

AAPICO Hitech Public Company Limited and its subsidiaries
Notes to interim consolidated financial statements
For the three-month period ended 31 March 2019

1. General information

1.1 Basis for the preparation of interim financial statements

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

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

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

1.2 Basis of consolidation

These interim consolidated financial statements include the financial statements of AAPICO Hitech Public Company Limited (hereinafter called as "the Company") and its subsidiaries (hereinafter called as "the Group") and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2018. During the current period, there was no significant change in the structure of the Group.

1.3 New financial reporting standards

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

During the period, the Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal periods 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. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are 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
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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.

During the current period, the Group has adopted TFRS 15 using the modified retrospective method of adoption, whereby the comparative information was not restated. The adoption of the financial reporting standard does not have any significant impact on the Group's financial statements, except for the reclassification of items in the consolidated financial statements.

The amounts of adjustments affecting reclassification of the consolidated statement of financial position as at 1 January 2019 and the consolidated income statement for the three-month period ended 31 March 2019, with no effect to previously reported net profit or shareholders' equity, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		
	Previous TFRS	Increase (decrease)	TFRS 15
Statement of financial position			
Other intangible assets	93,333	(50,504)	42,829
Assets recognised from costs to fulfill a contract with a customer	-	50,504	50,504

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements		
	Previous TFRS	Increase (decrease)	TFRS 15
Income statement			
Revenues from contracts with customers	4,236,160	(6,110)	4,230,050
Selling and distribution expenses	68,023	(6,110)	61,913

The above mentioned adjustments are described below.

Cost to fulfill a contract with a customer - the Group has determined that product development costs, which were previously recorded as other intangible assets, consist of the costs to be incurred by the Group in satisfying those of its future performance obligations which relate directly to an existing contract or an anticipated contract, provided that the Group is able to specifically identify those costs and expects them to be recoverable. The Group therefore reclassified these items as assets recognised in respect of the costs incurred to fulfill a contract, as a separate item in the statement of financial position, and is amortising them to expenses on a systematic basis that is consistent with the pattern of revenue recognition under the contract, in accordance with the previous accounting policy.

Sales promotions to customers - the Group considers accounting for consideration payable to customers as a reduction of revenues from contracts with customers unless the payment to the customer is in exchange for a distinct goods that the customer transfers to the Group. Previously, the Group recorded sales promotions to customers as selling and distribution expenses.

b) Financial reporting standards that will be effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These new standards involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

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

Financial reporting standards

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard

TAS 32	Financial Instruments: Presentation
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Financial reporting standard interpretations

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

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company'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.

TFRS 16 Leases

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

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

The management of the Group is currently evaluating the impact of this standard on the financial statements in the year when it is adopted.

1.4 Significant accounting policies

The interim financial statements are prepared using the same significant accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2018.

(Unaudited but reviewed)

2. Related party transactions

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

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	For the three-month periods ended 31 March				
	2019	2018	2019	2018	
Transactions with subsidiaries (eliminated from the consolidated financial statements)					
Sales of goods and services	-	-	58	53	Close to selling price to third party
Dividend income	-	-	15	-	As declared
Interest income	-	-	36	41	3.59% and 5% p.a. (2018: 3.99% and 5% p.a.)
Rental income	-	-	-	1	Close to rental rates for other building in the vicinity
Management fee income	-	-	22	22	Approximate cost
Other income	-	-	5	5	Approximate cost
Purchases of goods and services	-	-	55	47	Cost plus margin, averaging around 8% (2018: 3% - 5%)
Other expenses	-	-	1	2	Approximate cost
Interest expenses	-	-	5	5	0.90% and 3.59% p.a. (2018: 0.90% and 3.99% p.a.)
Transactions with associates and joint ventures					
Sales of goods and services	113	58	-	-	Close to selling price to third party
Dividend income	83	171	83	171	As declared
Interest income	113	79	31	-	3.59%, 8%, 10% and 20% p.a. (2018: 3.99% and 20% p.a.)
Rental income	1	2	-	-	Close to rental rates for other building in the vicinity
Management fee income	4	3	4	3	Approximate cost
Other income	2	1	1	1	Approximate cost
Purchases of goods and services	90	71	64	52	Cost plus margin, averaging around 1% - 2%, 13% - 20% and 35% (2018: 17% - 28% and 47%)

(Unaudited but reviewed)

2.2 The balances of the accounts between the Company and those related parties as at 31 March 2019 and 31 December 2018

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Trade and other receivables - related parties (Note 3)				
Subsidiaries	-	-	754,984	709,979
Associates	262,937	106,625	68,401	35,799
Joint ventures	364	736	314	675
Related companies (common directors)	784	750	9	-
Total	<u>264,085</u>	<u>108,111</u>	<u>823,708</u>	<u>746,453</u>
Trade and other payables - related parties				
Subsidiaries	-	-	69,248	94,178
Associates	90,623	71,800	69,425	47,677
Joint ventures	260,778	-	260,778	-
Total	<u>351,401</u>	<u>71,800</u>	<u>399,451</u>	<u>141,855</u>

2.3 The balances of loans between the Company and those related parties as at 31 March 2019 and 31 December 2018

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Short-term loans to related parties				
Subsidiaries	-	-	363,600	363,600
Associates	2,181,117	451,987	443,029	451,987
Related companies (common directors)	5,000	1,000	1,000	-
Total	<u>2,186,117</u>	<u>452,987</u>	<u>807,629</u>	<u>815,587</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
Long-term loans to related parties				
Subsidiaries	-	-	3,407,336	3,281,042
Associates	836,767	2,470,304	836,767	853,405
Less: Allowance for doubtful accounts	-	-	(3,000)	(3,000)
Total	<u>836,767</u>	<u>2,470,304</u>	<u>4,241,103</u>	<u>4,131,447</u>
Short-term loans from related parties				
Subsidiaries	-	-	845,527	755,587
Related company (common director)	26,787	24,197	-	-
Total	<u>26,787</u>	<u>24,197</u>	<u>845,527</u>	<u>755,587</u>

As at 31 March 2019 the balance of short-term loans to associates included a portion of USD 14 million, or Baht 443 million, which was due in March 2019, and this amount excludes interest receivable of USD 0.7 million, or Baht 22 million, that is recorded in trade and other receivables. The Company has yet to receive payment of the loan and interest receivable. Management of the Company is in process of negotiating with the associate. However, the loan is 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.

USD 50 million, or Baht 1,591 million, of loan previously recorded as long-term loan to an associate, as described in Note 5.2 to the financial statements, is due in March 2020, and so as of 31 March 2019 it has been classified as short-term loans to an associate.

- 2.4 The movements of loans between the Company and those related parties during the three-month period ended 31 March 2019

(Unit: Thousand Baht)

Loans to related parties	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2019	2,923,291	4,947,034
Increase during period	150,060	626,349
Decrease during period	-	(475,740)
Unrealised loss on exchange rate	(35,236)	(48,911)
Translation adjustments	(15,231)	-
Balance as at 31 March 2019	<u>3,022,884</u>	<u>5,048,732</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

Loans from related parties	Consolidated		Separate	
	financial statements		financial statements	
Balance as at 1 January 2019	24,197		755,587	
Increase during period	2,606		1,291,834	
Decrease during period	-		(1,201,894)	
Translation adjustments	(16)		-	
Balance as at 31 March 2019	26,787		845,527	

2.5 Directors and management's benefits

During the three-month period ended 31 March 2019 and 2018, the Group had employee benefit expenses payable to its directors and management as below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 31 March			
	2019	2018	2019	2018
Short-term employee benefits	8,463	8,338	8,463	8,338
Post-employee benefits	27	27	27	27
Total	8,490	8,365	8,490	8,365

2.6 Guarantee obligations with related parties

The Company has outstanding guarantee obligations for credit facilities of its related parties, as described in Note 18.5 to the financial statements.

3. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Trade receivables - related parties				
Aged on the basis of due dates				
Not yet due and past due				
not over 3 months	82,036	39,365	25,587	22,274
Total trade receivables - related parties	82,036	39,365	25,587	22,274

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Trade receivables - unrelated parties				
Aged on the basis of due dates				
Not yet due and past due not over 3 months	2,345,115	2,146,828	654,311	419,077
Past due 3 - 12 months	6,410	3,775	710	82
Past due more than 12 months	8,677	15,897	209	178
Total	2,360,202	2,166,500	655,230	419,337
Less: Allowance for doubtful accounts	(12,992)	(14,411)	(197)	(197)
Total trade receivables - unrelated parties, net	2,347,210	2,152,089	655,033	419,140
Total trade receivables - net	2,429,246	2,191,454	680,620	441,414
Other receivables				
Advances - related parties	3,822	2,963	3,237	2,952
Advances - unrelated parties	110,320	100,256	95,914	84,847
Interest receivables - related parties	170,280	58,468	769,169	706,060
Accrued income - related parties	350	421	2,701	2,772
Accrued income - unrelated parties	18,358	16,444	869	279
Dividend receivables - related parties	-	-	7,536	-
Others - related parties	7,597	6,894	15,478	12,395
Others - unrelated parties	26,152	38,744	2,106	304
Total other receivables - net	336,879	224,190	897,010	809,609
Total trade and other receivables - net	2,766,125	2,415,644	1,577,630	1,251,023

4. Inventories

Movements in the allowance for reduction of cost of inventories to net realisable value account during the three-month period ended 31 March 2019 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2019	85,877	17,325
Reduction of inventory cost to net realisable value (reversal)	376	(656)
Balance as at 31 March 2019	86,253	16,669

As at 31 March 2019, certain subsidiaries have pledged finished goods of Baht 195 million (31 December 2018: Baht 115 million) to secure loans from banks.

(Unaudited but reviewed)

5. Investments in associates

5.1 Details of investments in associates

(Unit: Thousand Baht)

		Consolidated financial statements					
Company	Nature of business	Shareholding percentage		Cost		Carrying amounts based on equity method	
		31 March 2019 (%)	31 December 2018 (%)	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Associates in Thailand							
Able Sanoh Industries (1996) Company Limited	Manufacture and distribution of autoparts	45.62	45.62	30,700	30,700	796,304	713,022
Sanoh Industries (Thailand) Company Limited	Manufacture and distribution of autoparts	20	20	29,250	29,250	100,309	96,541
MINTH AAPICO (Thailand) Company Limited	Manufacture and distribution of autoparts	40	40	115,400	115,400	84,459	90,164
Thai Takagi Seiko Company Limited	Distribution of dies	49	49	49,587	49,587	9,703	10,478
Hyundai Motor (Thailand) Company Limited	Distribution of vehicles and parts	30	30	120,000	120,000	604,520	638,338
Edscha AAPICO Automotive Company Limited	Manufacture and distribution of autoparts	49	49	25,480	25,480	58,745	53,009
Sumino AAPICO (Thailand) Company Limited	Manufacture and distribution of autoparts	49	49	147,000	147,000	150,050	148,673
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	49.99	2,525,593	2,525,593	2,151,793	2,077,020
Nuro Technology Incorporated	Provision of electronic information services	20.36	20.36	50,866	50,866	49,070	51,695
Total				<u>3,093,876</u>	<u>3,093,876</u>	<u>4,004,953</u>	<u>3,878,940</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

Company	Separate financial statements							
	Shareholding percentage		Cost		Allowance for impairment		Carrying amounts based on cost method - net	
	31	31	31	31	31	31	31	31
	March 2019	December 2018	March 2019	December 2018	March 2019	December 2018	March 2019	December 2018
	(%)	(%)						
Associates in Thailand								
Able Sanoth Industries (1996) Company Limited	45.62	45.62	30,700	30,700	-	-	30,700	30,700
Sanoth Industries (Thailand) Company Limited	20	20	29,250	29,250	-	-	29,250	29,250
MINTH AAPICO (Thailand) Company Limited	40	40	115,400	115,400	-	-	115,400	115,400
Thai Takagi Seiko Company Limited	49	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
Associates in overseas								
Sakthi Global Auto Holdings Limited	48.99	48.99	2,475,194	2,475,194	-	-	2,475,194	2,475,194
Nuro Technology Incorporated	20.36	20.36	50,866	50,866	-	-	50,866	50,866
Total			<u>3,043,477</u>	<u>3,043,477</u>	<u>-</u>	<u>-</u>	<u>3,043,477</u>	<u>3,043,477</u>

5.2 Significant conditions of investments in associates

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

(Unaudited but reviewed)

The objective of this investment structure is that the synthetic convertible loan will form part of the purchase price of the 25.1% interest acquired, if conditions stipulated in the relevant agreement are fully met or waived. The conversion of the loan is dependent on the value of SGAH's shares, calculated on the basis of SGAH's future financial performance. The synthetic convertible loan is to be converted to 1 ordinary share (equivalent to 0.01% of total registered and paid-up shares of SGAH) on 31 March 2020 and this share has no special rights and is merely a consideration used to void the synthetic convertible loan for SGAH if it is able to meet the profit targets under the conversion conditions in the next 3 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.

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

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

Company	(Unit: Thousand Baht)						Separate	
	Consolidated financial statements						financial statements	
	Share of profit (loss)		Share of other comprehensive income		Dividend income		Dividend income	
	For the three-month periods ended 31 March							
	2019	2018	2019	2018	2019	2018	2019	2018
Associates in Thailand								
Able Sanoh Industries (1996) Company Limited	83,282	65,813	-	-	-	-	-	-
Sanoh Industries (Thailand) Company Limited	3,768	1,598	-	-	-	-	-	-
MINTH AAPICO (Thailand) Company Limited	(5,705)	100	-	-	-	-	-	-
Thai Takagi Seiko Company Limited	(775)	(2,412)	-	-	-	-	-	-
Hyundai Motor (Thailand) Company Limited	49,582	75,446	-	-	83,400	171,000	83,400	171,000
Edscha AAPICO Automotive Company Limited	5,736	4,741	-	-	-	-	-	-
Sumino AAPICO (Thailand) Company Limited	1,377	5,194	-	-	-	-	-	-
Associates in overseas								
Sakthi Global Auto Holdings Limited	(159,668)	8,568	234,441	-	-	-	-	-
Nuro Technology Incorporated	(2,685)	-	60	-	-	-	-	-
Total	<u>(25,088)</u>	<u>159,048</u>	<u>234,501</u>	<u>-</u>	<u>83,400</u>	<u>171,000</u>	<u>83,400</u>	<u>171,000</u>

6. Investments in subsidiaries

6.1 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	
	31 March	31 December	31 March	31 December	31 March	31 December
	2019	2018	2019	2018	2019	2018
			(%)	(%)		
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	RM 2 million	49	49	7,650	7,650
Total					4,070,460	4,070,460
Less: Allowance for impairment					(1,336,608)	(1,336,608)
Net					2,733,852	2,733,852

In August 2018, Katsuya (Thailand) Company Limited registered its dissolution with the Ministry of Commerce and is currently in the process of liquidation.

(Unaudited but reviewed)

6.2 Dividend income from subsidiaries

(Unit: Thousand Baht)

Company	Separate financial statements	
	For the three-month periods ended 31 March	
	2019	2018
Tenaga Setia Resources Sdn. Bhd.	15,031	-
Total	15,031	-

7. Investments in joint ventures

7.1 Details of investments in joint ventures

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

(Unit: Thousand Baht)

Joint venture	Nature of business	Consolidated financial statements					
		Shareholding percentage		Cost		Carrying amounts based on equity method	
		31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018
		(%)	(%)				
Joint ventures in Thailand							
AAPICO Sodecia (Thailand) Company Limited	Manufacture and distribution of autoparts	50	50	82,500	82,500	73,794	73,830
AAPICO Electronics Company Limited	Distribution of electronics equipment inventive	51	51	12,750	12,750	9,469	10,047
Joint ventures in overseas							
AAPICO VinFast Auto Parts Co., Ltd.	Manufacture and distribution of autoparts	51	-	325,736	-	332,641	-
Total				420,986	95,250	415,904	83,877

(Unit: Thousand Baht)

Joint venture	Separate financial statements			
	Shareholding percentage		Carrying amounts based on cost method	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
	(%)	(%)		
Joint ventures in Thailand				
AAPICO Sodecia (Thailand) Company Limited	50	50	82,500	82,500
AAPICO Electronics Company Limited	51	51	12,750	12,750
Joint venture in overseas				
AAPICO VinFast Auto Parts Co., Ltd.	51	-	325,736	-
Total			420,986	95,250

7.2 Changes in investments in joint ventures

In January 2019, the Company acquired 51% of the ordinary shares of AAPICO VinFast Auto Parts Co., Ltd., a newly established company in Vietnam, that is engaged in the manufacture and distribution of autoparts. This company has a registered share capital of VND 465,900 million, which is 100% called-up. As at 31 March 2019, the Company has paid VND 47,521 million or, Baht 65 million of the acquisition price and recorded the balance as share subscription payable under trade and other payables in the statement of financial position.

The management of the Company determined that the Company has no control over this company, 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.

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

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

Joint venture	(Unit: Thousand Baht)					
	Consolidated financial statements				Separate financial statements	
	Share of loss		Share of other comprehensive income		Dividend income	
	For the three-month periods ended 31 March					
	2019	2018	2019	2018	2019	2018
AAPICO Sodecia (Thailand) Company Limited	36	29	-	-	-	-
AAPICO Electronics Company Limited	578	481	-	-	-	-
AAPICO VinFast Auto Parts Co., Ltd.	12	-	6,917	-	-	-
Total	626	510	6,917	-	-	-

(Unaudited but reviewed)

8. Property, plant and equipment

Movements in the property, plant and equipment account during the three-month period ended 31 March 2019 are summarised below.

Movements	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2019	5,215,095	978,596
Acquisitions during period - at cost	111,268	11,510
Transfer from inventories	9,173	-
Disposals/write-off during period - net book value at disposal/write-off date	(5,046)	(104)
Depreciation for the period	(140,827)	(24,729)
Translation adjustments	(321)	-
Net book value as at 31 March 2019	<u>5,189,342</u>	<u>965,273</u>

As at 31 March 2019, the Group had machinery, motor vehicles and equipment under finance lease agreements with net book values amounting to Baht 17 million (31 December 2018: Baht 16 million), the Company only: Baht 3 million (31 December 2018: Baht 3 million).

A subsidiary has mortgaged its building with a net book value as at 31 March 2019 of Baht 66 million (31 December 2018: Baht 68 million) to secure the credit facilities granted by a bank.

9. Leasehold rights

Movements in the leasehold rights account during the three-month period ended 31 March 2019 are summarised below.

Movements	(Unit: Thousand Baht)
	Consolidated financial statements
Net book value as at 1 January 2019	123,105
Amortisation for the period	(1,298)
Translation adjustments	(68)
Net book value as at 31 March 2019	<u>121,739</u>

A subsidiary has pledged its land leasehold right with a net book value as at 31 March 2019 of Baht 71 million (31 December 2018: Baht 72 million) to secure the credit facilities granted by a bank.

(Unaudited but reviewed)

10. Goodwill

(Unit: Thousand Baht)

Goodwill from purchases of subsidiaries	Consolidated financial statements	
	31 March 2019	31 December 2018
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

11. Other intangible assets

Movements in the other intangible assets account during the three-month period ended 31 March 2019 are summarised below.

(Unit: Thousand Baht)

Movements	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2019	93,333	17,752
Reclassification to assets recognised from the costs to fulfill a contract with a customer	(50,504)	-
Acquisitions during period - at cost	419	-
Amortisation for the period	(5,315)	(1,421)
Translation adjustments	(2)	-
Net book value as at 31 March 2019	37,931	16,331

12. Assets recognised from the costs to fulfill a contract with a customer

Movements in the assets recognised from the costs to fulfill a contract with a customer during the three-month period ended 31 March 2019 are summarised below.

(Unit: Thousand Baht)

Movements	Consolidated
	financial statements
Net book value as at 1 January 2019	-
Reclassification from other intangible assets	50,504
Acquisitions during period - at cost	959
Amortisation for the period	(1,945)
Net book value as at 31 March 2019	49,518

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

Movements in the long-term loans from banks account during the three-month period ended 31 March 2019 are summarised below.

Movements	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2019	4,324,769	4,205,155
Additions during period	13,262	-
Repayments during period	(303,837)	(297,193)
Unrealised gain on exchange rate	(14,286)	(14,286)
Translation adjustments	(67)	-
Balance as at 31 March 2019	4,019,841	3,893,676
Less: Deferred financing fees	(2,228)	(2,228)
Long-term loans - net	4,017,613	3,891,448
Less: Portion due within one year	(1,172,737)	(1,147,204)
Portion due more than one year	2,844,876	2,744,244

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.

14. Long-term debentures

Movement in the long-term debentures during the three-month period ended 31 March 2019 are summarised below.

Movements	(Unit: Thousand Baht) Consolidated/Separate financial statement
Balance as at 1 January 2019	1,500,000
Issue during period	500,000
Balance as at 31 March 2019	2,000,000
Less: Deferred debenture issuing costs	(1,527)
Long-term debentures - net	1,998,473
Less: Portion due within one year	(299,975)
Portion due more than one year	1,698,498

The debentures contain terms of issuer relating to the transfer or disposal of assets that need to be used in or maintained for the operation of the business, negative pledges of assets and the maintenance of a certain financial ratio at the end of each quarter.

15. Treasury shares

On 26 February 2016, the Company's Board of Directors' meeting passed a resolution to approve a share repurchase programme 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 programme, 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.

(Unaudited but reviewed)

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 Commence equivalent to the remaining balance of treasury shares.

During the three-month periods ended 31 March 2019 and 2018, the Company did not sell any treasury shares under the programme.

16. Income tax

Tax expenses (income) for the three-month period ended 31 March 2019 and 2018

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the three-month periods ended 31 March			
	2019	2018	2019	2018
Current income tax				
Interim corporate income tax charge	57,042	11,385	17,807	-
Deferred tax				
Relating to origination and reversal of temporary differences	3,702	(2,052)	207	(65)
Tax expense (income) reported in the statement of income	<u>60,744</u>	<u>9,333</u>	<u>18,014</u>	<u>(65)</u>

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

(Unaudited but reviewed)

17. Earnings per share

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

(Unit: Thousand Baht/Thousand Shares)

	Consolidated		Separate	
	financial statements		financial statements	
For the three-month period ended 31 March				
	2019	2018	2019	2018
Profit attributable to shareholders of the Company	<u>216,565</u>	<u>397,064</u>	<u>188,859</u>	<u>180,333</u>
Number of ordinary shares issued	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>0.68</u>	<u>1.25</u>	<u>0.60</u>	<u>0.57</u>

18. Commitments and contingent liabilities

18.1 Capital commitments

As at 31 March 2019 and 31 December 2018, the Group had capital commitments relating to the construction of factory, installation of computer software and acquisition of machinery from the unrelated parties as follows.

(Unit: Million)

Currency	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
THB	151.2	162.3	0.8	3.5
RMB	16.0	16.9	-	-
USD	0.4	0.4	-	-

18.2 Long-term investment commitments

As at 31 March 2019 and 31 December 2018, the Group had outstanding commitments in respect of uncalled portion of investments as follows.

(Unit: Million Baht)

Investment type	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Subsidiaries	236	236	89	89
Associate	25	25	25	25
Joint venture	68	68	68	68

18.3 Operating leases and service commitments

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

As at 31 March 2019 and 31 December 2018, the Group had future minimum payments required under these agreements as follows.

(Unit: Million Baht)

Payable	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
In up to 1 year	76	61	17	20
In over 1 to up to 5 years	75	71	10	13
In over 5 years	18	19	-	-

18.4 Long-term service commitments

Two local subsidiaries have entered into technical assistance agreements with a Japanese company and a German company, under which they have to pay fees at rates stipulated in the agreements, on sales of certain products. The first agreement is for one year and automatically renews annually for a further period of one year, while the other agreement is effective until 2027. Other two local subsidiaries have entered into memorandums with two Japanese companies, under which the subsidiaries have to pay royalty fees at certain rates on sales of particular products. These agreements are effective for as long as the products are sold.

The fees for the three-month period ended 31 March 2019 amounting to Baht 7 million (2018: Baht 7 million).

18.5 Guarantees

- a) As at 31 March 2019 and 31 December 2018, the Company has guaranteed bank credit facilities of its foreign subsidiary amounting to RMB 18 million and its local associate amounting to Baht 100 million.
- b) As at 31 March 2019 and 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.
- c) As at 31 March 2019 and 31 December 2018, 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		Separate	
	financial statements		financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Contractual performance	Baht 31 million	Baht 104 million	-	Baht 73 million
Electricity use and others	Baht 31 million RM 0.5 million	Baht 32 million RM 0.5 million	Baht 6 million	Baht 6 million

- d) The Company and a subsidiary entered into agreements related to the Supplier Financing Program, as a sponsor, whereby they provide guarantees of credit lines of their suppliers used to purchase raw materials and goods, up to a limited facilities of Baht 200 million. As at 31 March 2019 and 31 December 2018, the Company and the subsidiary had no guarantee liabilities under these agreements.

18.6 Forward foreign exchange contracts

Outstanding forward foreign exchange contracts of the Group as at 31 March 2019 and 31 December 2018 are summarised below.

31 March 2019					
Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
US dollar	4.0	-	31.5 - 31.9	-	April 2019

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

18.7 Contingent liabilities

A subsidiary in China calculates social welfare payments for its employees based on the minimum rate stipulated by the Labour and Social Security Bureau in the precinct in which it is located. However, according to central government regulations on this issue, the subsidiary should pay social welfare based on the actual salary of staff, if those salaries are between the lowest and highest salary rates stipulated. The subsidiary could therefore potentially be at risk of additional assessment by the Chinese authorities, which the subsidiary's management has assessed, as at 31 March 2019, would not exceed RMB 13.2 million (31 December 2018: not exceed RMB 12.1 million). However, the subsidiary's management believes that the practice is in line with that of other international firms situated in the same precinct, and the likelihood of such assessment is remote.

19. Fair value hierarchy

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
Financial asset measured at fair value				
Held for trade investments				
Debt instruments	91,391	77,231	32,000	18,002

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

20. Segment information

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

The following tables present revenue and profit information regarding the Group's operating segments for the three-month period ended 31 March 2019 and 2018.

(Unit: Million Baht)

	For the three-month periods ended 31 March											
	Manufacture of automobile parts segment		Car dealerships and after-sale service segment		Others		Total segments		Adjustments and eliminations		Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenues from contracts with customers												
External customers	2,995	2,685	1,233	1,578	2	1	4,230	4,264	-	-	4,230	4,264
Inter-segment	326	320	6	5	3	3	335	328	(335)	(328)	-	-
Total revenues	3,321	3,005	1,239	1,583	5	4	4,565	4,592	(335)	(328)	4,230	4,264
Operating results												
Segment profit	275	210	18	20	72	69	365	299	3	3	368	302
Share of profit (loss) from investments in associates and joint ventures											(26)	159
Finance cost											(65)	(50)
Profit before income tax expenses											277	411
Income tax expenses											(61)	(9)
Profit for the period											216	402

21. Events after the reporting period

- a) On 5 April 2019, The Labour Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Group has additional long-term employee benefit liabilities of Baht 42.6 million (the Company only: Baht 6.6 million) as a result. The Group will reflect the effect of the change by recognising past service costs as expenses in the income statement of the period in which the law is effective, which is the second quarter of 2019.
- b) On 23 April 2019, the Annual General Meeting of the Company's shareholders passed a resolution to approve the payment of a dividend of Baht 0.60 per share, totaling Baht 189.96 million, to be paid in May 2019.

22. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 14 May 2019.