

AAPICO Hitech Public Company Limited and its subsidiaries
Notes to consolidated interim financial statements
For the three-month and six-month periods ended 30 June 2014

1. General information

1.1 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2012) 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 financial statements.

1.2 Basis of consolidation

These interim consolidated financial statements include the financial statements of AAPICO Hitech Public Company Limited and its subsidiaries ("the Group") and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2013, except for the changes in the composition of the Group from the additional investments in subsidiaries as discussed in Note 7 to the financial statements.

1.3 New accounting standards

(a) Accounting standards that became effective in the current accounting year

The Group disclosed the accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standard interpretations that are effective for fiscal years beginning on or after 1 January 2014, in the notes to financial statements for the year ended 31 December 2013.

(Unaudited but reviewed)

The Group management has assessed the effects of the above accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standard interpretations, and believes that they are not relevant to the business of the Group or do not have a significant impact.

(b) Accounting standards that will become effective in the future

The Group has disclosed the financial reporting standard that will be effective in the future in the notes to financial statements for the year ended 31 December 2013.

The Group's management has assessed the effect of this financial reporting standard and believes that it is not relevant to the business of the Group.

1.4 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2013.

2. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Cash	899	5,635	62	62
Bank deposits	252,006	232,002	51,160	11,723
Total	252,905	237,637	51,222	11,785

3. Related party transactions

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

(Unaudited but reviewed)

(Unit: Million Baht)

	For the three-month periods ended 30 June				Transfer Pricing Policy
	Consolidated financial statements		Separate financial statements		
	2014	2013	2014	2013	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods and services	-	-	54	52	Cost plus margin, averaging around 5% - 15%
Sales of machinery and equipment	-	-	16	-	Cost plus margin of 5%
Interest income	-	-	34	35	4.5% - 5.0% p.a.
Rental income	-	-	1	1	Close to rental rates for other building in the vicinity
Management fee income	-	-	15	-	Approximate cost
Other income	-	-	-	4	Approximate cost
Interest expenses	-	-	1	-	1.5% - 4.9% p.a.
Rental expense	-	-	1	-	Close to rental rates for other building in the vicinity
Purchases of goods and services	-	-	72	144	Cost plus margin, averaging around 5% - 20%
Purchases of machinery and equipment	-	-	-	31	Cost plus margin, averaging around 1% - 40%
Other expense	-	-	4	-	Approximate cost
<u>Transactions with associated companies and joint venture</u>					
Sales of goods and services	32	15	-	-	Cost plus margin, averaging around 10% - 40%
Management fee income	1	-	1	-	Approximate cost
Dividend income	8	6	8	6	As declared
Other income	4	-	1	-	Approximate cost
Purchases of goods and services	28	22	21	13	Cost plus margin, averaging around 1% and 50% - 60%
<u>Transactions with related companies</u>					
Purchases of goods and services	85	100	-	-	Cost plus margin, averaging around 5% and 25%
Management fee expense	-	2	-	2	Approximate cost

(Unit: Million Baht)

	For the six-month periods ended 30 June				Transfer Pricing Policy
	Consolidated financial statements		Separate financial statements		
	2014	2013	2014	2013	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods and services	-	-	78	98	Cost plus margin, averaging around 5% - 15%
Sales of machinery and equipment	-	-	16	-	Cost plus margin of 5%
Interest income	-	-	65	73	4.5% - 5.0% p.a. (2013: 4.5% - 5.4% p.a.)
Rental income	-	-	2	2	Close to rental rates for other building in the vicinity
Management fee income	-	-	31	2	Approximate cost
Other income	-	-	3	4	Approximate cost
Interest expenses	-	-	2	-	1.5% - 4.9% p.a.
Rental expense	-	-	1	-	Close to rental rates for other building in the vicinity
Purchases of goods and services	-	-	148	319	Cost plus margin, averaging around 5% - 20%
Purchases of machinery and equipment	-	-	-	33	Cost plus margin, averaging around 1% - 40%
Other expense	-	-	4	-	Approximate cost

(Unaudited but reviewed)

(Unit: Million Baht)

	For the six-month periods ended 30 June				Transfer Pricing Policy
	Consolidated financial statements		Separate financial statements		
	2014	2013	2014	2013	
<u>Transactions with associated companies and joint venture</u>					
Sales of goods and services	70	27	-	-	Cost plus margin, averaging around 10% - 40%
Management fee income	2	-	2	-	Approximate cost
Dividend income	130	111	130	111	As declared
Other income	4	-	1	-	Approximate cost
Purchases of goods and services	77	37	70	23	Cost plus margin, averaging around 1% and 50% - 60%
<u>Transactions with related companies</u>					
Purchases of goods and services	168	236	-	-	Cost plus margin, averaging around 5% and 25%
Management fee expense	-	4	-	4	Approximate cost

As at 30 June 2014 and 31 December 2013, the balances of the accounts between the Company and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
<u>Trade and other receivables - related parties (Note 4)</u>				
Subsidiaries	-	-	226,982	169,145
Associates	31,465	38,355	1,831	2,310
Joint venture	204	-	1	-
Related companies (common shareholder/director)	591	488	338	-
	<u>32,260</u>	<u>38,843</u>	<u>229,152</u>	<u>171,455</u>
<u>Dividend receivable</u>				
Subsidiary	-	-	-	200,000
Associates	68,266	-	68,266	-
	<u>68,266</u>	<u>-</u>	<u>68,266</u>	<u>200,000</u>
<u>Trade and other payables - related parties</u>				
Subsidiaries	-	-	58,030	84,900
Associates	52,065	66,339	45,951	59,737
Related companies (common shareholder/director)	195,182	94,376	1,813	-
	<u>247,247</u>	<u>160,715</u>	<u>105,794</u>	<u>144,637</u>

(Unaudited but reviewed)

Loans to related parties and loans from related parties

As at 30 June 2014 and 31 December 2013, the balance of loans between the Company and those related companies and the movement are as follows.

(Unit: Thousand Baht)

		Consolidated financial statements				
		Balance as at 31 December 2013	Increase during the period	Decrease during the period	Exchange difference on translation	Balance as at 30 June 2014
<u>Short-term loans to</u>						
Dee Mak SDN. BHD.	Common director	653	470	(351)	17	789
Total		653	470	(351)	17	789
<u>Long-term loans to</u>						
Edscha AAPICO Automotive Company Limited	Associate	180	-	(180)	-	-
Total		180	-	(180)	-	-
<u>Short-term loans from</u>						
Dee Mak SDN. BHD.	Common director	-	1,281	-	21	1,302
Directors		17,813	-	(1,016)	294	17,091
Total		17,813	1,281	(1,016)	315	18,393

Short-term loans from directors carried interest at 5% per annum and due at call.

(Unit: Thousand Baht)

		Separate financial statements				
		Balance as at 31 December 2013	Increase during the period	Decrease during the period	Unrealised gain on exchange	Balance as at 30 June 2014
<u>Short-term loans to</u>						
New Era Sales Company Limited	Subsidiary	12,600	-	-	-	12,600
Able Motors Company Limited	Subsidiary	34,200	-	-	-	34,200
Katsuya (Thailand) Company Limited	Subsidiary	2,400	-	-	-	2,400
AAPICO Hitech Parts Company Limited	Subsidiary	91,200	58,800	-	-	150,000
AAPICO Hitech Tooling Company Limited	Subsidiary	18,000	18,000	-	-	36,000
AAPICO Forging Public Company Limited	Subsidiary	180,000	-	-	-	180,000
Foton Pasenger Vehicles Distribution (Thailand) Company Limited	Subsidiary	-	300	-	-	300
Total		338,400	77,100	-	-	415,500
<u>Long-term loans to</u>						
New Era Sales Company Limited	Subsidiary	220,400	51,000	(10,000)	-	261,400
Able Motors Company Limited	Subsidiary	48,800	92,000	(106,000)	-	34,800
AAPICO Forging Public Company Limited	Subsidiary	1,793,500	556,800	(450,200)	-	1,900,100
AAPICO Hitech Parts Company Limited	Subsidiary	-	479,400	(350,500)	-	128,900
AAPICO Hitech Tooling Company Limited	Subsidiary	61,300	99,000	(107,700)	-	52,600
Kunshan Chaitai-Xincheng Precision Forging Company Limited	Subsidiary	65,159	64,480	(65,159)	143	64,623
Katsuya (Thailand) Company Limited	Subsidiary	1,403	-	-	-	1,403
Edscha AAPICO Automotive Company Limited	Associate	180	-	(180)	-	-
Total		2,190,742	1,342,680	(1,089,739)	143	2,443,826

(Unaudited but reviewed)

(Unit: Thousand Baht)

		Separate financial statements				
		Balance as at			Unrealised	Balance as at
		31 December	Increase during	Decrease during	gain on	30 June
Related by		2013	the period	the period	exchange	2014
<u>Short-term loans from</u>						
AAPICO Engineering Company Limited	Subsidiary	9,200	-	-	-	9,200
AAPICO Amata Company Limited	Subsidiary	35,550	125,100	(147,000)	-	13,650
AAPICO Structural Products Company Limited	Subsidiary	43,052	1,824,500	(1,652,952)	-	214,600
Total		<u>87,802</u>	<u>1,949,600</u>	<u>(1,799,952)</u>	<u>-</u>	<u>237,450</u>

Directors and management's benefits

During the three-month and six-month periods ended 30 June 2014 and 2013, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

		For the three-month periods ended 30 June			
		Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Short-term employee benefits		<u>7.66</u>	<u>6.11</u>	<u>7.66</u>	<u>5.89</u>
Post-employee benefits		<u>0.22</u>	<u>0.02</u>	<u>0.22</u>	<u>0.02</u>
Total		<u>7.88</u>	<u>6.13</u>	<u>7.88</u>	<u>5.91</u>

(Unit: Million Baht)

		For the six-month periods ended 30 June			
		Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Short-term employee benefits		<u>15.33</u>	<u>12.22</u>	<u>15.33</u>	<u>11.78</u>
Post-employee benefits		<u>0.45</u>	<u>0.05</u>	<u>0.45</u>	<u>0.05</u>
Total		<u>15.78</u>	<u>12.27</u>	<u>15.78</u>	<u>11.83</u>

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 16.4 to financial statements.

(Unaudited but reviewed)

4. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due and past due				
not over 3 months	28,835	26,324	33,127	19,314
Past due 3 - 12 months	746	137	52	7
Past due more than 12 months	40	45	4	4
Total trade receivables - related parties	29,621	26,506	33,183	19,325
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due and past due				
not over 3 months	1,756,501	1,895,214	298,897	258,039
Past due 3 - 12 months	33,250	10,898	3,655	4,637
Past due more than 12 months	12,478	22,020	2,688	6,785
Total	1,802,229	1,928,132	305,240	269,461
Less: Allowance for doubtful accounts	(16,503)	(21,962)	(695)	(991)
Total trade receivables - unrelated parties, net	1,785,726	1,906,170	304,545	268,470
Total trade receivables - net	1,815,347	1,932,676	337,728	287,795
<u>Other receivables - net</u>				
Advances - related parties	1,774	11,666	54,463	23,479
Interest receivable - related parties	-	-	141,506	128,651
Advances	11,692	11,410	-	-
Accrued insurance compensation	-	234,836	-	182,505
Accrued income	144,465	31,083	5,205	7,205
Others - related parties	865	671	-	-
Others - unrelated parties	55,939	34,457	2,058	947
Total other receivables - net	214,735	324,123	203,232	342,787
Total trade and other receivables - net	2,030,082	2,256,799	540,960	630,582

5. Inventories

As at 30 June 2014, certain subsidiaries have pledged finished goods of approximately Baht 249 million (31 December 2013: Baht 235 million) to secure short-term loans from banks.

6. Investments in associates

Details of associates:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements						
			Shareholding percentage		Cost		Carrying amounts based on equity method		
			30 June	31 December	30 June	31 December	30 June	31 December	
			2014	2013	2014	2013	2014	2013	
			(%)	(%)					
Able Sanoh Industries (1996) Company Limited	Manufacture and distribution of autoparts	Thailand	46	46	30,700	30,700	333,206	326,434	
Sanoh Industries (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	20	20	29,250	29,250	54,458	55,504	
MINTH AAPICO (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	40	40	151,400	151,400	169,373	174,109	
Thai Takagi Seiko Company Limited	Distribution of dies	Thailand	49	49	49,587	13,229	64,520	22,668	
Hyundai Motor (Thailand) Company Limited	Manufacture and distribution of vehicles and parts	Thailand	30	30	120,000	120,000	421,657	474,679	
Edscha AAPICO Automotive Company Limited	Manufacture and distribution of autoparts	Thailand	49	49	19,600	19,600	28,212	21,513	
Sumino AAPICO (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	49	49	98,000	98,000	90,292	95,178	
Total					498,537	462,179	1,161,718	1,170,085	

(Unit: Thousand Baht)

Company's name	Separate financial statements			
	Shareholding percentage		Carrying amounts based on cost method	
	30 June	31 December	30 June	31 December
	2014	2013	2014	2013
	(%)	(%)		
Able Sanoh Industries (1996) Company Limited	46	46	30,700	30,700
Sanoh Industries (Thailand) Company Limited	20	20	29,250	29,250
MINTH AAPICO (Thailand) Company Limited	40	40	151,400	151,400
Thai Takagi Seiko Company Limited	49	49	49,587	13,229
Hyundai Motor (Thailand) Company Limited	30	30	120,000	120,000
Edscha AAPICO Automotive Company Limited	49	49	19,600	19,600
Sumino AAPICO (Thailand) Company Limited	49	49	98,000	98,000
Total			498,537	462,179

(Unaudited but reviewed)

During the three-month and six-month periods ended 30 June 2014 and 2013, the Company has recognised its share of profit/loss from investments in associates in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

Company's name	For the three-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	Share of profit (loss) from investments in associates		Dividend income	
	2014	2013	2014	2013
Able Sanoh Industries (1996) Company Limited	5,417	30,094	-	-
Sanoh Industries (Thailand) Company Limited	2,223	3,408	8,325	5,865
MINTH AAPICO (Thailand) Company Limited	(2,157)	(567)	-	-
Thai Takagi Seiko Company Limited	1,722	194	-	-
Hyundai Motor (Thailand) Company Limited	30,173	16,052	-	-
Edscha AAPICO Automotive Company Limited	1,446	(109)	-	-
Sumino AAPICO (Thailand) Company Limited	(3,965)	-	-	-
Total	34,859	49,072	8,325	5,865

(Unit: Thousand Baht)

Company's name	For the six-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	Share of profit (loss) from investments in associates		Dividend income	
	2014	2013	2014	2013
Able Sanoh Industries (1996) Company Limited	6,772	49,368	-	-
Sanoh Industries (Thailand) Company Limited	7,279	5,923	8,325	5,865
MINTH AAPICO (Thailand) Company Limited	(4,736)	10,490	-	-
Thai Takagi Seiko Company Limited	7,479	741	1,985	-
Hyundai Motor (Thailand) Company Limited	66,858	69,037	119,880	105,504
Edscha AAPICO Automotive Company Limited	6,699	(109)	-	-
Sumino AAPICO (Thailand) Company Limited	(4,886)	-	-	-
Total	85,465	135,450	130,190	111,369

(Unaudited but reviewed)

7. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost	
	30 June	31 December	30 June	31 December	30 June	31 December
	2014	2013	2014	2013	2014	2013
			(%)	(%)		
New Era Sales Co., Ltd.	Baht 20 million	Baht 20 million	100	100	20,000	20,000
AAPICO Amata Co., Ltd.	Baht 800 million	Baht 800 million	100	100	1,164,139	1,164,139
Able Motors Co., Ltd.	Baht 20 million	Baht 20 million	100	100	19,999	19,999
AAPICO Engineering Co., Ltd.	Baht 10 million	Baht 10 million	100	100	10,000	10,000
Tenaga Setia Resources SDN. BHD.	RM 6 million	RM 6 million	49	49	31,393	31,393
Kunshan Chaitai-Xincheng Precision Forging Co., Ltd.	USD 6.1 million	USD 6.1 million	100	100	196,744	196,744
AAPICO ITS Co., Ltd.	Baht 100 million	Baht 100 million	60	60	62,175	62,175
AAPICO Hitech Parts Co., Ltd.	Baht 120 million	Baht 120 million	100	100	120,000	120,000
AAPICO Hitech Tooling Co., Ltd.	Baht 65 million	Baht 65 million	100	100	65,000	65,000
AAPICO Shanghai Co., Ltd.	USD 2 million	USD 2 million	100	100	80,682	80,682
AAPICO Investment Pte. Ltd.	SGD 6.97 million	SGD 6.97 million	100	100	167,950	167,950
AAPICO Mitsuike (Thailand) Co., Ltd.	Baht 8.25 million	Baht 8.25 million	51	51	4,208	4,208
AAPICO Forging Plc.	Baht 500 million	Baht 500 million	100	100	1,823,907	1,823,907
AAPICO Structural Products Co., Ltd.	Baht 200 million	Baht 200 million	100	100	200,000	200,000
A Maction Co., Ltd.	Baht 10 million	Baht 10 million	51	51	5,100	5,100
New Era Sales (M) SDN. BHD.	RM 1.5 million	RM 1.5 million	49	49	8,263	8,263
AAPICO Technology Co., Ltd.	Baht 0.25 million	Baht 0.25 million	51	51	128	128
AERP Co., Ltd.	Baht 1.25 million	Baht 1.25 million	88	88	1,100	1,100
Katsuya (Thailand) Co., Ltd.	Baht 28.5 million	Baht 28.5 million	76	76	15,675	15,675
Foton Passenger Vehicles Distribution (Thailand) Co., Ltd.	Baht 25 million	Baht 25 million	97	97	24,250	24,250
AAPICO Lemtech (Thailand) Co., Ltd.	Baht 40 million	Baht 40 million	60	60	24,000	24,000
Total					4,044,713	4,044,713
Less: Allowance for impairment					(1,211,708)	(1,211,708)
Net					2,833,005	2,833,005

No dividend received from all above subsidiaries during the six-month periods ended 30 June 2014 and 2013.

During the current period, AAPICO ITS Company Limited (a subsidiary) entered into the Joint Venture Agreement with Quantum Inventions Pte. Ltd. to establish AAPICO QI SDN. BHD. in Malaysia, with a registered capital of RM 400,000. The subsidiary held a 60% interest.

(Unaudited but reviewed)

During the current period, AAPICO Forging Public Company Limited (a subsidiary) established AAPICO Precision Company Limited in Thailand, with a registered capital of Baht 150 million. The subsidiary held a 100% interest.

During the current period, AAPICO Jackspeed Company Limited (a subsidiary held by AAPICO Hitech Parts Company Limited) filed for deregistration with the Ministry of Commerce. This subsidiary is in the process of liquidation.

8. Investment in joint venture

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

(Unit: Thousand Baht)

Jointly controlled entity	Nature of business	Country of incorporation	Consolidated financial statements				Carrying amounts based on equity method	
			Shareholding percentage		Cost			
			30 June 2014	31 December 2013	30 June 2014	31 December 2013	30 June 2014	31 December 2013
AAPICO Sodectia (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	50 (%)	50 (%)	25,000	15,000	24,750	14,816

(Unit: Thousand Baht)

Jointly controlled entity	Separate financial statements			
	Shareholding percentage		Carrying amounts based on cost method	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
AAPICO Sodectia (Thailand) Company Limited	50 (%)	50 (%)	25,000	15,000

9. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
	Available-for-sale securities			
Marketable equity securities	160,666	160,666	-	-
Allowance for change in value and exchange difference on translation of financial statements in foreign currency	(85,585)	(85,885)	-	-

(Unaudited but reviewed)

	<u>75,081</u>	<u>74,781</u>	<u>-</u>	<u>-</u>
Other investments				
Equity securities	<u>53,259</u>	<u>48,820</u>	<u>3,000</u>	<u>3,000</u>
Total	<u>128,340</u>	<u>123,601</u>	<u>3,000</u>	<u>3,000</u>

(Unaudited but reviewed)

10. Property, plant and equipment

Movements of the property, plant and equipment account during the six-month period ended 30 June 2014 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2014	6,674,348	1,411,560
Acquisitions during period - at cost	260,929	32,117
Transfers to intangible assets and other assets	(74,184)	(43)
Capitalised interest	925	837
Disposals/write-off during period - net book value at disposal date/write-off date	(42,798)	(14,663)
Depreciation for the period	(342,033)	(61,570)
Allowance for impairment loss increase during the period	(2,710)	(2,710)
Exchange differences on translation of financial statements in foreign currency	(19,879)	-
Net book value as at 30 June 2014	<u>6,454,598</u>	<u>1,365,528</u>

Borrowing costs totaling approximately Baht 0.9 million and Baht 0.2 million were capitalised during the six-month periods ended 30 June 2014 and 2013, respectively.

As at 30 June 2014, the Group had machinery, motor vehicles and equipment under finance lease agreements with net book values amounting to Baht 31 million (31 December 2013: Baht 118 million).

Some subsidiaries have mortgaged building, machinery and factory equipment, with a total net book value as at 30 June 2014 of Baht 123 million (31 December 2013: Baht 124 million) as collateral for credit facilities granted by banks.

11. Leasehold right

A subsidiary has pledged its land leasehold right, with a total net book value as at 30 June 2014 and 31 December 2013 of Baht 104 million as collateral for credit facilities granted by banks.

(Unaudited but reviewed)

12. Goodwill

(Unit: Million Baht)

	Consolidated financial statements	
	30 June 2014	31 December 2013
Goodwill from purchase of subsidiaries:		
AAPICO Amata Company Limited	230	230
AAPICO Forging Public Company Limited	1,152	1,152
Other companies	5	5
Total	1,387	1,387
Less: Allowance for impairment	(1,152)	(1,152)
Net	235	235

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

Bank overdrafts and short-term loans from banks are secured by the pledge of leasehold land and building thereon, certain inventory and deposits of subsidiaries, by guarantees provided by subsidiary companies, and a negative pledge of assets by the Company.

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

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

14. Income tax

Interim corporate income tax was calculated on the profit of the non-promoted operations for the period, after adding back certain expenses which are disallowed for tax computation purposes and deducting income which is exempted from tax.

(Unaudited but reviewed)

Income tax expenses for the six-month periods ended 30 June 2014 and 2013 are made up as follows.

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Current income tax:				
Interim corporate income tax charge	14,514	42,745	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(4,985)	(1,414)	(162)	(2,896)
Income tax expense reported in the statement of income	9,529	41,331	(162)	(2,896)

15. 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.

During 2013, the preferred shares of the Company were converted to ordinary shares, even though the value of the convertible preferred shares exceeded the fair value of the ordinary shares. For this reason, diluted earnings per share was 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 plus the weighted average number of ordinary shares which would need to be issued to convert all preference shares to ordinary shares. The calculation assumed that the conversion took place at the beginning of the period.

The following tables set forth the computation of basic and diluted earnings per share.

	Consolidated financial statements					
	For the three-month periods ended 30 June					
	Profit for the period		Weighted average number of ordinary shares		Earnings per share	
2014	2013	2014	2013	2014	2013	
(Thousand Baht)	(Thousand Baht)	(Thousand Shares)	(Thousand Shares)	(Baht)	(Baht)	
Basic earnings per share						
Profit attributable to equity holders of the Company	100,802	187,211	322,584	280,224	0.31	0.67
Effect of dilutive potential ordinary shares						
Convertible preference shares	-	-	-	42,360		
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	<u>100,802</u>	<u>187,211</u>	<u>322,584</u>	<u>322,584</u>	0.31	0.58

(Unaudited but reviewed)

Separate financial statements					
For the three-month periods ended 30 June					
Profit (loss) for the period		Weighted average number of ordinary shares		Earnings (loss) per share	
2014	2013	2014	2013	2014	2013
(Thousand Baht)	(Thousand Baht)	(Thousand Shares)	(Thousand Shares)	(Baht)	(Baht)
Basic earnings per share					
Profit (loss) attributable to equity holders of the Company					
19,363	(4,431)	322,584	280,224	0.06	(0.02)
Effect of dilutive potential ordinary shares					
Convertible preference shares					
Diluted earnings per share					
-	-	-	42,360		
Profit (loss) of ordinary shareholders assuming the conversion of dilutive potential ordinary shares					
19,363	(4,431)	322,584	322,584	0.06	(0.02)*

* This was presented by the basic earnings per share because the diluted earnings per share was antidilutive.

Consolidated financial statements					
For the six-month periods ended 30 June					
Profit for the period		Weighted average number of ordinary shares		Earnings per share	
2014	2013	2014	2013	2014	2013
(Thousand Baht)	(Thousand Baht)	(Thousand Shares)	(Thousand Shares)	(Baht)	(Baht)
Basic earnings per share					
Profit attributable to equity holders of the Company					
253,509	465,731	322,584	280,224	0.79	1.66
Effect of dilutive potential ordinary shares					
Convertible preference shares					
Diluted earnings per share					
-	-	-	42,360		
Profit of ordinary shareholders assuming the conversion of dilutive potential ordinary shares					
253,509	465,731	322,584	322,584	0.79	1.44

Separate financial statements

(Unaudited but reviewed)

	For the six-month periods ended 30 June					
	Profit for the period		Weighted average number of ordinary shares		Earnings per share	
	2014	2013	2014	2013	2014	2013
(Thousand Baht)	(Thousand Baht)	(Thousand Shares)	(Thousand Shares)	(Baht)	(Baht)	
Basic earnings per share						
Profit attributable to equity holders of the Company	146,863	75,893	322,584	280,224	0.46	0.27
Effect of dilutive potential ordinary shares						
Convertible preference shares				42,360		
Diluted earnings per share	-	-	-	42,360		
Profit of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	146,863	75,893	322,584	322,584	0.46	0.24

16. Commitment and contingent liabilities

16.1 Capital commitments

- a) As at 30 June 2014, the Group had capital commitments of approximately Baht 64 million, RMB 0.4 million and EUR 0.04 million, totalling Baht 67 million (31 December 2013: Baht 51 million, USD 4 million, RMB 2 million and EUR 0.12 million, totalling Baht 208 million), relating to the purchase of land, the construction of factory buildings, and acquisition of machinery from third parties.
- b) As at 30 June 2014, the Group had outstanding commitment of Baht 207 million and Baht 34 million (31 December 2013: Baht 94 million and Baht 45 million, respectively) in respect of uncalled portion of investments in its subsidiaries and a joint venture, respectively.

16.2 Operating lease and service commitments

The Group has entered into several operating lease agreements in respect of the lease of land, office building space and equipment and service agreement. The terms of the agreements are generally between 1 and 15 years.

(Unaudited but reviewed)

Future minimum lease and service payments required under these non-cancellable operating leases and service agreement were as follows.

(Unit: Million Baht)

Payable	As at 30 June 2014	As at 31 December 2013
In up to 1 year	39	33
In over 1 to up to 5 years	47	29
In over 5 years	1	3

16.3 Long-term service commitments

Two subsidiaries have entered into technical assistance agreements with a Japanese company and a German company, under which they have to pay fees at rates stipulated in the agreements, on sales of certain products. The first agreement is for one year and automatically renews annually for a further period of one year, while the other agreement is effective until 2017. In addition, another subsidiary has entered into memorandums with two Japanese companies, under which the subsidiary has to pay fees at certain rates on sales of particular products. These agreements are enforced during the sales period. The fees for the six-month period ended 30 June 2014, amounting to approximately Baht 13 million (2013: Baht 32 million), were recognised as expenses.

16.4 Guarantee

- a) As at 30 June 2014, the Company had guaranteed bank credit facilities of its foreign subsidiary companies amounting to RMB 50 million (31 December 2013: RMB 40 million), and its local associated company amounting to Baht 100 million (31 December 2013: Nil).
- b) As at 30 June 2014 and 31 December 2013, two foreign subsidiaries had provided guarantees for bank credit facilities of another foreign subsidiary amounting to RM 14 million and RM 10 million, respectively.

(Unaudited but reviewed)

- c) As at 30 June 2014 and 31 December 2013, there were outstanding bank guarantees of approximately Baht 79 million and RM 0.3 million issued by banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 55 million, to guarantee contractual performance, and Baht 24 million and RM 0.3 million to guarantee electricity use, among others.
- d) The Company and a subsidiary entered into agreements related to the Supplier Financing Program, as a sponsor, whereby they provide guarantees of credit lines of their suppliers used to purchase raw materials and goods, up to a limit of Baht 200 million. As at 30 June 2014 and 31 December 2013, the Company and its subsidiary had no guarantee liabilities under these agreements.

16.5 Interest rate swap agreements

The Company has outstanding interest rate swap agreements with the banks as follows:

As at 30 June 2014			
<u>Notional amount</u>	<u>Interest Receipt Rate</u>	<u>Interest Payment Rate</u>	<u>Due date</u>
(Million Baht)	(per annum)	(per annum)	
166	FDR plus 3.3%	Fixed rate at 5.65%	30 December 2015
188	MLR minus 1.75%	Fixed rate at 5.33%	30 December 2015
206	MLR minus 1.75%	Fixed rate at 5.98%	30 December 2015

As at 31 December 2013			
<u>Notional amount</u>	<u>Interest Receipt Rate</u>	<u>Interest Payment Rate</u>	<u>Due date</u>
(Million Baht)	(per annum)	(per annum)	
220	FDR plus 3.3%	Fixed rate at 5.65%	30 December 2015
250	MLR minus 1.75%	Fixed rate at 5.33%	30 December 2015
265	MLR minus 1.75%	Fixed rate at 5.98%	30 December 2015

As at 30 June 2014, the Company had unrealised loss from change in the fair value of interest rate swap agreements of approximately Baht 3 million (31 December 2013: Baht 4 million).

16.6 Forward foreign exchange contracts

Foreign exchange contracts outstanding are summarised below.

As at 30 June 2014					
Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
US dollar	-	4.8	-	32.02 - 32.95	November 2014 - May 2015

(Unaudited but reviewed)

As at 31 December 2013					
Foreign currency	Bought	Sold	Contractual exchange rate		Contractual maturity date
	amount	amount	Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
US dollar	0.6	10.4	29.15 - 30.30	29.15 - 32.23	January - November 2014

17. Litigation

In late 2011 a subsidiary company in which the Company has an equity interest of 60 percent was sued for approximately Baht 450 million under civil litigation for copyright infringement related to map data. In 2012, this subsidiary was sued for the same infringement under criminal litigation. In January 2013, the Central Intellectual Property and International Trade Court ordered dismissed the criminal case. However, the plaintiff has appealed to the Supreme Court. Currently, the civil case is being considered by the Central Intellectual Property and International Trade Court, and the criminal case is being considered by the Supreme Court.

18. Dividend

On 23 May 2013, the Company paid a dividend from the earnings of the second half of 2012, comprising a cash dividend of Baht 0.25 per share, or approximately Baht 67 million, and a stock dividend of up to 53,774,860 shares of Baht 1 each, to be paid at a rate of one dividend share for every five existing shares. The value of the stock dividend was thus Baht 0.20 per share in monetary terms, and so the total dividend was equivalent to Baht 0.45 per share.

The Annual General Meeting of the Company's shareholders held on 25 April 2014, passed a resolution to approve the payment of a dividend of Baht 0.14 per share, or a total of approximately Baht 45 million. The payment was made in May 2014.

19. Employee Joint Investment Program

The meeting of the Board of Directors of the Company held on 14 September 2012 passed a resolution approving the Employee Joint Investment Program for 2 years from 1 October 2012 to 30 September 2014. This program is a compensation scheme offered to eligible employees of the Company and its subsidiaries. Under the program, the Company deducts up to 10% of salary from the payroll of eligible employees each month, until the completion of the program period. The Company makes contributions at a rate of 50% of the contributions made by the program participants each month. A securities company that has been appointed as program manager by the Company then invests both employee and employer contributions in shares of the Company, through the Stock Exchange of Thailand, in accordance with the specified conditions and period. The value invested by this program in the Stock Exchange of Thailand is around Baht 0.3 million per month. After 1 year (30 September 2013), program participants can sell 50% of their shares, and after 2 years (30 September 2014), they can sell the remaining shares.

The program was approved by the Office of the Securities and Exchange Commission on 17 October 2012.

20. Segment information

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

The following tables present revenue and profit information regarding the Group's operating segments for the three-month and six-month periods ended 30 June 2014 and 2013, respectively.

(Unaudited but reviewed)

(Unit: Million Baht)

	Manufacture of automobiles assembly tools and parts segment	Sales of automobiles and the provision of automobiles repair service segment	Total segment	Adjustments and eliminations	Consolidated
Three months ended 30 June 2014					
Revenues					
External customers	2,086	1,548	3,634	-	3,634
Inter-segment	296	16	312	(312)	-
Total revenues	2,382	1,564	3,946	(312)	3,634
Operating results					
Segment profit	164	27	191	(62)	129
Share of profit/loss from investments in associates and joint venture					35
Finance cost					(51)
Profit before income tax expense					113
Income tax expense					(6)
Profit for the period					107

(Unit: Million Baht)

	Manufacture of automobiles assembly tools and parts segment	Sales of automobiles and the provision of automobiles repair service segment	Total segment	Adjustments and eliminations	Consolidated
Three months ended 30 June 2013					
Revenues					
External customers	2,919	983	3,902	-	3,902
Inter-segment	530	8	538	(538)	-
Total revenues	3,449	991	4,440	(538)	3,902
Operating results					
Segment profit	374	18	392	(161)	231
Share of profit from investments in associates					49
Finance cost					(70)
Profit before income tax expense					210
Income tax expense					(21)
Profit for the period					189

(Unaudited but reviewed)

(Unit: Million Baht)

	Manufacture of automobiles assembly tools and parts segment	Sales of automobiles and the provision of automobiles repair service segment	Total segment	Adjustments and eliminations	Consolidated
Six months ended 30 June 2014					
Revenues					
External customers	4,422	2,786	7,208	-	7,208
Inter-segment	606	21	627	(627)	-
Total revenues	5,028	2,807	7,835	(627)	7,208
Operating results					
Segment profit	372	63	435	(142)	293
Share of profit/loss from investments in associates and joint venture					85
Finance cost					(107)
Profit before income tax expense					271
Income tax expense					(10)
Profit for the period					261

(Unit: Million Baht)

	Manufacture of automobiles assembly tools and parts segment	Sales of automobiles and the provision of automobiles repair service segment	Total segment	Adjustments and eliminations	Consolidated
Six months ended 30 June 2013					
Revenues					
External customers	6,214	2,231	8,445	-	8,445
Inter-segment	1,057	18	1,075	(1,075)	-
Total revenues	7,271	2,249	9,520	(1,075)	8,445
Operating results					
Segment profit	865	46	911	(391)	520
Share of profit from investments in associates					135
Finance cost					(141)
Profit before income tax expense					514
Income tax expense					(41)
Profit for the period					473

21. Event after the reporting period

On 14 August 2014, the Board of Directors passed a resolution to approve the payment of an interim dividend of Baht 0.20 per share from the earnings of the first half of 2014, or a total of Baht 64.5 million, to be paid on 12 September 2014.

22. Approval of interim financial statements

These interim financial statements were authorised for issue by the Board of Directors of the Company on 14 August 2014.