	-	-	-	24	11	5.0	5.0
Liabilities under finance lease agreements	6	7	8	15	-	-	-	-	14	22	2.0 - 5.8	2.0 - 7.8
Long-term loans	611	508	1,210	1,349	2,501	1,197	-	-	4,322	3,054	Note 22	Note 22
Long-term debentures	300	800	1,199	599	-	-	-	-	1,499	1,399	Note 23	Note 23
	<u>1,503</u>	<u>1,817</u>	<u>2,417</u>	<u>1,963</u>	<u>2,501</u>	<u>1,197</u>	<u>2,694</u>	<u>2,237</u>	<u>9,115</u>	<u>7,214</u>		

(Unit: Million Baht)

Separate financial statements

	Fixed interest rates		Floating		Non-interest		Total		Interest rate			
	Within 1 year	1 - 5 years	interest rate		bearing				(% per annum)			
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017		
Financial assets												
Cash and cash equivalent	-	-	-	-	13	18	41	43	54	61	Note 6	Note 6
Current investments	-	-	-	-	-	-	18	14	18	14	-	-
Trade and other receivables	-	-	-	-	-	-	1,251	795	1,251	795	-	-
Loans to related parties	452	-	2,015	1,564	2,480	2,254	-	-	4,947	3,818	3.6 - 5.0, 10.0	4.0 - 5.0
	452	-	2,015	1,564	2,493	2,272	1,310	852	6,270	4,688		
Financial liabilities												
Short-term loans from banks	335	213	-	-	-	-	-	-	335	213	Note 20	Note 20
Trade and other payables	-	-	-	-	-	-	706	465	706	465	-	-
Short-term loans from related parties	-	-	-	-	756	554	-	-	756	554	3.6	4.0
Liabilities under finance lease agreements	2	2	1	2	-	-	-	-	3	4	3.8 - 5.8	3.8 - 5.8
Long-term loans	611	494	1,210	1,321	2,382	1,105	-	-	4,203	2,922	Note 22	Note 22
Long-term debentures	300	800	1,199	599	-	-	-	-	1,499	1,399	Note 23	Note 23
	1,248	1,509	2,410	1,922	3,138	1,659	706	465	7,502	5,557		

Foreign currency risk

The Group's exposure to foreign currency risk arises mainly from purchase/sales of goods and purchases of machinery transactions that are denominated in foreign currencies. The Group uses derivative instruments, as and when it considers appropriate, to manage such risks.

As at 31 December 2018 and 2017, the Group had outstanding forward foreign exchange contracts as follows.

2018			
Foreign currency	Sold amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
USD	3.7	31.7	January - February 2019

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

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

37.2 Fair values of financial instruments

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

As at 31 December 2018 and 2017, the Group had the assets that were measured at fair value using different levels of inputs as follows.

(Unit: Thousand Baht)

Consolidated financial statements							
Level 1		Level 2		Level 3		Total	
2018	2017	2018	2017	2018	2017	2018	2017

Financial assets measured at fair value

Held for trade investments

Debt instruments	-	-	77,231	54,480	-	-	77,231	54,480
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(Unit: Thousand Baht)

	Separate financial statements							
	Level 1		Level 2		Level 3		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Financial assets measured at fair value								
Held for trade investments								
Debt instruments	-	-	18,002	14,000	-	-	18,002	14,000

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

38. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2018, the Group's debt-to-equity ratio was 1.3:1 (2017: 1.1:1) and the Company's was 1.4:1 (2017: 1:1).

39. Events after the reporting period

- a. On 24 January 2019, the Company and VinFast Trading and Production LLC ("VinFast") Jointly registered an establishment of AAPICO VinFast Auto Parts Company Limited in Vietnam, to set up press shop and assembly operations with a registered share capital of VND 456,000 million. The Company and VinFast hold 51% and 49% of equity, respectively.
- b. On 28 February 2019, a meeting of the Company's Board of Directors passed a resolution to propose for approval by the 2018 Annual General Meeting of the Company's shareholders the payment of a dividend of Baht 0.60 per share, totaling Baht 189.96 million, from the operating results of the Company for the accounting period from 1 July 2018 to 31 December 2018. The dividend will be paid and recorded after it is approved by the Annual General Meeting of the Company's shareholders.

40. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 28 February 2019.