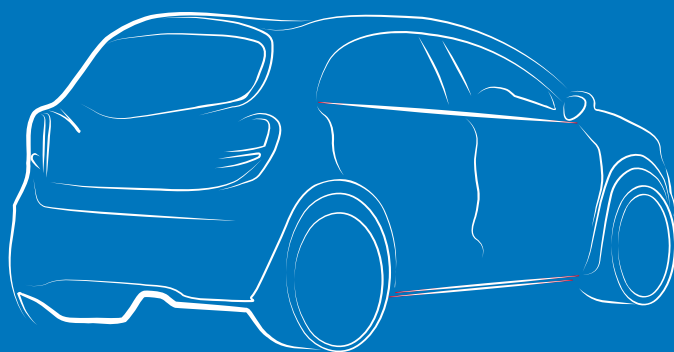




2013 ANNUAL REPORT

AAPICO HITECH PUBLIC COMPANY LIMITED



VISION

The AAPICO Group's vision is to become a lean
and happy world-class organization with
4 fundamental values of Happy Customers,
Happy Employees, Happy Shareholders,
and Happy Public.





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VISION

The AAPICO Group's vision is to become a lean,
and happy world-class organization with
4 fundamental values of Happy Customers,
Happy Employees, Happy Shareholders,
and Happy Public.

Greetings to all shareholders

The year 2013 has been an exciting and unique year for the automotive industry in Thailand. In 2012, the Thai government introduced the Baht 100,000 incentive scheme for first-time purchaser of eco-car and allowed this incentive scheme to be carried over up to June 2013. Hence, the demand for the first half of 2013 was strong and tapered significantly down in the second half of the year. Overall the total vehicle production achieved a volume of 2.46 million units (comparable to 2.45 million in 2012), of which export sales were 1.13 million units and the local market sales were 1.33 million units.

In general, the Group did not achieve its budget due to the significant slowdown in the second half of the year. Forecast of the market was extremely difficult. All OEM's were bullish in their forecasts due to extremely strong demand at the end of 2012 and our forecast was aligned to the OEM's forecast.

The frame and press parts businesses were the best performers, followed by our associate companies and car dealerships. On a consolidated basis, the plastics and forging business were negative contributors. More effort need to be put into these two businesses and major action plans are being implemented.

Two new joint ventures in sheet metal press part business were initiated. The first JV was with Sumino Kogyo of Japan and the second JV was with Sodecia of Portugal. The factory for the Sumino JV has been completed, and production and supply to Mazda at AAT will start in early 2015. While the factory for the Sodecia JV will start construction around mid 2014 and production will start at end 2015.

Our China operations are stable and profitable. Our objective is to acquire more business to fill the current spare capacity and this would be achieved through aggressive marketing.

The Malaysian Honda operations had their best performance to date and expect to do well in 2014. While the car dealership business in Thailand, also, performed reasonably well in the first half of the year, but was burdened with stocks in the latter half of the year as the car demand dropped.



President's Message

“ 2013 has been a reasonable year for the Group with wide fluctuations between the first and second half. ”

During the year, we vigorously pursued process improvement in areas such as quality, delivery, cost and productivity. As a result, we received numerous awards in productivity and quality improvements.

The Group's revenues increased by 1% to Baht 16,998 million while its gross margin was higher by 1.2% to Baht 1,075 million. The net profit decreased by 32% to Baht 634 million due to several financial adjustments.

Overall, I can summarize that 2013 has been a reasonable year for the Group with wide fluctuations between the first and second half. We can expect a challenging year in 2014 due to the downturn in the automotive industry. In addition, the political stalemate may stifle the economic growth, thus impacting business.

However, the factors favoring Thailand that would buffer some of the downturn is its lower exchange rate and the stronger global economic growth.

In closing, I would like to take this opportunity to thank all stakeholders, customers, suppliers and employees without whose support, we would not have been able to pass another relatively trouble free year.



Yeap Swee Chuan
President and CEO



Board of Directors



Mr. Yeap Swee Chuan

Age 66 years

President and Chief Executive Officer / Authorized Director

Years in position: 12 years (Since 2002) **AH Shareholding:** 12.64%

Education: Bachelor of Technology (Industrial Management),
Massey University, New Zealand

Training: Director Certification Program (DCP)

Work Experience in the past 5 years:

- 2010 - Present Director, Board of Trade
- 2010 - Present Vice Chairman, Peace Network of Thailand
- 2005 - Present Chairman, Malaysian Thai Chamber of Commerce
- 2000 - Present Director, Audit Committee, Goodyear (Thailand) PLC
- 1996 - Present President and CEO, AAPICO Hitech PLC



Mrs. Teo Lee Ngo

Age 63 years

Executive Director / Authorized Director

Years in position: 12 years (Since 2002) **AH Shareholding:** 9.86%

Education: Bachelor of Commerce (Industrial and Business Management)
Nanyang University, Singapore

Work Experience in the past 5 years:

- 1996 - Present Executive Director, AAPICO Hitech PLC
- 1996 - Present Director, Able Sanoh Industries (1996) Co., Ltd.



Mr. Yoshiki Kishimoto

Age 52 years

Non-Executive Director / Member of Risk Management Committee

Years in position: 7 months (Since 2013) **AH Shareholding:** -

Education: Bachelor of Economics, Kobe University, Japan

Work Experience in the past 5 years:

- 2013 - Present Director, AAPICO Hitech PLC
- 2013 - Present Senior Project Leader, Automotive Division, Sojitz Corporation
- 2010 - 2013 General Manager, Automotive Dept. 3, Sojitz Corporation
- 2008 - 2010 President, Sojitz Automotive Engineering Inc.



Mr. Hideo Hatada

Age 48 years

Non-Executive Director / Member of Risk Management Committee

Years in position: 4 months (Since 2013) **AH Shareholding:** -

Education: Bachelor of Electrical and Electronics Engineering,
Faculty of Science and Technology, Sophia University, Japan

Work Experience in the past 5 years:

- 2013 - Present Director, AAPICO Hitech PLC
- 2013 - Present President, Autrans (Thailand) Co., Ltd.
- 2012 - Present Director, Sojitz Automotive Investment PTE LTD
- 2011 - 2013 Deputy General Manager, Automotive Dept.3, Sojitz Corporation
- 2009 - 2011 Manager, Automotive Dept.1, Sect.1, Sojitz Corporation
- 2008 - 2009 Manager, Automotive Dept.1, Sect.3, Sojitz Corporation

**Mr. Pipat R. Punya****Age 64 years**

Independent Director / Chairman of Audit Committee /
Chairman of Nomination and Remuneration Committee

Years in position: 12 years (Since 2002) **AH Shareholding:** -

Education: Bachelor of Laws, Thammasat University, Thailand
Master of Public and Private Management, NIDA, Thailand

Training: Director Accreditation Program (DAP) Class 11/2004 Thai-IOD

Work Experience in the past 5 years:

2004 - Present Director, Villa Comforta Co., Ltd.
1996 - Present Director, AAPICO Hitech PLC
1988 - Present Director, Go Thailand Tour Co., Ltd.
1983 - Present First Class Lawyer, Nitipat Law Firm

**Mr. Supasak Chirasavinuprapand****Age 48 years**

Independent Director / Member of Audit Committee /
Member of Nomination and Remuneration Committee

Years in position: 12 years (Since 2002) **AH Shareholding:** -

Education: LL.B., Faculty of Law, Thammasat University, Thailand
Barrister-at-Law, The Institute of Legal Education, Thailand
M.S. in Economics-Political and Planning,
Northeastern University, Boston, Massachusetts, USA
M.C.L., California Western School of Law, San Diego, California, USA
LL.M., Arizona State University, Tempe, Arizona, USA

Training: Director Accreditation Program (DAP) Class 10/2004 Thai-IOD

Work Experience in the past 5 years:

2014 - Present Director, SC Law Office Limited
2012 - Present Director, MC Group Public Company Limited
2004 - Present Partner, Royal Advocates International Limited
2002 - Present Director, AAPICO Hitech PLC

**Mr. Kenneth Ng****Age 44 years**

Independent Director / Member of Audit Committee /
Member of Nomination and Remuneration Committee

Years in position: 5 years (Since 2008) **AH Shareholding:** -

Education: Bachelor of Sciences (Honor), Biotechnology,
Graduated uppersecond, King's College London University, UK
Qualified Chartered Accountant (Institute of England & Wales)

Work Experience in the past 5 years:

2008 - Present Director, AAPICO Hitech PLC
2007 - 2013 Director, Bun Company Limited
2005 - Present Director, KNKN Co., Ltd.
2005 - Present Director, NT Asset (Thailand) Co., Ltd.

**Mr. John Parker****Age 66 years**

Independent Director / Member of Risk Management Committee

Years in position: 2 years (Since 2011) **AH Shareholding:** -

Education: Bachelor of Engineer, Port Elizabeth College of Education
Cost and Management Accounting, University of South Africa

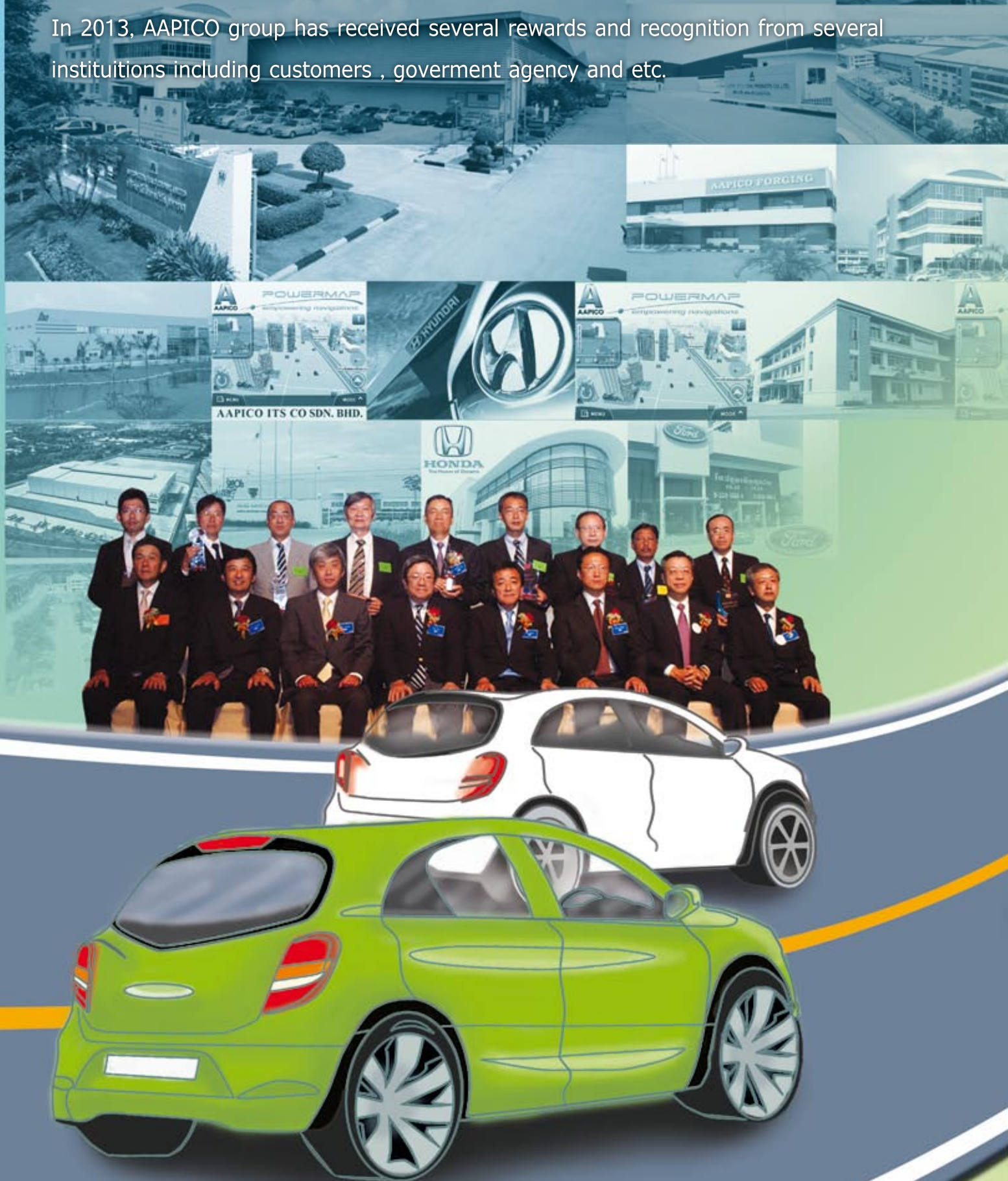
Work Experience in the past 5 years:

2014 - Present Director, Asian Advisory Board, Pinnacle Engines Inc.
2011 - Present Director, AAPICO Hitech PLC
2006 - 2010 Executive Vice President, Asia Pacific and Africa, Ford Motor Company



Awards and Achievements

In 2013, AAPICO group has received several rewards and recognition from several institutions including customers , goverment agency and etc.





8 1 5 6 11

Awards from Customers :

1 AAPICO Amata Co., Ltd. received "Best Cost Reduction Initiative" award from American Axle & Manufacturing (Thailand) Co., Ltd.

2 AAPICO Amata Co., Ltd. received "The Best in Spare Parts" award from Tri Petch Isuzu Sales Co., Ltd.

3 AAPICO Amata Co., Ltd. received "The Best in Quality" award from Isuzu Motors (Thailand) Co., Ltd.

4 AAPICO Hitech PLC. received the "2nd Runner-up in Advance Group" award from TOYOTA Co-Operation Club

5 AAPICO Hitech PLC. received the "Outstanding Practice" certificate winner of HRD from TOYOTA Co-Operation Club

6 AAPICO Plastics PLC. received "GM Supplier Quality Excellence" award from General Motors (Thailand) Co., Ltd.

7 AAPICO ITS Co., Ltd. received "The Most Improved Navigation Aid within ASEAN" awards from the New Straits Times-Maybank

8 New Era Sales (M) SDN. BHD. received "Honda CEO award" from Honda Malaysia

Awards from Government :

9 AAPICO Plastics PLC. received "Zero Accident" (Silver Level) award from Ministry of Labor

10 AAPICO Plastics PLC. received "SHE Excellence" award from Ministry of Labor

11 AAPICO Amata Co., Ltd. received "ASO-T Thailand" (Silver Level) award from Ministry of Labor



Key Milestones

2008

Established JV with Minth Corp., China. Constructed 3 new factories for AAPICO Hitech, AAPICO Plastics and Minth AAPICO.

2004

Expanded to China by acquiring Kunshan Chaitai-Xincheng Precision Forging Co., Ltd. Established JV with Fischer Tech, a plastic injection manufacturing company.

1985

Registered Able Autoparts Industries Co., Ltd. and started as the Ford Assembler and Distributor.

2005

Established strategic partnership with Sojitz Corp., Japan. Established AAPICO Shanghai. Achieved ISO/TS 16949:2002.

2009

Established AAPICO Structural Products.

2010

Commenced operations of AH 2nd factory at Amata City Industrial Estate, Rayong. Established JV with Takagi Seiko, Japan.

2002

Full operation with 545 employees. Achieved ISO14001 certification. Listed on the SET.



2013

Established 4 JV companies:
AAPICO Lemtech, Edscha AAPICO Automotive,
Sumino AAPICO, AAPICO Sodecia.

2011

Acquired 49% of AAPICO ITS in
Malaysia. Completed 3S Honda
showrooms. Flood 2011.

2006

Acquired 60% of Able ITS, a car navigation
company. Established JV Mitsuike Japan.
Established AAPICO Hitech Parts.

1997

Completed factory in Hitech Industrial
Estate, Ayutthaya. Established 1st Japanese
JV with Sanoh Japan.

2012

Kunshan new factory started operation.

2007

Acquired KPN PLC and renamed it
AAPICO Forging. Signed technical agreement
with Edscha and Kautex,
Germany.

2003

Purchased Parish Structural Products from
Dana Corp. and renamed it
AAPICO Amata.

1995

Signed Technical Agreement with
Keylex Japan to produce fuel tanks for Ford
and Mazda pickups.



Corporate Social Responsibility

AAPICO Group's vision is to be a lean, green and happy world-class organization with 4 fundamentals values of Happy Customers, Happy Employees, Happy Shareholders and Happy Public. AAPICO Group's management practice good corporate governance and take responsibilities for the society. The Company intends to build a sustainable CSR Strategy for the Thai society, to live in harmony with the environment. Many of the projects concentrate to help the society, environment and education.

Projects for Society and Environment



AAPICO Group's employee offer merits to the monks on New Year Days



AAPICO Group's sponsored Children's Day at Klong Charoenrad School.



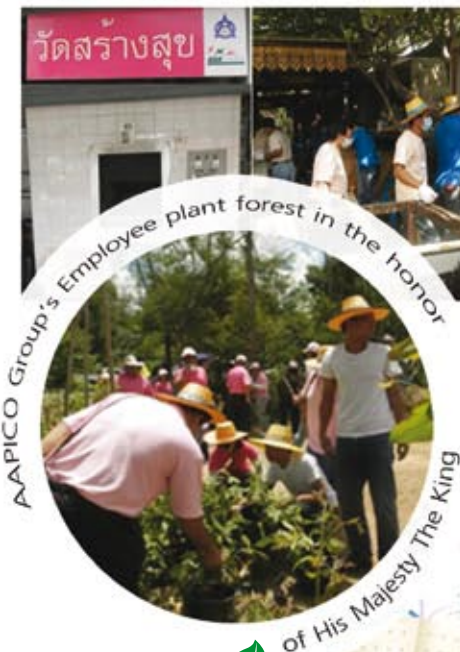
AAPICO Group together with AAPICO' supplier donated and visit old folk homes

AAPICO Group's employees clean and repaint Klong Toey Nai Temple.



AAPICO Group's employees help to paint garden of school and donated education equipment to the school.

at Baan Klong Toey, Chachoengsao Province.



AAPICO Group's Employee plant forest in the honor of His Majesty The King





AAPICO Group's employees donated goods and give necessary assistance to the employees who suffered from the flood.



AAPICO Group's Managements and employees donated money for helping the victims who suffered from Typhoon Haiyan, Philippines.

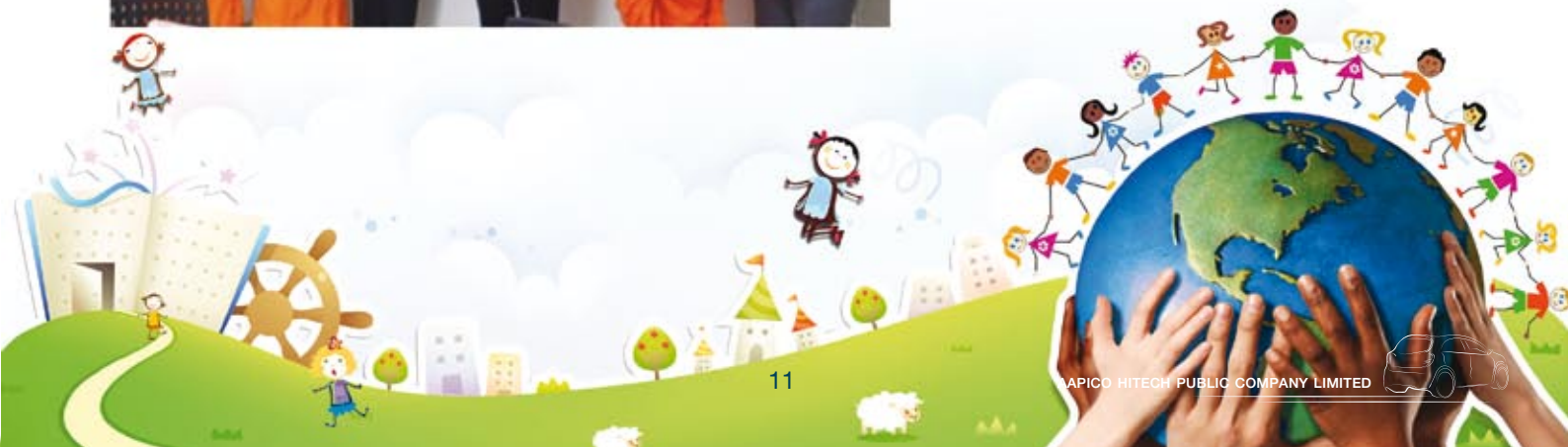
Projects for Education



AAPICO Group donated scholarships for the outstanding children of the company's employees.



AAPICO Group donated scholarships to Wat Sakdi on 29th March 2013.



Photos of Group Sample Production Parts



Forged Connecting Rod



Steel Fuel Tank



Stamping Dies



Machining Shaft



Stamping Parts



Plastics Fuel Tank



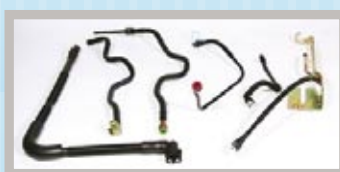
Assembly Parts



Assembly Jigs



Plastice Washer Tank



Brake Lines, Fuel Pipes



Door Sash



Interior Trim Parts



Brazing Parts



Door Checks



Pick up frame

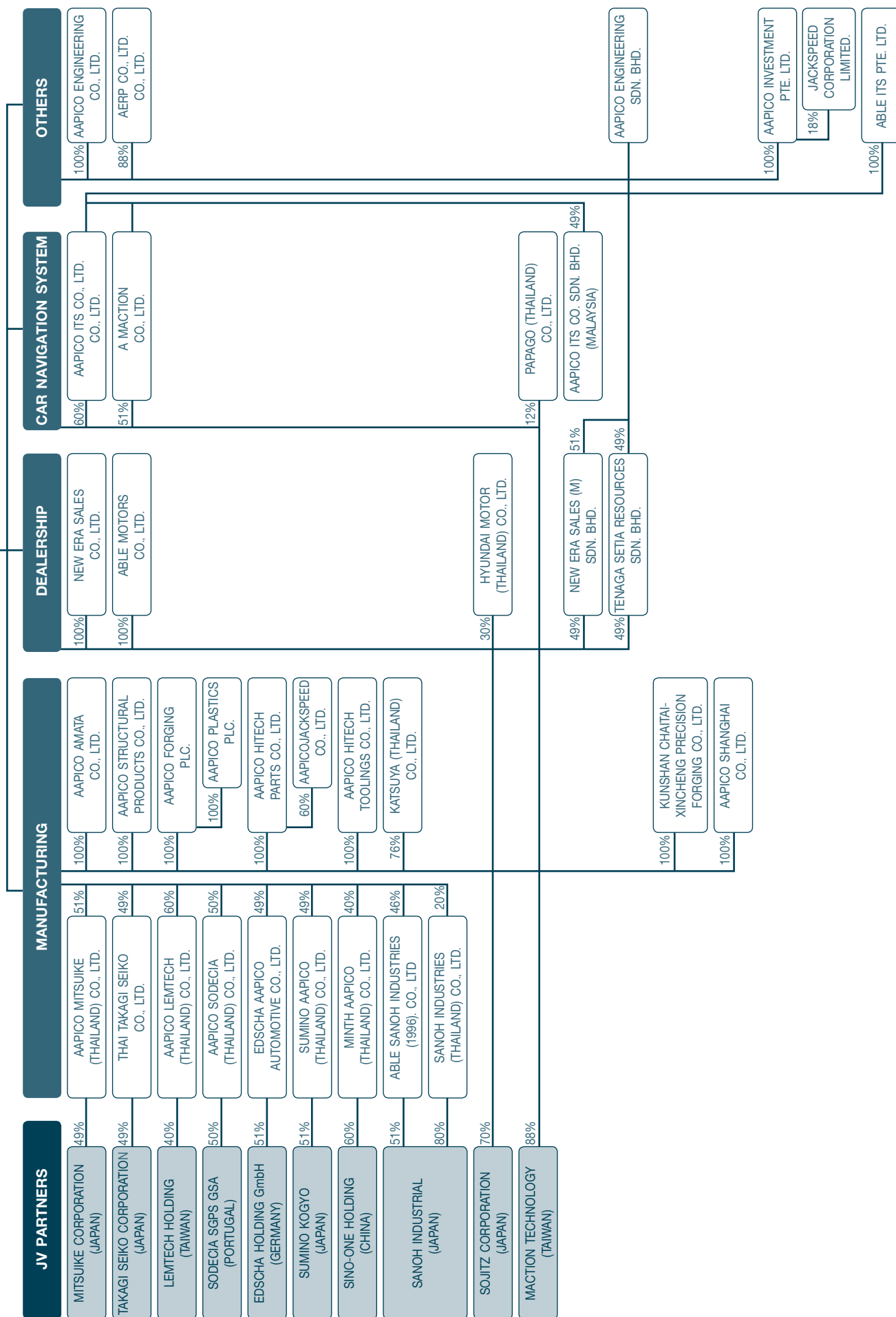


Door Trim Panel



Chassis Cradles

AAPICO HITECH PUBLIC COMPANY LIMITED



THAILAND

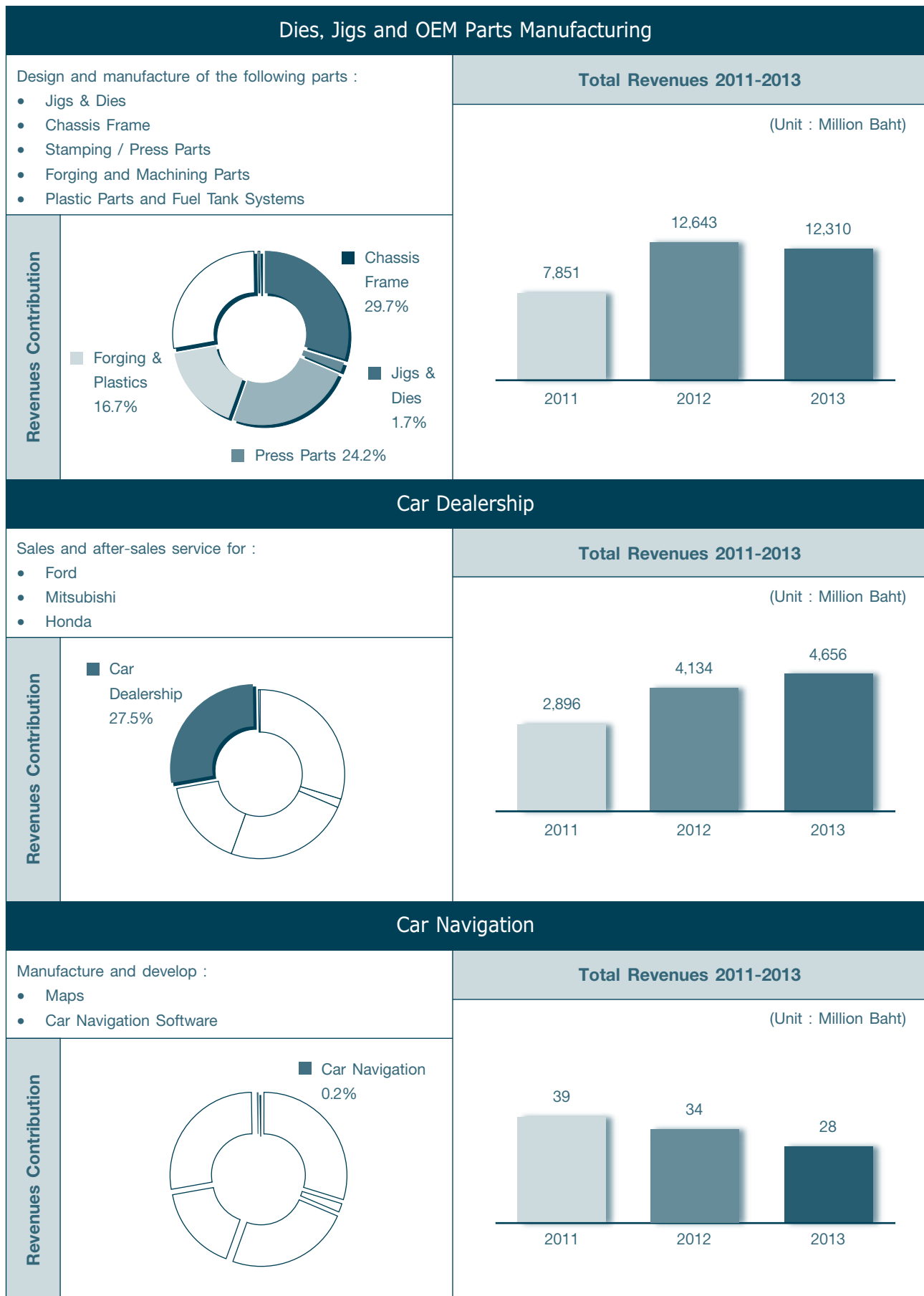
MALAYSIA

CHINA

SINGAPORE



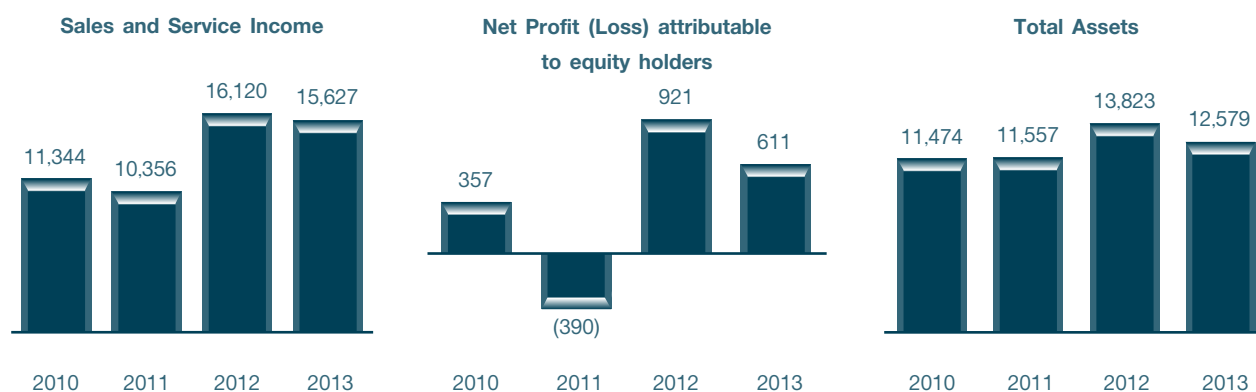
Revenue Structure



Financial Highlights

| | Consolidated Financial Statements | | | |
|--|-----------------------------------|--------|--------|-----------|
| | 2010 | 2011 | 2012 | 2013 |
| Balance Sheet (Million Baht) | | | | |
| Total Assets | 11,474 | 11,557 | 13,823 | 12,579 |
| Total Liabilities | 6,868 | 7,416 | 8,853 | 7,109 |
| Shareholder's Equity | 4,606 | 4,141 | 4,970 | 5,470 |
| Profit and Loss Statements (Million Baht) | | | | |
| Total Revenues | 11,758 | 10,786 | 16,811 | 16,998 |
| Sales and Service Income | 11,344 | 10,356 | 16,120 | 15,627 |
| Gross Profit | 830 | 764 | 1,062 | 1,075 |
| EBITDA* | 1,141 | 403 | 2,019 | 2,600 |
| EBIT | 705 | (59) | 1,254 | 981 |
| Net Profit (Loss) of the Company | 394 | (392) | 927 | 634 |
| Net Profit (Loss) attributable to equity holders | 357 | (390) | 921 | 611 |
| Earning per share | 1.57 | (1.72) | 3.29 | 2.05 |
| Financial Ratios | | | | |
| Current Ratio (times) | 0.88 | 0.67 | 0.77 | 0.83 |
| Gross Profit Margin (%) | 7.3% | 7.4% | 6.6% | 6.9% |
| Net Profit Margin (%) | 3.1% | -3.8% | 5.7% | 3.9% |
| Return on Total Assets (%) | 3.7% | -3.4% | 7.3% | 4.8% |
| Return on Equity (%) | 8.8% | -9.0% | 20.3% | 12.1% |
| Debt to Equity (times) ** | 0.93 | 1.20 | 1.07 | 0.85 |
| Interest Coverage Ratio (times) | 4.00 | (0.25) | 4.34 | 3.59 |
| Debt Service Coverage Ratio (times) | 1.26 | 0.37 | 1.02 | 1.47 |
| Dividend Payout (% of Net Profit) | 35.44% | N/A | 27.19% | 25.87%*** |

Unit: Million Baht



* Earnings before interest, tax, depreciation, amortization and goodwill impairment and includes associate income (loss).

** Debt to Equity = (Bank overdrafts + Bank Loans)/Total Equity.

*** Dividend for the second half of the year is pending for Shareholder's meeting approval.

AAPICO Group Business

The main businesses of the Company and its affiliates can be categorized as follows:

| Business Units | | THAILAND | | OVERSEAS |
|--|--|--|--|---|
| 1 OEM Auto Parts Manufacturing | Brazed Steel Tubing | Sanoh Industries Co., Ltd. | | |
| | Chassis Frame | AAPICO Amata Co., Ltd. | | |
| | | AAPICO Structural Products Co., Ltd. | | |
| | Forged and Machined Parts | AAPICO Forging PLC. | | AAPICO Shanghai Co., Ltd. |
| | | | | Kunshan Chaitai-Xincheng Precision Forging Co., Ltd. |
| | Fuel Lines, Brake Lines, Engine Parts | Able Sanoh Industries (1996) Co., Ltd. | | |
| | Metal Stamping Parts | AAPICO Hitech PLC. (Ayuthaya & Rayong) | | |
| | | AAPICO Hitech Parts Co., Ltd. | | |
| | | AAPICO Mitsuike (Thailand) Co., Ltd. | | |
| | | AAPICO Lemtech (Thailand) Co., Ltd. | | |
| | | Sumino AAPICO (Thailand) Co., Ltd. | | |
| | Welding and Assembly Body-in-White (BIW) | AAPICO Sodecia (Thailand) Co., Ltd. | | |
| | Plastic Parts and Plastic Fuel Tank | AAPICO Plastics PLC. | | |
| | | Thai Takagi Seiko Co., Ltd. | | |
| 2 Design & Manufacture of Assembly Jigs 3 Design & Manufacture of Stamping Dies 4 Car Dealership | | Katsuya (Thailand) Co., Ltd. | | |
| | Roof Ditch Molding, Belt Line Molding, Door Sash | Mintch AAPICO (Thailand) Co., Ltd. | | |
| | Steel Fuel Tank System | AAPICO Hitech PLC. | | |
| | Door check,Door Hinges,Parking Brake Lever | Edscha AAPICO Automotive Co., Ltd. | | |
| | AAPICO Hitech Tooling Co., Ltd. | | | |
| | AAPICO Hitech PLC. | | | |
| | Mitsubishi dealer | Able Motors Co., Ltd. | | |
| | Ford dealer | New Era Sales Co., Ltd. | | |
| | Honda dealer | | | Tenega Setia Resources Sdn. Bhd. New Era Sales (M) Sdn. Bhd. |
| | Hyundai distributor | Hyundai Motor (Thailand) Co., Ltd. | | |
| | | A Macton Co., Ltd. | | AAPICO ITS Sdn. Bhd. |
| | | AAPICO ITS Co., Ltd. | | |
| | | Papago (Thailand) Co., Ltd. | | |
| | | AAPICO Engineering Co., Ltd. | | |
| 5 Car Navigation 6 Others | Engineering Research & Development | | | AAPICO Investment Pte. Ltd. |
| | Investment Activities, Merger & Acquisition | | | AAPICO Engineering Sdn. Bhd. Able ITS Pte. Ltd. |
| | Oracle System | A ERP Co., Ltd. | | |
| | Manufacture of Accessories for Transportation | AAPICO Jackspeed Co., Ltd. | | Jackspeed Corporation |



Main Businesses



AAPICO HITECH PUBLIC COMPANY LIMITED [AH]

AAPICO Hitech PLC was founded in 1996 and listed on the Stock Exchange of Thailand in 2002. The Company's main businesses initially were to design, produce, and install assembly jigs, stamping dies, and manufacture OEM auto parts, including floor parts, cross members, pillars, brackets, clips, and fuel tanks, since then it has progressed to

produce plastic, forging and frame components. The Company has invested in other businesses associated with the automotive industry including car dealership and car navigation system, etc. The AAPICO Group comprises total of 34 subsidiary and associate companies (25 in Thailand and 9 overseas).

AAPICO Hitech PLC has a paid-up capital of Baht 322.58 million. The main shareholders are Mr. Yeap Swee Chuan and family holding 39.75% of total outstanding shares and Sojitz Corporation holding 15.76% of total outstanding shares. The Company is selling mainly to the leading local automotive assemblers.

A) OEM AUTO PARTS MANUFACTURING



1) AAPICO AMATA COMPANY LIMITED [AA]

AAPICO Amata Co., Ltd.'s main business is to manufacture chassis frame of pick-up truck for Isuzu D-Max model to Isuzu Motors (Thailand) Co., Ltd. The Company is a wholly owned subsidiary of AAPICO Hitech PLC with paid up capital of Baht 800 million.



2) AAPICO STRUCTURAL PRODUCTS COMPANY LIMITED [ASP]

AAPICO Structural Products Co., Ltd. is the manufacture of chassis frame for the new and old model for Isuzu D-Max pick-up truck for Isuzu Motors (Thailand) Co., Ltd. The Company is wholly owned by AAPICO Hitech PLC with a paid-up capital of Baht 200 million.



3) AAPICO FORGING PUBLIC COMPANY LIMITED [AF]

AAPICO Forging PLC's main business is to manufacture automotive forged and machined parts such as parts in transmission system, power train system, steering and suspension system, engine parts, wheel hubs, etc. AAPICO Forging PLC is wholly owned by AAPICO Hitech PLC with a paid-up capital of Baht 500 million. Its main customers are Auto Alliances (Thailand) Co., Ltd., Dana Spicer (Thailand) Co., Ltd., GKN Driveline USA and Sweden, THK Rhythm (Thailand) Co., Ltd., Thai Yamaha Co., Ltd., and MAGNA Mexico.



A) OEM AUTO PARTS MANUFACTURING



4) AAPICO PLASTICS PUBLIC COMPANY LIMITED [AP]

AAPICO Plastics PLC is a subsidiary of AAPICO Hitech PLC, which wholly holds shares through AAPICO Forging PLC. AAPICO Plastics PLC's main products are plastic parts for automotive and electronic industry and plastic fuel tank. Main customers are Auto Alliances (Thailand) Co., Ltd., General Motors (Thailand) Co., Ltd., Yamaha Motor (Thailand) Co., Ltd., Isuzu Motors (Thailand) Co., Ltd. and Hino Motor (Thailand) Co., Ltd. AAPICO Plastics PLC is registered with paid-up capital of Baht 150 million. It has two branches, located at Bangplee Industrial Estate in Samutprakan province and at Amata City Industrial Estate in Rayong province.



5) AAPICO HITECH PARTS COMPANY LIMITED [AHP]

AAPICO Hitech Parts Co., Ltd. is mainly the manufacture of Metal stamping parts for OEM car assemblers such as floor parts, brackets, etc. AAPICO Hitech Parts Co., Ltd. is wholly owned by AAPICO Hitech PLC with a paid-up capital of Baht 120 million. Its main customers are Auto Alliances (Thailand) Co., Ltd., Nissan Motors (Thailand) Co., Ltd., Honda Automobile (Thailand) Co., Ltd., Isuzu Motors (Thailand) Co., Ltd. and Toyota Motors (Thailand) Co., Ltd.



6) AAPICO MITSUIKE (THAILAND) COMPANY LIMITED [AMIT]

AAPICO Mitsuike (Thailand) Co., Ltd. was established initially to focus on engineering and marketing pressed parts for domestic sales to Nissan. Future expansion is also planned in line with expansion of manufacturing facility. AAPICO Mitsuike (Thailand) Co., Ltd. is jointly owned by AAPICO Hitech PLC and Mitsuike Corporation of Japan, with equity participation of 51% and 49% respectively. The company has paid-up capital of Baht 33 million.



7) AAPICO LEMTECH (THAILAND) COMPANY LIMITED [AL]

AAPICO Lemtech (Thailand) Co., Ltd. is a joint venture company between AAPICO Hitech PLC and Lemtech Holding of Taiwan with equity participation of 60% and 40% respectively. Its main business is to manufacture OEM pressed parts for automotive and electronic parts. Main customers are L.C.D. Co., Ltd., Fujikura Electronics (Thailand) Co., Ltd., and other companies in AAPICO Group including AAPICO Hitech Parts Co., Ltd. and Edscha AAPICO Automotive Co., Ltd.



A) OEM AUTO PARTS MANUFACTURING



8) KUNSHAN CHAITAI-XINCENG PRECISION FORGING COMPANY LIMITED [KCX] - China

Kunshan Chaitai-Xincheng Precision Forging Co., Ltd. is a wholly owned subsidiary of AAPICO Hitech PLC in China with paid-up capital of USD 6.1 million. Its main business is to manufacture forged steel and copper parts such as connecting rods and electrical switch contactors. Its main customers are leading automotive assemblers in China such as SAIC GM Wuling Automobile Co., Ltd., Schneider Electric (China) Co., Ltd., Chery Automobile Co., Ltd., Changan Ford Mazda Engine Co., Ltd., and Shanghai General Motors Co., Ltd.



9) AAPICO SHANGHAI COMPANY LIMITED [AS] - China

AAPICO Shanghai Co., Ltd. is a wholly owned subsidiary of AAPICO Hitech PLC in China with paid-up capital of USD 2 million. Its main business is to manufacture automotive machined parts to support the production at Kunshan Chaitai-Xincheng Precision Forging Co., Ltd.



10) AAPICO SODECIA (THAILAND) COMPANY LIMITED [ASD]

AAPICO Sodecia (Thailand) Co., Ltd.'s main businesses are to develop the business activities of chassis cradles for passenger cars, cross car beams and welded assemblies for Body in White (BIW). Its main customers would be General Motors and Ford. AAPICO Sodecia (Thailand) Co., Ltd. is a joint venture between AAPICO Hitech PLC and Sodecia (Thailand) Co., Ltd., a wholly owned unit of SODECIA SGPS S.A. of Portugal, with equity participation of 50% each. The company has registered capital of Baht 120 million.



11) EDSCHA AAPICO AUTOMOTIVE COMPANY LIMITED [EA]

EDSCHA AAPICO Automotive Co., Ltd.'s main business is to carry on the business of manufacturing, development, assembly and sales of automotive parts of high quality door, hood, trunklid and liftgate hinges and door checks (Hinge Systems) and parking brake levers and pedal boxes (Driver controls). EDSCHA AAPICO Automotive Co., Ltd. is jointly owned by AAPICO Hitech PLC and EDSCHA Holding GmbH of Germany with shareholding of 49% and 51% respectively. The company has registered capital of Baht 40 million. Its main customers are Isuzu Motors (Thailand) Co., Ltd., Auto Alliances (Thailand) Co., Ltd. and Mitsubishi Motor (Thailand) Co., Ltd.



12) SUMINO AAPICO (THAILAND) COMPANY LIMITED [SA]

SUMINO AAPICO (Thailand) Co., Ltd. is the joint venture between AAPICO Hitech PLC and SUMINO Kogyo Co., Ltd. of Japan with equity participation of 49% and 51% respectively in order to support business expansion in Thailand of OEM automotive assemblers. Its main products are the precision press welding parts for medium or small articles of cars. Its main customer is Mazda. The company has registered capital of Baht 200 million and is now under the construction of factory at Amata Nakorn Industrial Estate, Chonburi province.



A) OEM AUTO PARTS MANUFACTURING



13) ABLE SANOH INDUSTRIES (1996) COMPANY LIMITED [ASICO]

Able Sanoh Industries (1996) Co., Ltd.'s main business is to produce brake lines, fuel lines, and engine parts for automotive assemblers in Thailand. Its main customers are Auto Alliances (Thailand) Co., Ltd., Honda Automobile (Thailand) Co., Ltd., Mitsubishi Motors (Thailand) Co., Ltd., Nissan Motors (Thailand) Co., Ltd., and Toyota Motors (Thailand) Co., Ltd. The company is jointly owned by AAPICO Hitech PLC, Sanoh Industrial (Japan) and Sojitz Corporation (Japan) with equity participation of 46%, 51% and 3% respectively and has paid-up capital of Baht 117.7 million.



14) THAI TAKAGI SEIKO COMPANY LIMITED [TTSC]

Thai Takagi Seiko Co., Ltd. was established to produce plastic molding and plastic parts for customers in automotive industry such as Thai Suzuki Motor (Thailand) Co., Ltd., Suzuki Automobile Manufacturing (Thailand) Co., Ltd., Kawasaki Motor Enterprise Co., Ltd., Thai Honda Motor Co., Ltd., and Keihin (Thailand) Co., Ltd. The company is jointly owned by AAPICO Hitech PLC, Takagi Seiko Corporation of Japan and Sojitz Management (Thailand) Co., Ltd. with equity participation of 49%, 49% and 2% respectively and has paid-up capital of Baht 27 million.



15) MINTH AAPICO (THAILAND) COMPANY LIMITED [MA]

Minth AAPICO (Thailand) Co., Ltd.'s main businesses are to design, produce, and sell automotive components including door sash, trim parts, decorative parts and roof racks. It is a joint venture between AAPICO Hitech PLC and SINOONE Holding, a wholly-owned unit of Minth Group Limited (China), with equity participation of 40% and 60% respectively. The company has paid-up capital of Baht 378.5 million. Its main customers are Auto Alliances (Thailand) Co., Ltd., General Motors Co., Ltd., Nissan Motors (Thailand) Co., Ltd., and Ford India.



16) SANOH INDUSTRIES (THAILAND) COMPANY LIMITED [SI]

Sanoh Industries (Thailand) Co., Ltd.'s main business is to manufacture Fulton brazed steel tubing for domestic customers as well as exporting to ASEAN countries. Its main customers are major OEMs. The company has paid-up capital of Baht 146.25 million and 20% of its total shares are held by AAPICO Hitech PLC.

17) KATSUYA (THAILAND) COMPANY LIMITED [KT]

Katsuya (Thailand) Co., Ltd.'s main business is to manufacture surface treatment-water printing for plastic products and fabric flocking for automotive interior panels. The company has paid-up capital of Baht 28.5 million and is jointly owned by AAPICO Hitech PLC and a Singapore Investor with shareholding of 76% and 24% respectively.



A) OEM AUTO PARTS MANUFACTURING

18) AAPICO JACKSPEED COMPANY LIMITED [AJ]

AAPICO Jackspeed Co., Ltd.'s main business is to manufacture sport bars for pick-up trucks. The company has paid-up capital of Baht 20 million and is jointly owned by AAPICO Hitech Parts Co., Ltd. and Jackspeed Corporation in Singapore with equity participation of 60% and 40% respectively.

B) ASSEMBLY JIGS



19) AAPICO HITECH TOOLING COMPANY LIMITED [AHT]

AAPICO Hitech Tooling Co., Ltd.'s main business is to design and manufacture assembly jigs, both for export and to support AAPICO Hitech PLC's production operations. In the past 2 years, the company supplied jigs to Volvo trucks in Thailand, Volvo passenger cars in Malaysia, Ford manufacturing in Thailand, Isuzu Thailand and Renault Brazil. AAPICO Hitech Tooling Co., Ltd. is wholly owned by AAPICO Hitech PLC with paid-up capital of Baht 65 million. Its factory is located at the Hitech Industrial Estate in Ayutthaya province.

C) CAR DEALERSHIPS



20) ABLE MOTORS COMPANY LIMITED [AM]

Able Motors Co., Ltd. is a car dealer for Mitsubishi vehicles involving sales and after-sales service. The company has showroom and service centers located at Navanakorn, Pathumthani province and at Ladprao district, Bangkok. Able Motors Co., Ltd. is wholly owned by AAPICO Hitech PLC with paid-up capital of Baht 20 million.



21) NEW ERA SALES COMPANY LIMITED [NESC]

New Era Sales Co., Ltd. is a car dealer for Ford vehicles involving both sales and after-sales service. The company has two showrooms and service centers on Ramindra road, Bangkok and in Samut Prakan province. New Era Sales Co., Ltd. is wholly owned by AAPICO Hitech PLC with paid-up capital of Baht 20 million.



22) TENAGA SETIA RESOURCES SDN. BHD. [TSRS] – Malaysia

Tenaga Setia Resources Sdn. Bhd. is a Honda dealer providing sales and after-sales service for Honda cars in Malaysia. It has recently moved to new showroom and service center located in Petaling Jaya in January 2012. Tenaga Setia Resources Sdn. Bhd. is jointly owned by AAPICO Hitech PLC and YLN Enterprise Sdn. Bhd. with equity participation of 49% and 51% respectively. The company has paid-up capital of RM 6 million.



C) CAR DEALERSHIPS



23) NEW ERA SALES (M) SDN. BHD. [NESM] – Malaysia

New Era Sales (M) Sdn. Bhd. is a Honda dealer providing sales and after-sales service for Honda cars. It has a showroom and service center in Kajang, Malaysia. New Era Sales (M) Sdn. Bhd. is jointly owned by AAPICO Hitech PLC and Tenaga Setia Enterprise Sdn. Bhd., with equity participation of 49% and 51% respectively. The company has paid-up capital of RM 1.5 million.



24) HYUNDAI MOTOR (THAILAND) COMPANY LIMITED [HM]

Hyundai Motor (Thailand) Co., Ltd. is a sole distributor responsible for manufacturing, marketing, sales and after-sales service for both CKD and CBU model of Hyundai cars in Thailand. The company has paid-up capital of Baht 550 million and is owned by AAPICO Hitech PLC, Sojitz Corporation (Japan) and Sojitz Asia Private Ltd., with equity participation of 30%, 55% and 15% respectively.

D) CAR NAVIGATION



25) AAPICO ITS COMPANY LIMITED [AITS]

AAPICO ITS Co., Ltd's main business is to market, service, and sell car navigation system, both software and map, under the brand "POWERMAP". The POWERMAP product is now installed as the OEM product in Mitsubishi, Hyundai and Proton cars. It is also marketed to all other major automotive brands through the local brands of hardware, which can be found in accessories dealers, such as Blaupunkt, JVC, Priority, Zulex, etc., throughout the country. AAPICO ITS Co., Ltd. is owned by AAPICO Hitech PLC with 60% of equity participation. The company has paid-up capital of Baht 100 million.



26) AAPICO ITS CO SDN. BHD. [AITSM] - Malaysia

AAPICO ITS Co. Sdn. Bhd. was established in 2011 to expand POWERMAP Car Navigation system into the Malaysian Market. POWERMAP has already made significant impact on the market since it has been launched in the market. AAPICO ITS Co. Sdn. Bhd. is jointly owned by AAPICO ITS Co., Ltd. and other Malaysian investors with equity participation of 49% and 51% respectively. The company had paid-up capital of RM 500,000.



27) A MACTION COMPANY LIMITED [AMAC]

A Maction Co., Ltd's main business is to develop and manufacture software for POWERMAP car navigation system. It is the supplier of AAPICO ITS Co., Ltd. A Maction is jointly owned by AAPICO Hitech PLC and Maction Technology Inc. in Taiwan, with equity participation of 51% and 49% respectively. The company has paid-up capital of Baht 10 million.



D) CAR NAVIGATION



28) PAPAGO THAILAND COMPANY LIMITED [PPG]

Papago (Thailand) Co., Ltd.'s main business is to develop car navigation software and to sell car navigation hardware. The company has paid-up capital of Baht 10 million and is jointly owned by AAPICO Hitech PLC and Maction Technology Inc. in Taiwan, with equity participation of 12% and 88% respectively.

E) OTHERS

29) AAPICO ENGINEERING COMPANY LIMITED [AE]

AAPICO Engineering Co., Ltd. focused on CAE (Computer Aided Engineering), programming, engineering, consultancy, engineering design and engineering research & development. The company is wholly owned by AAPICO Hitech PLC with paid-up capital of Baht 10 million.

30) AAPICO ENGINEERING SDN. BHD. [AEM] – Malaysia

AAPICO Engineering Sdn. Bhd. is set up for future business potential. Currently, it owns a showroom which is rented to Honda dealer in Malaysia. The company has paid-up capital of RM 1 million and is jointly owned by New Era Sales (M) Sdn. Bhd. and Tenaga Setia Resources Sdn. Bhd. with equity participation of 51% and 49% respectively.

31) A ERP COMPANY LIMITED [AERP]

A ERP Co., Ltd. is established to support the Oracle implementation for the AAPICO Group. The company has paid-up capital of Baht 1.25 million and is owned by AAPICO Hitech PLC at 88% shareholding.

32) AAPICO INVESTMENT PRIVATE LIMITED [AIPL] – Singapore

AAPICO Investment Private Ltd. was established with the purpose of carrying on transactions related to merger and acquisition. The Company is wholly owned by AAPICO Hitech PLC with paid-up capital of SGD 6.97 million.

33) ABLE ITS PRIVATE LIMITED [AITSPL] – Singapore

Able ITS Private Ltd. is a holding company for business operations in Singapore. The company is wholly owned by AAPICO ITS Co., Ltd. with paid-up capital of SGD 310,000.

34) JACKSPEED CORPORATION LIMITED [JCL] – Singapore

Jackspeed Corporation Ltd. is a company listed in the stock exchange of Singapore with paid-up capital of SGD 21.8 million. Its main business is to manufacture leather seats and accessories for the automotive industry. AAPICO Hitech PLC has invested in Jackspeed Corporation Ltd. with a 18% of total shares of the company.



Competition and Industry Trend

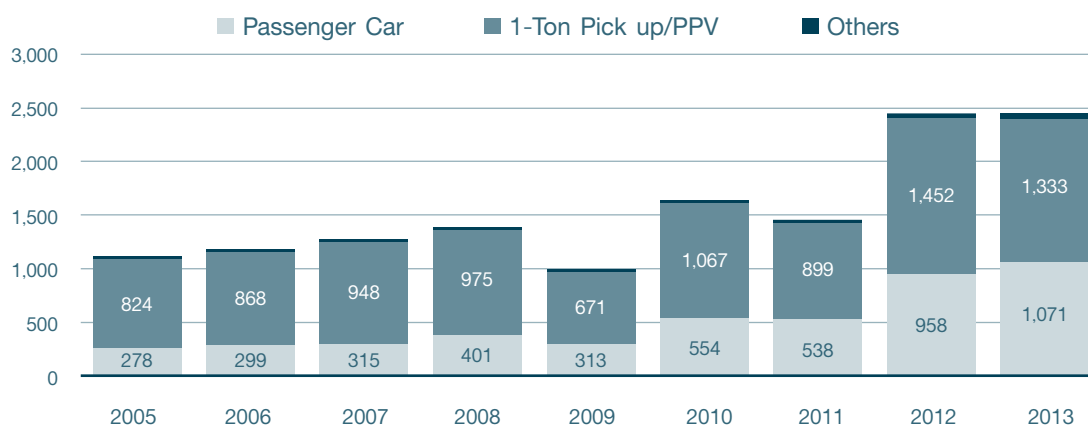
In 2013, Thailand's economic performance as well as its automotive industry faced new challenges caused by several factors. Undeniably the post-flood economic growth stimuli initiated by the government had increased the private consumption and the national spending in 2012, yet its steam has also significantly decelerated when such policies reached the end. The Asian Development Bank (ADB) reported the slowing economic growth in Thailand in the first half of 2013 at an unexpected rate of 4.1% caused by sluggish domestic and international demand. Furthermore, the ongoing national conflict and political turmoil in the second half had taken its toll, resulting in a lower growth rate for the overall 2013.

Thailand's total vehicle production in 2013 was 2,457,057 units, which reached about the same volume as in 2012. On year-on-year basis, the production of passenger cars showed an increase. It accounted for 44% of the total vehicle production in 2013, driven by the favorable

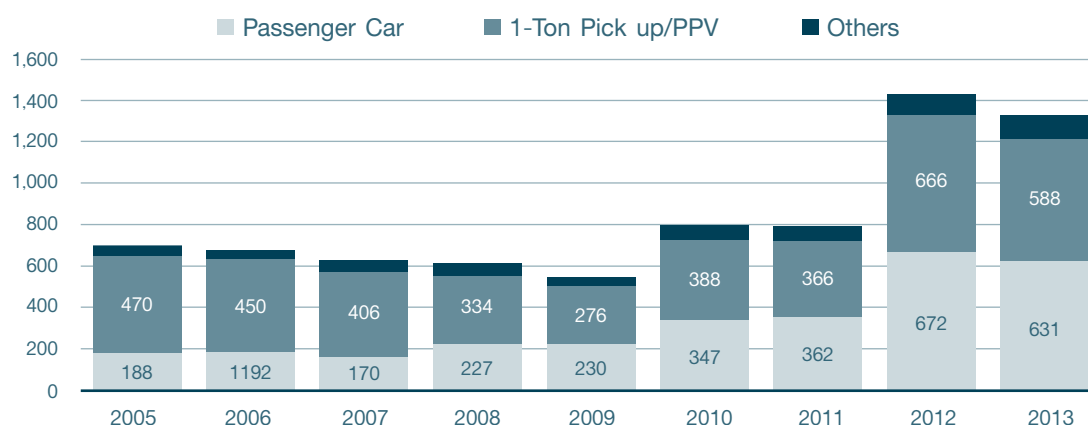
government policies on the purchase of eco-cars, while the production of pick-up trucks showed a decline by 8% compared to the previous year. However, it still accounted for 54% of the total vehicle production. The domestic car sales in 2013 dropped to 1,330,672 units or by 7% compared to 2012. The decline in domestic demand was compensated by the arising export car sales, which recorded a year-on-year growth at almost 10%.

In line with Thailand's macro economy, the trend in the automotive industry demonstrated the same sentiment. In the first half of 2013, the vehicle production and the domestic car sales still showed a strong performance due to the carried-over demand in response to the government's economic growth stimuli scheme of 2012. As soon as all deliveries were completed in June 2013, the domestic demand also began to normalize itself to the level prior to the implementation of the aforesaid national scheme.

Thailand Production Volume 2005-2013



Thailand Domestic Car Sales 2005-2013



Thailand Automotive Industrial Sector

The manufacturing sector has become the most important sector in Thailand as it constitutes around 34% of the GDP according to the report from the Office of the National Economic and Social Development Board (NESDB). Almost a third of this segment, or 12% of the GDP, represents the automotive industry. Indisputably, the weakening trend of the economy definitely has a great impact to the automotive industry as a whole.

Despite the bleak condition Thailand is now facing, throughout its great history, Thailand has shown remarkable resilience as a nation. The rapid recovery and the strong spirit after each tragedy, such as natural disaster, human-made catastrophe or economic depression, have become the hallmarks of the country. Thailand sustains a good reputation in retaining its conducive environment for investment. The World Bank recognized Thailand as among the easiest place to do business in Asia and is ranked 18th in the world.

Thailand, as the most important production hub in ASEAN, remains attractive for the global automotive players. The solid supplier base with strong supply chain combined with the appealing incentives has proven effective to attract more investments from most of global car manufacturers, such as Honda, SAIC, Mazda and Nissan, just to name a few.

Major developments in Thailand automotive industry in 2013 demonstrate the dynamic in this sector.

Honda has started the construction of its second factory in Prachinburi province with a total investment of approximately Baht 17.15 billion to become operational in 2015.

The joint venture between Shanghai Automotive Industry Corporation (SAIC) with the Charoen Pokphand Group (CP) established a new assembly plant in Rayong province, which will start the operation in 2014. Furthermore, the JV had revealed a plan to build the second factory to boost its capacity and strengthen its regional market strategy.

In Chonburi province, Mazda established a new company called Mazda Powertrain Manufacturing (Thailand) Co., Ltd. (MPMT) in February 2013. MPMT is Mazda's second transmission plant after Hofu, Japan. It will be developed as the major base to supply the SKYACTIV-DRIVE automatic transmissions for all SKYACTIV-equipped models produced at Auto Alliances (Thailand) Co., Ltd. (AAT) and other Mazda vehicle production facilities around the world. This facility is expected to start the supply in 2016.

Nissan has invested about USD 34 million to expand its Nissan Technical Center South East Asia (NTCSEA) which was opened in August 2013 to boost its research and development capacity and competitiveness in ASEAN.

Thailand Automotive Production Capacity

| Car Maker | 2014 | | | | Investment (million baht) | 2015/2016 |
|-------------------------|------------------|------------------|---------------|------------------|------------------------------|------------------|
| | Passenger Car | Pick up Truck | Others | Total | | |
| Toyota | 280,000 | 660,000 | | 940,000 | | 980,000 |
| Mitsubishi | 150,000 | 250,000 | | 400,000 | | 500,000 |
| Isuzu | | 330,000 | 26,000 | 356,000 | | 356,000 |
| Auto Alliances Thailand | 150,000 | 150,000 | | 300,000 | | 300,000 |
| Nissan | 140,000 | 100,000 | | 240,000 | 11,000 | 370,000 |
| Honda | 300,000 | | | 300,000 | 17,200 | 420,000 |
| Ford | 200,000 | | | 200,000 | | 200,000 |
| General Motors | 40,000 | 160,000 | | 200,000 | | 200,000 |
| Suzuki | 135,000 | | | 135,000 | | 200,000 |
| SAIC Motors CP | 50,000 | | | 50,000 | 9,000 | 50,000 |
| Total | 1,445,000 | 1,650,000 | 26,000 | 3,121,000 | 37,200 | 3,576,000 |



Business Operation Goals and Future Projects

In the first half of 2013, Thailand automotive industry had benefited from the high domestic market demand following the excellent year 2012, in which the industry set the highest growth in its history by bringing the total vehicle production volume to a record 2.45 million units. The surging demand continued to grow within the first half of 2013 before tapering down in the latter half of the year. The outbreak of the national conflict and the prolonging political turmoil had added on the degree of instability and uncertainty in the country, which created severe impacts on the overall economy.

Through the introduction of favorable policies by the Thai government, Thailand remains attractive for the global automotive players. Following the success of the promotion campaign for eco-car production in Thailand, the Board of Investment of Thailand (BOI) has launched the phase 2 of its eco-car program. To be entitled to the incentives and privileges under this scheme, the car manufacturer is required to achieve a production volume of 100,000 units per year within 4 years from the start of production. The production of the phase 2 eco-car is expected to start in 2016. Thailand is expected to reach a total production volume of 3 million units by 2017.

The ongoing influx of the foreign direct investment by the global automotive manufacturers has transformed the arena of Thailand's automotive industry, as it induces more competition among the peers as well as their supply chains. AAPICO, as one of the major Tier 1 suppliers, has equipped itself to cope with this new transformation by forging alliance through joint venture with strong partners, such as Sumino Kogyo (Japan), Lemtech Holding (Taiwan), Sodecia (Portugal) and Edscha (Germany). While AAPICO opens the window outward, the Company understands the importance

of identification and empowerment of its own inner potential.

As a strong believer of local skills, AAPICO has its beginning in the design and manufacture of automotive assembly jigs before it ventured further afield into the production of dies and OEM parts. Today, it is well recognized as a world-class supplier of such products, while it continues to garner capabilities and technology across the world. The Company is poised to attain its dual goals of steady growth and seizing new opportunities to foster progress and leadership in the Thai automotive industry in ways that can benefit the nation and contribute to the success of global OEMs. This is in line with the Company's vision and can be achieved through the core philosophy of being a lean, green and happy company with excellent corporate governance. AAPICO sets its goal by applying the SQCDM criteria as follows:

| | |
|-----------------|--|
| S : Safety | Safety always comes first. |
| Q : Quality | Qualify built-in process, strive to achieve "0" PPM. |
| C : Cost | Competitive pricing at reasonably low cost. |
| D : Delivery | 100% Delivery at all times with Just-In-Time (JIT) philosophy. |
| E : Engineering | Kaizen mind in engineering and production process. |
| M : Management | Competent, Transparent, and hands-on management. |

Our customers view the Company as an excellent manufacturing company with sustainable SQCDM attributes. It endorses AAPICO Group's ultimate business objective, that is, to enhance its business relationships with all valuable customers.

Future Projects

The vehicle production volume in Thailand is expected to decline from 2.45 million units in 2013 to around 2.2 million units in 2014, mainly because of the sluggish domestic sales. The ongoing political tension caused instability in the overall economy, which affected the domestic market and demand. Most major car manufacturers plan to increase the export volume to boost Thailand as the automotive production base in ASEAN.

The Company has shown a significant improvement in its processes as the Company and its subsidiary, AAPICO Forging PLC (AF) and AAPICO Hitech PLC (AH), have successfully passed the audit process by AAT team and been endorsed to receive the Q1 Certification from AAT in 2014.

In 2014, the Company is going to supply components for new models of Nissan, Mazda, Honda and General Motors. Some of OEM customers, such as Toyota and Ford, have announced a volume increase for several current projects. Through execution of the automation and the increasing investment in new technologies, the Company expands the production capacity to anticipate the volume increase of ongoing projects as well as the start of production of the new models launched in 2015. In addition, the automation reduces the dependency on human resources.

The Company monitors its cost-relevant activities in order to manage and control the cost level to correspond with the demand fluctuation. The Company steps up efforts across all subsidiary companies to improve productivity and encourage more effective cost-saving projects. These activities include the monitoring of the new investments in pressed/stamped machines, re-layout of machines, installation of new tools and the use of value engineering.

For China operations, the Company has successfully delivered connecting rods to Yunnei engine plant and to Shanghai General Motors. Currently, it delivers two types of FS connecting rods for Shanghai General Motors Wuling. In 2014, the Company continues to focus on the productivity improvement and process optimization, as well as the execution of an aggressive marketing in order to fill up its capacity in coming years.

The car dealership operation in Malaysia has continued its excellent performance in the year 2013, posting a remarkable growth of 41% year-on-year. For the second year in a row, the Company has achieved the top 5 volume dealer award at the Honda National Dealer Convention and was being regarded among the top 10 dealers of the Honda CEO award. The Company aims to continue its excellent performance in the year 2014.

The development of the automotive market also has an impact on the car navigation system business. Having continued to promote the newest generation of car navigation system, the POWERMAP IQ with CONNECTIVITY, which was launched in 2012, the Company recorded new success by acquiring OEM projects with Mitsubishi and Hyundai in 2013. The Company supplies its navigation product to Mitsubishi for Attrage and Mirage models as well as to Hyundai for H-1 and Tucson models, while still continues to supply to Proton for Preve model since its market launch in December 2012. AAPICO ITS team is currently working with the R&D teams of several OEM customers to achieve its 2014 target by introducing its connected and integrated technology, enabling the system to access the traffic management system, extended location-based services and various online services.



Risk Factors

Risk management is a key process that facilitates the good corporate governance of the Company, where AAPICO continuously strive to develop and improves its risk management structure. In the year 2013, the Board of Directors has resolved to establish a sub-committee to evaluate major risks associated with the Company's business in response to the fast-changing economy and current business conditions. The Risk Management Committee also set up the policies and processes to manage such risks in order to assure that the impact of these risks can be protected and reduced to an acceptable level and the operations can be return to normal condition in the shortest possible time frame. The roles and responsibilities of the Risk Management Committee are described in the Corporate Governance section of this Annual Report. For the year 2013, the Company has assessed and categorized its major risks as follows:

1. Country Risks

1.1 Risk from political instability situation

The Company may face the risk arising from conflicts and instability of the political situation in the country, which may lead to a decline in investors' and consumers' confidence. This will impact the investment decision of global automobile companies and hamper the growth of the automotive market in Thailand. Consequently, the Company's operations will be impacted by decreases in car production volume. Albeit the intensity of current political situation is concentrated in the city of Bangkok, it is still difficult to predict the outcome due to high level of uncertainty. The Company has therefore put close monitors on the situation in order to manage operations to achieve the best results and minimize the unfavorable impact to the Company. In addition, the Company has operation in both China and Malaysia. The diversification of business overseas will reduce the impact of the political instability situation in Thailand.

1.2 Risk from natural disaster

Natural disaster in Thailand and other countries in the supply chain of automotive industry can impact the Company's operations, either direct or indirect, in terms of transportation, raw material, consumer purchasing power, etc. This will result in lower income and profit of the Company. For example, the Tsunami in Japan which caused the delay of the Company's production schedule due to the shortage of supply parts and steels which are the main components of the Company's operations, and the major flood in Thailand in the year 2011 that put the main factory under 2.2 meters of water causing the damage of machines, building and inventories, and the subsequent shutdown of operations and production lines and additional costs to protect the property and recover the operations. The occurrence of natural disaster is inevitable and unpredictable. Given the fact that the flood had occurred once, there is a possibility that natural disaster may happen again. Thus the Company has established preventive and recovery measures to limit and reduce the impact to an acceptable level. These measures include the multiple facilities in several locations to diversify the risk and for the purpose of relocation if one would be affected by natural disaster, the construction of dyke surrounded the area of the Hitech Industrial Estate to prevent the occurrence of flood and can maintain production, in the event of flood. In addition, the Company has purchase insurance to cover business interruption and effect from natural disaster.

2. Business Risks

2.1 Competition in the automotive components manufacturing industry

The automotive market is highly competitive among the automotive part manufacturers and the Company faces the risks of losing revenues

and market shares to competitors. This could significantly affect the Company's operations and would be at a disadvantage for future projects. In the automotive components manufacturing industry, the automobile company will select the automotive part manufacturer for new model before the end of the current model line. These new projects are generally awarded to the current manufacturer to continue supplying the parts of the next generation and that company is ensured to have orders for the whole project life, which ranges from 4 to 10 years, according to the product life cycle. Therefore, orders from customers mean a guarantee for income in the future and losing orders will have adverse impact to the company.

In such fierce competition where automotive part makers bidding for projects at the lowest price and the best quality, the Company has renowned its reputation in producing high quality products at very competitive prices with on-going cost reduction plans, supported by efficient services and coupled with timely deliveries. The management envisioned that the Company should be a leader in the automotive part manufacturer industry, thus has equipped the Company with state of the art machines and cutting edge technology. It also focuses on engineering development and maintains long-standing relationship with good track record. The Company has consistently achieved trust from most global automobile companies, making it one of the most competitive automotive part suppliers in the market.

2.2 Reliance on major customers

Main contribution of the Company's revenues comes from the manufacture of automotive part business, which is accounted for about 71% of total revenues. The Company's products are supplied to a diversified customer base and are not concentrated to any particular automobile manufacturer. Nonetheless, the Company may be at risk due to the reliance of major customers

with sales contribution of about 30% of the Company's total revenues. If the Company loses this customer and unable to find replacement orders, this will significantly impact the Company's operations. After all, the Company expects that the possibility that this risk may occur is minimal. The Company is assured for certain income from this customer through the lifetime of this product. In addition, the Company has maintained the high product quality, competitive pricing, and punctual delivery, as well as good relationship with customer, thus it is likely that the Company will continue to receive orders for new models in the future.

In addition to the risk mentioned, the Company may also face a risk relating to the country concentration of customers as about 80% of the Company's businesses are with Japanese companies. If the Japanese economy fails, the Company will be significantly impacted as the Japanese automakers are major key players in the automotive market in Thailand.

3. Operational Risks

3.1 Fluctuation of raw material price

The Company's main business is the manufacture of automotive parts where steel is the primary material used in the manufacturing process. It is accounted for about 75% of product costs. The steel price is highly volatile depending on supply and demand in the market worldwide and also due to the fluctuation of foreign currency exchange. This has direct impact to the Company's operational results. To manage this risk, the Company has closely monitored the steel price and adopted the centralized purchasing policy. This policy refers to a system in which customer chooses the material supplier for the Company and agrees upon material purchase price. In case the material price moves, customer also agrees to compensate for the price adjustment. With this policy, the Company manages to transfer any risk to the customers, reducing the impact to the Company's results.



3.2 Risk related to labor relations

The Company may be exposed to risk of labor disputes such as the labor strike due to the issues with the Labor Union or poor labor relations between the Company and the Labor Union. This could significantly impact the Company's operations. The management of the Company therefore aims for having good communication and appropriate benefits and welfare to employees as a key to reduce employee conflict and labor disputes within the organization. With the management's attention and emphasis on this issue, the Company has encountered very few dispute cases to date.

However, the risk relating to labor disputes may not only arise from the Company's operations. The bigger risk may come from other parts of the supply chain. For example, if the automobile manufacturer goes on strike, this will impact the Company's operations as we cannot deliver parts. Although the occurrence of such event is unpredictable, the effect is expected to be temporary where the situation will go back to normal operation after resolution. In addition, the impact may also be minimal as the Company supplies its products to various customers and does not attach to any particular company.

4. Management Risks

4.1 Reliance on only a single Top Management person

The Company faces the challenge that the Company is highly relied on only a single top management person. Mr. Yeap Swee Chuan, the President and CEO, is not only the top management person of the Company but also is responsible for managing sales and have established strong relationships with customers. Without Mr. Yeap, the Company may risk losing sales to competitors in such an intense competition of the automotive industry.

The Board of Directors has addressed this concern and has reviewed the plan to mitigate

this risk. The Company has put in place training and development programs for new managers and allowed Managing Directors to be responsible for subsidiaries and report directly to the President and CEO. Additionally, Mr. Yeap currently has no plan to retire and will still continue to support the operation and development of the Company.

5. Financial Risks

5.1 Fluctuation of interest rate

The Company has long-term loans with local banks for financing investments in the Company's business. These loan agreements have different terms and conditions, some of which are subjected to floating interest rate, which poses an interest rate risk to the Company and impact its cost of capital. In order to mitigate this risk, the Company has entered the interest rate swap agreements with banks to allocate some portion of outstanding loans with fixed interest rate. The Company also closely monitors the trend of the interest rate and follows the outcome of the meeting of the Monetary Policy Committee. Given current situation, the Company expects that it is rather unlikely that interest rate would increase in the near future based on the resolution of the Monetary Policy Committee Meeting in the past year to reduce and maintain the policy rate.

5.2 Fluctuation of foreign exchange rates

For the manufacture of automotive part business, the AAPICO Group has both income and expenses from exporting and purchase of machines, parts and raw materials in many foreign currencies, mostly are in US Dollar, Japanese Yen and Euro. This poses a risk from fluctuation of exchange rate to the Company. Although this exposure is considered to be relatively low since majority of sales and purchase transactions are incurred in Thai Baht, the Company has a policy to hedge such risk by matching income and payment in the same currency, as well as entering the forward or option contract in order to eliminate this risk.

6. Other Risks

6.1 Risk related to safety, environment and communities

The Company has placed importance on potential risks of dangers and losses associated with health, safety and environment, which would affect an organization if without a good management. Therefore, the Company has established a policy concerning employee safety, environment and communities, including activities to promote and build good relationship with employees and surrounded communities and continual trainings for employees focusing on the importance of design, production, infrastructure and manufacturing process in order to reduce risk of losses and potential dangers. The Company has been promoting the safety awareness through activities such as the Completely Check Completely Find out (CCCCF) activity to encourage employee participation in getting rid of danger point and to prevent accident, the 5S activity to improve standard of work and production efficiency by creating a safe, clean and easy to detect environment in the workplace, the safety driving activity, no drink driving, drug free workplace, and safety week event. The importance has also been given to the compliance of relevant laws and strict implementation on the check up of equipments, annual health check-up and environment check-up, etc. The continual certification on ISO 14001 is a proof for the Company in its ability to effectively deal with environmental issues.

6.2 Risk related to quality control

Quality is the key success factor in the automotive part manufacturing industry. In this business, defects or errors are not acceptable as this may lead to product recall or potential cause of

serious accident. The consequence will be severe. The Company is exposed to lose its customers, its reputation and may be sued by consumers for damages arising from unsafe products. Therefore, the Company puts a great emphasis on quality control of its products in order to meet the customer's satisfaction and has target for zero defective parts, thus extensively invests in standardizing and controlling its products' quality. The Company has successfully passed and been certified for ISO/TS 16949 for all its part companies and can be assured that the risk related quality control will be continually reduced. Furthermore, the Company provides warranty and stated in the purchasing contract allowing customers to claim for defective parts and has set up provision for claims of defective parts. In addition, the Company also purchased insurance for product liability in order to mitigate this risk.

6.3 Risk related to investments in new country

The expansion of AAPICO group to other countries may constitute risk to the Company due to level of uncertainty of the projects and the country risk that the Company will invest in. However, the Board of Directors has put in place a guideline for the management to conduct feasibility study on any new projects to evaluate new investments and report to the Board of Directors in order to support the Board in making decision.

6.4 Risk related to joint venture partners

Regarding new joint venture projects, the Company may potentially be facing risks arisen from the joint venture partners. Therefore, the Company has to assess and continue to monitor the JV operations after the project has been completed.

Shareholding Structure

As of March 28th, 2014, AAPICO Hitech PLC has registered and paid up capital in total amount of Baht 322,583,844, all of which are ordinary shares at par value of Baht 1 each. The top ten shareholders are listed in the table below:

| Shareholders | Number of shares | Holding % |
|---|------------------|-----------|
| 1 Mr Yeap's Group | 72,584,219 | 22.50 |
| <i>Mr. Yeap Swee Chuan</i> | 40,772,873 | 12.64 |
| <i>Mrs. Teo Lee Ngo</i> | 31,811,346 | 9.86 |
| 2 Sojitz Corporation | 50,832,000 | 15.76 |
| <i>SAIT Co., Ltd.</i> | 25,924,320 | 8.04 |
| <i>Sojitz Automotive Investment PTE LTD</i> | 24,907,680 | 7.72 |
| 3 Ms. Yeap Xin Yi | 30,011,640 | 9.30 |
| 4 Ms. Yeap Xin Rhu | 25,646,760 | 7.95 |
| 5 Phatra Securities PLC | 9,612,900 | 2.98 |
| 6 Mr. Preecha Leelasithorn | 7,320,000 | 2.27 |
| 7 Ms. Sunee Sereepanu | 5,750,000 | 1.78 |
| 8 Mr. Adisorn Keeratisakdawong | 4,790,306 | 1.48 |
| 9 Mr. Viroj Kosoltanawong | 4,300,000 | 1.33 |
| 10 Thai NVDR Co., Ltd. | 4,104,238 | 1.27 |

Note: Mr. Yeap Swee Chuan and Mrs. Teo Lee Ngo are acting in concert party according to the SEC guidelines.

The major shareholders with management control are the Yeap Family, of which Mr. Yeap Swee Chuan and Mrs. Teo Lee Ngo are authorized directors.

Limitation of Foreign Shareholders

As of March 28th, 2014, the Company's shares held by foreign shareholders are accounted at the maximum limit of 49% of total shares.

Dividend Policy

The Company and its affiliates have a policy to pay dividend of not less than 10% of the net profit after tax. The decision for dividend payment is subjected to the future investment plan and other necessities as the Company deems appropriate.

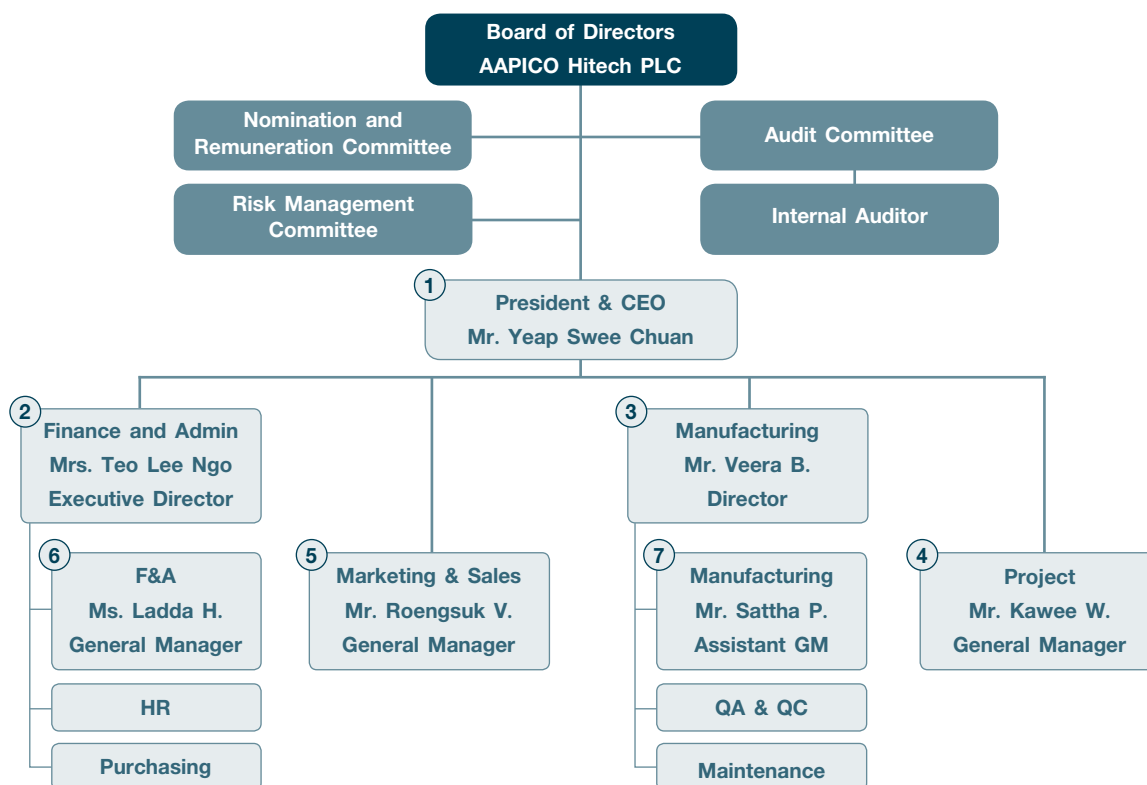
Dividend payment in the past 4 years

| Year | Interim Dividend (Baht/Share) | 2 nd Half Dividend (Baht/Share) | Total (Baht/Share) |
|------|----------------------------------|---|-----------------------|
| 2010 | 0.26 | 0.21 | 0.47 |
| 2011 | 0.16 | - | 0.16 |
| 2012 | 0.488 | 0.45 | 0.938 |
| 2013 | 0.35 | 0.141 | 0.49 ¹ |

Note: ¹ pending for shareholders' approval at the AGM 2014.

Organization and Management

Organization Chart of AAPICO Hitech PLC



Management of major subsidiary companies



Board of Directors

| Name | Board of Directors | Audit Committee | Nomination & Remuneration Committee | Risk Management Committee |
|------------------------------------|-------------------------------|-----------------|-------------------------------------|---------------------------|
| Mr. Yeap Swee Chuan | Chairman & Executive Director | | | |
| Mrs. Teo Lee Ngo | Executive Director | | | |
| Mr. Pipat R. Punya | Independent Director | Chairman | Chairman | |
| Mr. Supasak Chirasavinuprapand | Independent Director | Member | Member | |
| Mr. Kenneth Ng ¹ | Independent Director | Member | Member | |
| Mr. John Parker | Independent Director | | | Chairman |
| Mr. Yoshiki Kishimoto ² | Non-Executive Director | | | Member |
| Mr. Hideo Hatada ³ | Non-Executive Director | | | Member |

Remark 1 Mr. Kenneth Ng is the member of Audit Committee with background in finance and accounting.

2 Mr. Yoshiki Kishimoto was appointed as from May 14th, 2013, replacing Mr. Hiroto Murai who has retired.

3 Mr. Hideo Hatada was appointed as from August 14th, 2013, replacing Mr. Yoshiaki Ichimura who has resigned.

Top Management

| No. | Name | Position |
|-----|-------------------------------|---|
| 1 | Mr. Yeap Swee Chuan | President and CEO |
| 2 | Mrs. Teo Lee Ngo | Executive Director and Director, Finance and Administration Section |
| 3 | Mr. Veera Buanwongse | Director, Manufacturing Section |
| 4 | Mr. Kawee Wasaruchareekul | General Manager, Project |
| 5 | Mr. Roengsuk Viphoonitisilkul | General Manager, Sales and Marketing |
| 6 | Ms. Ladda Harnpichitchai | General Manager, Finance & Accounting |
| 7 | Mr. Satta Peth-in | Assistant General Manager, Manufacturing Section |
| 8 | Mrs. Kannika Kartiwithcha | Senior Manager, Finance & Accounting |

Employees

Total number of employees of the Company and its subsidiaries as of December 31st, 2013 was 4,341 employees, which are categorized as follows:

| Business / Product Type | Thailand | Malaysia | China |
|-------------------------|----------|----------|-------|
| Jigs | 61 | | |
| Dies | 78 | | |
| Automotive Parts | 3,372 | | 520 |
| Car Dealership | 148 | 131 | |
| Car Navigation | 23 | | |
| Others | 8 | | |
| Total | 3,690 | 131 | 520 |

Board of Directors

The Board of Directors of AAPICO Hitech PLC comprised of knowledgeable and competent persons with experience benefiting the Company's operations. As of December 31st, 2013, there were 8 directors present, of which comprises of the President and Chairman, an Executive Director, 2 Non-Executive Directors, and 4 Independent Directors.

The Board of Directors, appointed and approved by the Shareholders' meeting, has the power and duties to approve the appointment of senior executives and

directors of the Company. Roles and responsibilities between the Board of Directors and the Management have been clearly defined and are conformed to laws, regulations, code of conducts and business ethics.

The Board Meetings

In the year 2013, the Board of Directors had held total 15 meetings, of which 6 meetings for the Board of Directors, 4 meetings for the Audit Committee, 3 meetings for the Nomination and Remuneration Committee, and 2 meetings for the Shareholders' Meeting. The attendance of each director is shown in the table below.

| Name | Board of Directors (Total 6 meetings) | Audit Committee (Total 4 meetings) | Nomination & Remuneration Committee (Total 3 meetings) | Shareholders' Meeting (Total 2 meetings) |
|--|--|---------------------------------------|---|---|
| Mr. Yeap Swee Chuan | 6/6 | - | - | 2/2 |
| Mrs. Teo Lee Ngo | 3/6 | - | - | 2/2 |
| Mr. Hiroto Murai ¹ | 0/1 | - | - | 0/1 |
| Mr. Pipat R. Punya | 4/6 | 3/4 | 3/3 | 2/2 |
| Mr. Supasak Chirasavinuprapand | 6/6 | 4/4 | 3/3 | 2/2 |
| Mrs. Pornnipa Praditsuktavorn ² | 1/1 | 1/1 ³ | 0/1 | - |
| Mr. Kenneth Ng | 6/6 | 3/3 ³ | - | 2/2 |
| Mr. John Parker | 5/6 | - | - | 1/2 |
| Mr. Yoshiaki Ichimura ⁴ | 4/5 | - | - | 2/2 |
| Mr. Yoshiki Kishimoto ⁵ | 1/2 | - | - | - |
| Mr. Hideo Hatada ⁶ | 1/1 | - | - | - |

Remark 1 Mr. Hiroto Murai has retired with effective as of April 26th, 2013.

2 Mrs. Pornnipa Praditsuktavorn resigned from the Board of Directors, Audit Committee and Nomination and Remuneration Committee with effective as from April 1st, 2013.

3 Mr. Kenneth Ng was appointed to be member of Audit Committee, replacing Mrs. Pornnipa Praditsuktavorn, with effective as from May 14th, 2013 and was appointed to be the member of Nomination and Remuneration Committee with effective as from November 14th, 2013.

4 Mr. Yoshiaki Ichimura resigned from the Board of Directors, with effective as from August 14th, 2013.

5 Mr. Yoshiki Kishimoto was appointed to be Director of the Company with effective as from May 14th, 2013, replacing Mr. Hiroto Murai who has retired.

6 Mr. Hideo Hatada was appointed to be Director of the Company with effective as from August 14th, 2013, replacing Mr. Yoshiaki Ichimura, who has resigned.



Authorized Directors

Directors who are authorized to sign on behalf of the Company are Mr. Yeap Swee Chuan and Mrs. Teo Lee Ngo, jointly sign together with the Company's seal affixed.

Company Secretary

The Board of Directors has appointed Ms. Phanthip Sintawanarong as the Company Secretary, responsible for organizing and attending meetings for the Board,

committees and shareholders. The Company Secretary is also in charge of preparing the minutes of meetings of the Board of Directors, the minute of shareholders' meeting, and Annual Report as well as filing documents as stipulated by laws, the Securities and Exchange Commission Acts, and the Stock Exchange of Thailand.

Remunerations for the Board

The table below describes an overview of the remuneration for the Board and its committees.

| Name | Annual Remuneration | Attendance Fee | | | Total |
|--------------------------------|------------------------|-------------------------|--------------------|---|---------|
| | | Independent Director | Audit Committee | Nomination & Remuneration Committee | |
| Mr. Yeap Swee Chuan | - | - | - | - | - |
| Mrs. Teo Lee Ngo | - | - | - | - | - |
| Mr. Hiroto Murai | - | - | - | - | - |
| Mr. Pipat R. Punya | 275,000 | 55,000 | 10,000 | 20,000 | 360,000 |
| Mr. Supasak Chirasavinuprapand | 250,000 | 70,000 | 15,000 | 20,000 | 355,000 |
| Mrs. Porntipa Praditsuktavorn | 250,000 | 10,000 | - | - | 260,000 |
| Mr. Kenneth Ng | 250,000 | 70,000 | 15,000 | - | 335,000 |
| Mr. John Parker | 250,000 | 40,000 | - | - | 290,000 |
| Mr. Yoshiaki Ichimura | - | - | - | - | - |
| Mr. Yoshiki Kishimoto | - | - | - | - | - |
| Mr. Hideo Hatada | - | - | - | - | - |

AAPICO Hitech PLC sets appropriate remuneration for members of the Board and top executives at the rates comparable to those of leading companies in SET and other top companies in the same industry. Remuneration of the Board is proposed and approved in the Shareholders' meeting. The payment is made to Independent Director and Non-Executive Director. The remuneration of Executive Director is considered as part of the Remuneration for top executives, which

is determined based on their responsibilities and performance and the operating results of the business. There is no other remuneration to the Board apart from the ordinary remuneration as mentioned.

Remunerations for top executives

Total remuneration for top executives is in the form of salaries, bonuses and provident fund, amounting to Baht 30.26 million in 2013.

| | Year 2013 | | Year 2012 | |
|----------------|----------------------|--------------------|----------------------|--------------------|
| | Number of executives | Total Amount | Number of executives | Total Amount |
| Salary | | Baht 24.76 million | | Baht 29.42 million |
| Bonus | | Baht 4.57 million | | Baht 3.24 million |
| Provident Fund | | Baht 0.93 million | | Baht 0.94 million |
| Total | 20 | Baht 30.26 million | 25 | Baht 33.60 million |

Provident Fund

The Company set up a provident fund for employees where the Company contributes to the fund at the rate of 2-4% of the payroll. In 2013, the Company's contribution to the fund was a total of Baht 20 million. (2012: Baht 16 million)

Employee Joint Investment Program (EJIP)

As part of an incentive scheme to motivate and create sense of ownership for employees, the Company has started the Employee Joint Investment Program (EJIP), which is the program where employee and the Company join on voluntarily basis to regularly invest only in the Company's stock. The program period is 2 year from October 1st, 2012 to September 30th, 2014. The eligible employee must have good record and has been with the Company for at least 1 year. Under this program, the Company deducts up to 10% of salary from the payroll of participated employees, and the Company makes contribution at a rate of 50% of contributions made by the program participants each month. A securities company that has been appointed by the Company then invests both employee's and the Company's contributions in shares of the Company through the Stock Exchange of Thailand in accordance with the specified conditions and period. As of December 31st, 2013, there were 44 eligible employees participated in this program.

Employee Remunerations

Overall compensation and benefit for employees of the Company and its subsidiaries are in the form of salaries, bonuses, welfare, provident fund and others.

Total amount paid in the year 2013 was amounted in total Baht 1,218 million. (2012: Baht 1,495 million)

Human Resources Development

AAPICO Hitech PLC and its subsidiaries have focused and committed to develop and improve the skills and abilities of its employees to reach their full potential in order to meet changing requirement of the industry. This includes the changing of behavior, improving work standards standard, as well as adopting modern technology to use in the production process. Employees are important key factor that leads the Company to an international level. The Company has been focusing on human resources development to achieve maximum productivity and efficiency in the workplace.

The Company has put in place training and development program for employees as follows.

1) Employee Orientation

The Company arranges orientation session for new employees to learn about the company, nature of business, vision, company policies, safety principles and code of conducts, work standards and employee welfare and benefits provided by the Company. These help employees to understand and become accustomed and conform to the company policies.

2) Technical Skills Development

On regular basis, the Company organizes trainings on technical skills by inviting speakers who have expertise in various fields to share their knowledge and experience with employees.

3) **Supervising Skills Development**

The Company recognizes the importance of preparing employees for the leading role in the management level and, therefore, has organized training course which focuses on developing the skills of managers at all levels to enhance supervision of subordinates and management.

4) **Quality Management System Training**

The Company regularly organizes training sessions related to the policy and the compliance to the standard of quality management system within the organization, as well as creating awareness to employees for the standard of quality work.

5) **Safety and Environment Training**

The Company places great importance on safety and environment in the workplace and therefore focuses its employees to have knowledge and understanding to create safe workplace environment to create awareness and preventive measures before the accidents.

6) **Information Technology Training**

The Company organizes training course for employees on the use of information technology and the ORACLE system on regular basis so that employees can manage their work effectively and efficiently in response to the changing environment.

7) **Quality of Life Training**

The Company recognized the importance of quality of life of employees that can have significant impact to their work. Therefore, the Company has imitated the Quality of Life training with a qualified team of trainers and lecturers from Thailand Developer Club. The course encourages remembering and practicing the fundamental of life, refraining from vices, encouraging love and understanding within family, understanding the real root causes of daily problems and working out the way that can improve their quality of life. This training attaches great importance to the development of self-discipline, teamwork and good leadership, and continuous encouragement at becoming good persons. The participants will become strong contributors to the organization and society. This is in line with the Company's vision to create happy workplace environment.

8) **Management Seminar**

For continuous development of executives, the Company organizes management seminar at least twice a year and invites guest speakers, who have expertise in related industry or in their managerial role, to share their knowledge and experience to directors and senior managers, for example, recent developments in domestic and global economy, the AEC, etc.

Corporate Governance

At AAPICO Hitech PLC, we believe that the good corporate governance is an important key factor in order to increase the Company's value for shareholders and promote sustainable growth for the Company. Having a good corporate governance demonstrates that the Company's management systems are efficient, transparent, and auditable. All these help create trust and confidence amongst shareholders, investors, stakeholders and all relevant parties, leading to a steady and sustainable growth. The Company's corporate governance policy is adhered to the guideline for the listed companies and conformed to good corporate governance practices under the guidance of the Stock Exchange of Thailand. In 2013, the Company has participated in the CG Advising Program, sponsored by the Stock Exchange of Thailand, to develop and improve the corporate governance throughout the organization. The self-assessment results and suggestions from this project have been presented to the Board of Directors and will be implemented in this coming year.

For the year 2013, the Company has carried out its operations according to the corporate governance policy which are presented in five categories as follows:

Section 1 Rights of Shareholders

The Company has policies to facilitate and ensure that shareholders receive basic shareholder rights, which include the right to buy, sell and transfer shares, obtain relevant and adequate information of the company in a timely manner and on regular basis, participate and vote in shareholder meetings to elect or remove board members, appoint the external auditor, receive share in the profit of the company, amendments to the company's articles of association and memorandum of association, etc. Every shareholder is entitled to vote according to number of shares holding (one vote per share) and no shares of any privileges over other shareholders. The Company ensures that shareholders

are given opportunities to exercise their rights and avoid any actions that limit those rights.

The Company has practices regarding the rights of shareholders as follows:

1. The Company provides essential information to shareholders in a clear and timely manner, in both Thai and English, through the SET portal channel and the Company's website at www.aapico.com.
2. The Company issued the invitation to shareholders' meetings, with the date, time, venue and agenda items, including supporting documents in both Thai and English. The complete information, voting instruction and other relevant information was published on the Company's website in advance of the meeting day.
3. In the case that shareholders were not able to participate in the shareholders' meeting, the Company allowed shareholders to appoint an independent director or any individual as their proxy. The Company encouraged the use of proxy form, which shareholders can specify their vote on each agenda item. The proxy form was delivered to shareholders together with the notice of the meeting and could be downloaded from the Company's website. The Company also provided stamp duty on the meeting day for shareholders to conveniently exercising their right to attend the meetings. In addition, the Company allowed shareholders to attend the meeting and count the quorum after it has been convened and vote on the agenda pending and had not yet resolved.
4. The Company allowed shareholders to propose the agenda items or nominate directors in advance, from October 2nd, 2013 to December 31st, 2013, and provided sufficient time for the Board of Directors to consider and propose as agenda item in the Annual General Meeting of shareholders for the year 2014. Investors were informed about

the criteria and process to propose agenda and director nominee in advance via the SET portal channel, with details published on the Company's website.

5. The Company held the Annual General Meeting of Shareholders for the year 2013 on Friday April 26th, 2013 with attendance of all directors. For the convenient of shareholders, the Company had selected the venue of the meeting at the Stock Exchange of Thailand.
6. On the meeting day, the Company encourages shareholders to express their opinions and raise questions relating to the agenda and the issues presented. Any actions that could be considered to violate shareholders' right were prohibited.
7. In the meeting, the Company considered the agenda in the order specified in the notice of meeting. There were no matters other than those specified in the notice of the AGM. For the purpose of transparency and future reference, the Company used the voting card in all agenda items.
8. After the meeting, the Company published the results of voting for all resolutions through the SET portal channel and the Company's website by the next working day. The minute of meeting was publicly disclosed on the Company's website within 14 working days.

Section 2 Equitable Treatment of Shareholders

The Company has policy to treat each and every shareholders fairly and equally regardless of gender, age, race, nationality, religion, beliefs, political opinions, or disabilities. The Company had practices to ensure that all shareholder rights are protected as follows.

1. The Company released the notice of the meeting, with detailed agenda and directors' opinions, to the Stock Exchange of Thailand and via the Company's website at least 53 days before the date of the meeting. The Company also informed shareholders of meeting procedures and voting criteria, including the voting rights for each type of shares in the notice of meeting in both Thai and English.
2. The Company has determined criteria and qualification on allowing minority shareholders to propose agenda and director nominee and has established procedures and timeline for the nomination. Supporting documents including candidate's qualification and their consent must be provided. The Company did not add any agenda items without notification to shareholders in advance. The Company also allowed shareholders to vote on individual nominees for the election of directors.
3. The Board of Directors has established the guideline regarding the use and protection of insider information. Every directors and executives should report to the Board their ownership of the Company's shares unless the securities are held as a result of the Employee Joint Investment Program (EJIP).
4. The Board of Directors has established guideline requiring the director to inform the Board of their conflicts of interest regarding each agenda item and abstain from participating in the Board discussion on the particular agenda item before consideration by the Board.

Section 3 Role of Stakeholders

The Company recognizes the rights of its stakeholders and that each party has different needs and interests. Therefore, the Company has established policies to meet their requirements. The Company has classified stakeholders into 7 groups, which are the following.

1. **Shareholders** In addition to the rights and equitable treatment of majority and minority shareholders as well as institutional investors, the Company shall operate with transparency, maintain systematic and reliable account for the benefit of shareholders and emphasize on the Company's long-term growth and appropriate remuneration.
2. **Creditors** The Company shall comply with terms and conditions in agreements and obligations towards creditors, both trading partners and financial institutions, and consistently report on

the Company's financial situation. The Company shall notify creditors in advance if terms and conditions could not be applied, and both parties shall together resolve the situation.

3. **Customers** The Company has firm commitment to its customer to continuously develop its products and services. The Company shall abide by the requirements agreed upon between the Company and its customers.
4. **Trading Partners and Joint Ventures Partners** The Company considers equality and honesty as virtues among its core business values. The Company strictly complies with rules and regulations as well as operates with business ethics and according to the shareholders' agreement.
5. **Employees** The Company recognizes the importance of its employees and welfare of personnel at all levels, in which their employment contracts shall be fair and remuneration shall be reasonable and appropriate to the employees according to their capability and be able to maintain their motivation. The Company has provided trainings and development programs sufficiently to improve and enhance their skills and performance. Moreover, the Company shall maintain high standard of safety and disciplined work environment.
6. **Community** The Company has continually been providing support and contribution to community and society as a whole. The Company strongly encourages its subsidiary and associate companies to protect environment and maintain safety in its operations. The Company has promoted Corporate Social Security Club for its personnel in order to recognize the importance of their community.
7. **Competitors** The Company operates with honesty in the competitive environment by adhering to the business fairly and straightforward under the laws and the business code of conducts.

The roles of stakeholders has been included and communicated as part of the Company's vision to develop and operate based on the 4 values of happiness, which

are happy customers, happy employees, happy shareholders, and happy public.

In addition, the Company has set up communication channel and opportunities for stakeholders to participate in enhancing the performance of the Company by submitting information, questions, comments or suggestions via email of the Company's Investor Relations at ir@aapico.com. Comments and suggestions will be compiled for presentation to the Board of Directors and the Company's management.

Section 4 Disclosure and Transparency

The Company ensures that disclosures of important information relevant to the Company, both financial and non-financial, is correct, adequate, reliable and current to the stakeholders in order to support their decision-making and to show the true status of the Company's performance. The disclosure of information is managed through the SET portal channel and the Company's website.

In the year 2013, the Company has improved its website to provide information in both Thai and English so that shareholders, investors, and stakeholders can access information equally. The Company has strongly placed an emphasis on monitoring transactions done by the Company and to be in line with relevant laws and regulations relating to the disclosure of information and transparency, which can be described as follows:

1. The Company compiled information with care in a clear, accurate and transparent manner, and conveyed the message in a simple and concise language. The information is regularly updated in order for stakeholders to receive information in a timely manner.
2. The Company disclosed information, both financial and non-financial, and submitted the quarterly financial statements, annual statement (Form 56-1) and Annual Report through the SET portal channel of the Stock Exchange of Thailand, as well as made available on the Company's website according to the regulations on timely basis.



3. The Board of Directors ensured that the Company's financial statements were prepared fairly and accurately according to the general accepted accounting principles, and has been audited by external auditors, who were authorized and approved by the shareholder's meeting. The external auditor has neither relationship nor interest with the Company, subsidiary companies, management, major shareholders, or related persons. The audit fee for the year 2013 was in total of Baht 1.89 million, including the BOI audit fee.
4. The changes in the Company's securities holding of the Board of Directors and executive has been disclosed and reported to the Securities and Exchange Commission in a timely manner.
5. Information regarding joint ventures has been publicly disclosed to the SET community portal and on the Company's website in a timely manner and up to date for shareholders, investors and other related persons. In 2013, the Company has entered joint venture agreements with Edscha Holding GmbH of Germany, Sumino Kogyo of Japan, and Sodecia SGPS SA of Portugal.
6. The disclosure of the Board of Directors' roles and responsibilities, attendance record as well as directors' remuneration has been included in the Company's annual report.
7. The Company has promoted and developed the Investor Relations department as a channel of communication with shareholders, investors, analysts and general public to receive information that is accurate and complete.

In addition to the disclosure of information through the SET Community portal and the Company's website, the Company has participated in the Opportunity Day event organized by the Stock Exchange of Thailand every quarter, arranged the site visit or company visit for shareholders, investors and analysts, received conference calls with analysts, provided

opportunities for journalists to meet and interview executives, attended seminar relating to the Company's business by executives, and participated in the roadshows. Investor Relations contact is also another channel that the Company regularly uses to communicate with shareholders, investors and interested persons via email and telephone.

Section 5 Responsibilities of the Board

The Composition of the Board of Directors

The Company recognizes the importance of roles and responsibilities of the Board of Directors in order to provide guidance and direction to the Company and its management team. The Board of Directors comprises of respected, knowledgeable and competent persons in term of skills, experience and expertise, along with leadership, vision and independent decision-making, which are beneficial to the Company.

The Company has set the Board of Directors an appropriate number of members to the size of the business. Each director holds qualifications as defined by the Public Limited Company Act and no manners indicating a lack of fit to be entrusted with the administration of the company by law or requirements of the Securities and Exchange Commission.

Currently, the Board of Directors consists of 8 members, which are the Chairman, an executive director, 2 non-executive directors, and 4 independent directors. The qualification of the Company's independent director is defined to comply with requirements of the Securities and Exchange Commission and the Stock Exchange of Thailand. The number of independent directors is accounted to 50% of the board size, in line with the guideline of good corporate governance.

Terms of Service of Directors

Years of Service in each rotation

The Company's Articles of Association determined the number of years served on the Board of Directors in accordance with the Public Limited Company Act.

At the Annual General Meeting, one-third of total number of directors must retire from the office. If it is not possible to divide total number of directors evenly by three, the number closest to one-third is applied. In choosing directors to retire, the directors who have served the longest years are the most eligible to retire. As of current, there are 8 directors on the board. The term of service of each director shall be 3 years. Nevertheless, retiring director is eligible for re-election.

Apart from the retirement, directors may be removed from the office by the following reasons:

- Death
- Resignation (with effect from the date the Company receive the resignation letter)
- Being disqualified or being under any of the prohibition under the Public Company Act and the laws governing securities and stock exchange.
- Removal by a resolution of the shareholders' meeting.
- Removal by a court order.

The Number of Terms of Service

The Company believes that each director is highly qualified individual who are respected for knowledge, expertise, experience, moral, and ethics, and has performed their duties for the benefit of the Company. If the shareholders continue to trust the director and re-appoint them to the Board, the Company shall respect the rights of shareholders. Therefore, the Company does not clearly specified the term of service of each director.

Limitation of the number of listed companies held by the Directors

The Board of Directors has set a policy and guideline regarding the holding of positions in other board by the director. This policy is aimed to ensure that the directors can devote time to perform their duties effectively. Details are as follows:

- Each director shall hold his positions in the board of registered companies for not more than 5 companies excluding the Company's subsidiaries, unless assigned by the Company. Moreover, such companies shall not be considered as competitor or operated in the same industry.
- The holding of positions in other companies excluding the Company's subsidiaries must be considered and approved by the Board of Directors.

Company Secretary

The Company has provided the company secretary responsible for organizing meetings of the Board, committees and shareholders. The company secretary is also in charge of preparing the minutes of the Board's meetings, the minutes of shareholders' meetings, Annual Report as well as filing of documents are required by law and the Securities and Exchange Commission. The company secretary shall have but not limited to the knowledge in law and/or accounting.

The Sub-Committees

For the good corporate governance, the Company has appointed sub-committees as follows:

1. **The Audit Committee** comprises of 3 independent directors, of which one director has knowledge in finance and accounting. The Audit Committee's main duties are to review the Company's financial statements, internal control systems, corporate governance, and the appointment of external auditor, etc.
2. **The Nomination and Remuneration Committee** comprises of 3 independent directors, responsible for reviewing the criteria and process to identify and appoint qualified candidates to become member of the Board of Directors, and reviewing the criteria of remuneration for directors and executives to be proposed to the Board of Directors and the Shareholders' meeting for further approval.

3. **The Risk Management Committee** comprised of an independent director and two non-executive directors. This committee is responsible for setting the overall risk management policy to be proposed to the Board of Directors for consideration.

Roles and Responsibilities of the Board of Directors

As appointed by shareholders, the Company's Board of Directors selects management to operate the Company's business. There is clear separation of duties and responsibilities between the Board and the management to ensure that the Company operates in a lawful and ethical manner.

The roles and responsibilities of the Board of Directors include but not limited to the following:

1. Reviewing and approving key business matters such as the Company's vision and mission, strategy, financial targets, risks, major plans of action and the budget, and monitoring the compliance of management to the Company's policies.
2. Considering and approving the Company's corporate governance matters, as well as reviewing the corporate governance policy and monitoring the compliance to the policy at least once a year.
3. Encouraging the preparation of written code of conducts as a guideline for the directors, executives and employees understand and aware of the Company's ethical standards and act in compliance with the code of conducts.
4. Defining a clear guideline on the approval of transactions with conflict of interests and protecting the benefit of the Company and shareholders, where persons with interest in the transactions cannot participate in the voting or decision-making process of that issue, and ensuring the compliance with regulations and that disclosure of transactions with conflict of interest is correct and complete.
5. Ensuring that internal control systems is in place, including financial reporting, compliance with rules and regulations, and assigning a person to independently audit and report on the Company's internal control system to the Board at least once a year.
6. Establishing a risk management policy covering all activities of the Company and assigning the management to implement the policy as well as seek business opportunities that may arise from these risks and report back to the Board on regular basis.
7. Providing adequate communication channels for shareholders and ensuring that disclosure of information is correct, concise, transparent and reliable.
8. Understanding the roles and responsibilities of the Board of Directors and the Company's nature of business, and expressing his/her opinion independently.
9. Performing duties with honesty and care, taking into account the best interest of the Company and fair treatment of shareholders.
10. Overseeing and monitoring business operations by requiring financial performance report that is accurate and complete, and devoting their time and effort to the Company.

Board of Directors' Meetings

The Board of Directors schedules the Board meetings for the year and notifies directors of schedule in advance to allow each member to manage time to attend the meetings. The Board holds at least 4 scheduled meetings a year and arranges the review of operational performance of subsidiary companies with management twice a year. At each meeting, each director can propose topic to be incorporated in the agenda by sending topics to company secretary. The Chairman reviews topics and determines which agenda items are relevant and ensures that key issues have been included in the agenda. Directors are informed of the meeting notification and agenda at least 14 days before the meeting date.

At the meetings, the Board has allocated sufficient time to consider and discuss the matters on the agenda carefully and thoroughly by requiring additional information from the Chairman, management or external consultant where relevant and necessary. All members of the Board are allowed to express their opinion freely and independently. Resolutions are passed with majority votes, each member counts as one vote. A director with a vested interest in the issues under consideration or a director ineligible to vote shall be excused or abstained from voting.

The Self-Assessment of the Board of Directors

The Board of Directors conducts the assessment of the overall Board performance at least once a year. The assessment criteria have been developed based on the good corporate governance guideline from the Stock Exchange of Thailand to match the Company's characteristics and nature of its business. Each director evaluates the performance of the entire Board of Directors (As a whole). The assessment results were summarized and presented to the Board where comments and suggestions will be analyzed to determine measures to continuously improve the Board performance.

The self-assessment of the Board of Directors has been conducted on 6 categories, which are:

1. Structure and characteristics of the Board
2. Roles and responsibilities of the Board
3. Board meetings
4. The Board's performance of duties
5. Relationship with management
6. Self-development of directors and executive development

For the performance of the year 2013, the Board of Directors scored their performance at 72% on average. The area with the highest score was the relationship with management, followed by the Board's performance of duties. The lowest score area was roles and responsibilities of the Board, which will be furthered analyzed for improvement to the Board performance.

Directors' Remuneration

The Board of Directors determines the director's remuneration according to the policy set by the Nomination and Remuneration Committee which has been approved by the Shareholders' meeting. The director's remuneration is considered by comparing to other listed companies engaged in the same industry regarding performance, size of business, director's accountability, and net income. The director's remuneration shall be considered and approved by the Shareholders' meeting. For remuneration of executives, the Board of Directors considers and approves based on the responsibilities and accountability, individual performance as well as the operational results of the business.

Board of Director's Trainings

The Board of Directors encourages and facilitates trainings for directors both external and internal to continuously improve their performance. The Board has resolved that each director shall be provided the director's handbook with information useful to perform their duties, including an introduction to the nature of business and the operations of the Company.

The Board of Directors encourages directors to attend training courses upon the recommendation of the Securities and Exchange Commission. These director's training courses are organized by the Thai Institute of Directors, such as the Director Certification Program (DCP) or the Director Accreditation Program (DAP). The detail of the program includes the directors' roles and responsibilities, corporate governance practices, legal liabilities, financial statements, risk, strategy, and the effectiveness of the board. The directors who have attended these courses are as follows:

1. Mr. Yeap Swee Chuan
attended the Director Certification Program
2. Mr. Pipat R. Punya
attended the Director Accreditation Program
3. Mr. Supasak Chirasavinuprapand
attended the Director Accreditation Program



Moreover, the Board of Directors encourages and supports directors, executive and company secretary to participate in trainings and seminars held by the Thai Institute of Directors, the Stock Exchange of Thailand, the Securities and Exchange Commission and other independent organizations which relates to the Company's business, industry or corporate governance in order to enhance knowledge and effectively perform their duties.

The Structure of the Board of Directors

The Board of Directors of AAPICO Hitech PLC comprises of 4 committees, which are the Board of Directors, the Audit Committee, the Nomination and Remuneration Committee, and the Risk Management Committee.

The Board of Directors

The Board of Directors comprises of knowledgeable and competent persons who have experiences in the automotive industry both domestic and international. The Company discloses information of the Board of Directors which includes their name, qualification, experiences, meeting attendance and remuneration of each director in the annual statement and Annual Report.

Power and Duties of the Board of Directors

The Board of Directors shall have the power and duty to manage the company in compliance with the laws, the Articles of Association and resolution of shareholders with honesty and care and ensure the compliance with the criteria and regulations of the Stock Exchange of Thailand, the Securities and Exchange Commission, for the best interests of the Company and shareholders within the framework of good ethic and good moral principle.

In supervising the Company's businesses, the Board of Directors has determined to have the authority and responsibility in approval of the following matters.

1. The quarterly business performance of the Company in comparison to the plan and budget and the consideration of future trends of the year.
2. Related party transactions among the Company, subsidiary and associate companies, and related persons in part of the transactions that do not violate the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission.
3. Any transactions that would highly affect the Company's capital structure, financial status, business operation, strategy and the Company's reputation.
4. Payment of interim dividends.
5. Employment of the President and senior executives.
6. Determination and change of the approval authority of the Company.
7. The purchase of business and assets and the participation in joint venture or co-investment projects that does not violate the regulations of the Stock Exchange of Thailand and within the authority of the President.
8. Contracts not related to normal business or contracts that are of significant and materiality to the Company's business.
9. The change of policy and practical methods with significant effect on accounting, risk management, and internal audit.
10. The appointment and determination of authority of the sub-committees.
11. The proposal, appointment, and termination of the Company's directors and secretary status.
12. Any other actions in accordance with laws, objectives, the Articles of Association, and resolutions of the shareholders' meetings.

The Board of Directors may authorize directors to form a sub-committee in order to perform any acts on behalf of the Board, except the following which can be performed only after obtaining the approval from shareholders' meeting.

1. The subject which the law requires of the approval from shareholders' meeting.

2. Transactions which the directors have interests therein and that the law or regulations of the Stock Exchange of Thailand requires the resolution of shareholders' meeting. The director who has vested interest in the issues or have conflict of interest with the Company or affiliated company shall be excused or abstained from voting right.

The following cases must be approved by the Board of Directors and the shareholders' meeting with a vote of not less than 3/4 of total votes of the shareholders attending and entitled to vote for:

1. Any sale or transfer of the entire or significant part of the Company's business.
2. Any purchase or taking over of other firms by the Company.
3. Any making, amendment or termination of contracts with respect to the granting of a lease of the whole or significant part of the business of the Company, the assignment of the management of the business of the Company to any other person or the amalgamation of the business with other persons with the purpose of profit and loss sharing.
4. The amendment to the Memorandum of Association and Article of Association.
5. The increase and decrease of capital, the issuance of debentures, the amalgamation or dissolution of the Company.

The Audit Committee

The Audit Committee comprises of three independent directors, all of whom are qualified and independent according to the requirements of the Securities and Exchange Commission. Mr. Kenneth Ng, with his background and experience in finance and accounting, has the sufficient knowledge to review the reliability of the financial statements.

Power and Duties of the Audit Committee

The Audit Committee's duties and responsibilities can be described as follows:

1. Ensuring that the Company maintains accurate and sufficient financial statements in accordance with the general accepted accounting standard.
2. Ensuring that there is sufficient and efficient internal control and internal audit and operations have been carried out according to the rules, policies and guidelines by considering the following issues.
 - 2.1. Giving opinion on the appointment, transfer, termination and evaluation of the performance of the head of Internal Audit, in order that the department would have true independence.
 - 2.2. Considering the independence of the Internal Audit by reviewing the performance report and the organization structure of the Internal Audit.
3. Considering, selecting and appointing the external auditor by considering the following issues.
 - 3.1. Investigating and considering the independence of the auditor by, for example, considering the engagement of non-audit services, such as the set up of accounting system, that may cause lack independence.
 - 3.2. Arranging a meeting with auditor without the presence of management at least once a year in order to seek the objectivity of auditor's opinion.
4. Ensuring that the Company carries out operations in accordance with laws and regulations of the Securities and Exchange Commission, regulations of the Stock Exchange of Thailand, and laws concerning the business of the Company.
5. Defining the corporate governance policy of the Company with reference to the good corporate governance guidelines from the Stock Exchange of Thailand and reviewing the policy and the Company's operations at least once a year.
6. Reviewing the disclosure of information of the Company, particularly matters that may constitute a related transaction or have conflict of interest, to be complete and accurate.

7. Preparing the report of Audit Committee to be disclosed in the Annual Report. This report shall be approved by the Chairman of the Audit Committee.
 8. Considering and reviewing the duties and responsibilities of the Audit Committee and evaluating the performance of the committee on annual basis.
 9. Reporting the Audit Committee's performance to the Board of Directors every quarter.
 10. Performing any other matters as assigned by the Board of Directors.
4. Defining the self-assessment criteria of the Board of Directors and their annual remuneration by considering the duties, responsibilities and risks involved as well as the increase of shareholder's value in the long-run.
 5. Requesting documents from related parties for consideration and provision of opinion.
 6. Reporting the performance of the Committee to the Board of Directors at least once a year.
 7. Performing any other matters as assigned by the Board of Directors.

The Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of three independent directors. The Committee is responsible for the policy and nomination process of persons qualified person to be the Company's directors, as well as the remuneration of the directors and executives of the Company. The Committee provides opinion to the Board of Directors for consideration before passing to the Shareholders' meeting for approval.

Power and Duties of the Audit Committee

The scope of duties and responsibilities of the Nomination and Remuneration Committee can be described as follows:

1. Determining the policy, criteria and procedures of the following matters to be considered and approved by the Board of Directors:
 - 1.1. The nomination of the director and top executive level of the Company.
 - 1.2. The remuneration of the Board of Directors and committees.
2. Selecting and nominating qualified persons to be the Company's directors and executives.
3. Ensuring that the size and elements of the Board of Directors is suitable to the Company's business and that adjustments are appropriate in response to the changing environment.

The Risk Management Committee

According to the Board of Directors' meeting No. 73/2013 dated November 14th, 2013, the meeting has resolved to approve the appointment of the Risk Management committee with the objective to set up and monitor the risk management system of the Company. The Risk Management Committee comprises of three members, two of which are non-executive directors and the Chairman of the committee is an independent director.

Power and Duties of the Risk Management Committee

The Risk Management Committee's duties and responsibilities can be described as follows:

1. Providing opinion and considering the policy of risk management system of the Company, and ensuring that control measures are adequate and appropriate.
2. Proposing to the Board of Directors regarding the strategy and direction of the Company's risk management system, as well as the risk tolerance level.
3. Ensuring the evaluation of the corporate risks and overseeing the risk management system of the Company.
4. Monitoring the set up and implementation of risk management of each department.
5. Setting up the review of risk management system and reporting to the Board of Directors at least once a year.

The Nomination of the Board of Directors and Top Executives

Qualification and Appointment of Independent Director

The objective of independent director is to protect the interest of shareholders in a fair and impartial manner in order to achieve the maximum benefit to the shareholders. This can be done by exercising independent decision without any conflict of interest. Each independent director shall comply with, but not limited to, the following requirements.

1. Shall not hold shares exceeding one percent of total number of voting shares of the Company, subsidiary, associate, major shareholders, including shares held by related persons of such independent director.
2. Shall not be an executive director, employee, staff member, advisor who receives salary of the Company, subsidiary, associate, major shareholders, or juristic person with conflict of interest.
3. Shall not be a person related by blood or legal registration as father, mother, spouse, sibling, or child, including spouse of child, of the Company's executive or major shareholders.
4. Shall not be or have ever been an auditor of the Company, subsidiary, associate, major shareholders, unless foregoing relationship has ended not less than two years prior to the date of becoming an independent director.
5. Shall not be or have ever been a provider of any professional services including legal advisor or financial advisor who receives service fees exceeding Baht 2 million per year from the Company, subsidiary, associate, major shareholders, unless the foregoing relationship has ended not less than two years prior to the date of becoming an independent director.
6. Shall neither have nor ever had a business relationship with the Company, subsidiary, associate, major shareholders, unless the foregoing relationship has ended not less than two years prior to the date of becoming an independent director. The

term "business relationship" refers to any normal business transactions in the amount more than Baht 20 million or more than 3% of net tangible assets after deducting the liabilities and equity of minority shareholders, whichever is lower.

7. Shall not be a director appointed as representative of the Company's directors or major shareholders.
8. Shall be capable to perform duties, give opinions, and report results of work performance according to the duties entrusted by the Board independently from the control of management or major shareholders of the Company.

In order to be conformed to the good corporate governance policy, the Company's independent directors are nominated and selected by the Nomination and Remuneration Committee according to the policy and criteria which has been approved by the Board of Directors.

The Appointment of the Company's Directors and Top Executives

According to the Company's Articles of Association, the Board of Directors shall comprise of at least 5 directors and not less than half of whom shall have residence in Thailand. The Nomination and Remuneration Committee is responsible for selecting qualified candidates to be the Company's directors, replacing the directors who are retiring on rotation and the end of their terms, or whatever the case may be, and proposing a list of candidates to the Board of Directors for resolution at the Shareholder's meeting. The Committee selects the candidates based on their knowledge, experience, expertise, a proven record of ethics and integrity, and who are able to share their opinion independently and devote sufficient time to the Company. The Company also gives the right to shareholders to nominate qualified candidates to be the Company's director.

The appointment of the Company's director must receive more than half of the voting rights of shareholders who attend the meeting in person or by proxy. The



directors shall be elected at the shareholders' meeting in accordance with the following rules and procedures:

- a. Each shareholder shall have a voting right equal to one share per one vote.
- b. Each shareholder may exercise all the votes he/she has under a) to elect one or several persons as director or directors but cannot split share voting.
- c. The candidates shall be ranked in descending order from the highest to the lowest number of votes and shall be appointed in that order until all the director positions are filled. Where there is an equality of votes cast for candidates causing the number of directors to be exceeded, the Chairman of the meeting shall have a casting vote.

The Governance of Subsidiary and Associate Company

For the governance of subsidiary and associate companies, the nomination and appointment of the directors in subsidiary and associate companies is selected by the Company's management. A person who has been appointed as the executive director or the management of the company has duties and responsibilities to ensure that the company's operations are carried out in compliance with the policy and the annual operating plan, take accountability for the overall performance of the company, and control costs and capital expenditures as defined in the budget. He/she is also responsible for managing human resources in accordance with the policy, resolving any issues or conflicts which may impact the organization, and maintaining effective communication throughout the organization. The appointment of directors as representative of the Company in the subsidiary or associate company is based on the shareholding of the Company or the shareholder's agreement between the Company and other shareholders.

In the case of subsidiary company, the Company has determined the scope of authority of executive directors to be under the Securities and Exchange Commission's notification. The management of subsidiary

company shall ensure that matters relating to related party transactions, the sale and purchase of assets, the approval of credit facilities or any financial transactions or loans with financial institutions, including the guarantee, etc, are handled correctly and completely and that same disclosure policy as the parent company must be applied. Moreover, the financial reporting of subsidiary company must be auditable and provided on-time for the Company to use the information for consolidation.

The Use of Insider Information

The Company has the policy that its directors, executives, employees and any related persons shall keep corporate information strictly confidential, particularly internal information which has not been disclosed to public that may affect the business or stock price. The Company has strongly advises its executives and employees, including those in subsidiary companies, of the following guidelines:

1. The use of insider information for personal or others' gain is strictly prohibited.
2. The changes in securities holding of its directors and executives, including related persons, must be reported to the Office of Securities and Exchange Commission as follows:
 - Acquisition of the Company's securities for the first time must be reported within 30 days after the closing date of the offering of securities to the public or the date of appointment of the director or executive (Form 59-1).
 - Changes in securities holding resulting from disposition, transfer or being transferred for securities must be reported within 3 working days after transaction date (Form 59-2 or Form 246-2).
3. The Company's securities trading of directors, executives and employees who have acquired inside information shall be suspended for a period of 30 days prior to the announcement of the Company's results of operations to the Stock Exchange of Thailand.

Any directors, executives, or employees who violate the Company's policy resulting in derogation or damage to the Company are subjected to penalty measures and possibly legal actions taken by coordinated, relevant regulatory authorities.

External Auditor

According to the resolution of the Shareholders' meeting, the Board of Directors has considered the appointment of EY Office Limited for the following auditors to be the auditor to audit the Company's financial statements for the fiscal year ended as of December 31st, 2013 as follows:

1. Ms. Vissuta Jariyathanakorn
Certified license no. 3853
2. Ms. Sumalee Reewarabandith
Certified license no. 3970
3. Mr. Chaiyapon Supasetthanon
Certified license no. 3972
4. Mr. Termphong Opanaphan
Certified license no. 4501

EY Office Limited has neither relationship nor interest with the Company, subsidiary companies, major shareholders, or related persons.

The Auditor's Remuneration

For the fiscal year 2013, the audit fee of the Company was a total of Baht 1,800,000. In addition, the Company paid non-audit fee in the amount of Baht 90,000 for compliance audit to the conditions stipulated in the investment promotion certificate.

However, the subsidiaries of the Company are not all using the auditing service from EY Office Limited as some of the businesses are not complicated and the contribution to the group is not significant. Therefore the Company decides to use local auditing firm for the cost saving purpose.

Total audit remuneration that the Company and its subsidiary companies paid for the services acquired from EY Office Limited for the year 2013 were in the total amount of Baht 8.73 million, of which the audit fee was Baht 8.1 million and the non-audit fee for the compliance audit to the conditions stipulated in the investment promotion certificate was Baht 0.63 million.

Internal Control and Risk Management

The Board of Directors has assessed the adequacy of internal control system of the Company based on the internal control evaluation report of the Audit Committee, which evaluated the internal control system of the Company in various 5 components, which are Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring Activities. The Board of Directors and the Audit Committee are of the opinion that internal control of the Company and its subsidiaries are adequate and appropriate where the results were in compliance with government statutory provisions, related policies and guidelines of the Stock Exchange of Thailand and the Securities and Exchange Commission. The details of internal control could be summarized as follows:

1. Control Environment

The Company has carefully set up clear business objectives with on-going assessment of operating performance through the monthly management review meetings, and has reviewed the reasonableness of performance target in order to create the appropriate incentives to employees. In addition, the Company has also adapted its organization structure, management and their responsibilities to make it appropriate to current business conditions and ensure the effectiveness of management and control for the long-term benefit of shareholders and the Company.

The Board of Directors has established the Corporate Governance policy and the Code of Conduct with the intention to enable the Company to conduct its business efficiently and have good corporate governance and excellent management. The Board of Directors has promoted this policy as a guideline where directors, management and staffs shall adhere with the purpose of benefiting shareholders' interest and maintaining business ethics and transparency.

The Company sees the importance of developing its manufacturing process and working to the standards

where it has been certified the quality management system standard (ISO/TS 16949) and environment management (ISO 14001). Responsible units have been assigned to undertake the inspection and monitoring the operations in compliance with work instructions and relevant regulations.

2. Risk Assessment

The Company's management has, on regular basis, considered and monitored the potential risk factors to the business operations, both internal and external, and has focused on risk management and mitigation measures in order to reduce the impact of the risks to an acceptable level. In 2013, the Board of Directors has appointed the Risk Management Committee to oversee the policies and practices in managing the risk of the organization.

3. Control Activities

The Company has set up the scope of authority and approval of management in each level, as well as the segregation of duties to prevent potential fraud. The Company has emphasized the strong control activity for the misuse of the Company's assets for the benefit of executives and directors. Access to the Company's database and IT system has been carefully set up and reviewed for each level of staff and management, including the segregation of duties for authorization, recording and custody of assets.

Contracts and agreements including those dealing with major shareholders, directors, and management have been duly authorized and approved with the consideration of Independent Directors who are not interested parties, and monitored for compliance with terms and conditions. Related party transactions have been considered and approved for the benefit of the Company. Investments in subsidiary and associate companies are monitored and overseen on an on-going basis.

4. Information and Communication

The Company communicates information about the Company's policies, regulations, news, and instructions to employees via intranet and different levels of meetings to ensure effective internal communication. For communication with external parties, the Company's information is disclosed through the Stock Exchange of Thailand (SET) Community Portal System and the Company's website at www.aapico.com. The Company also allows investor, analysts, and interested parties to receive information, ask questions or meet the Company's management at the Opportunity Day event, hosted by the Stock Exchange of Thailand on quarterly basis, or via telephone or email to Investor Relations Department as the contact window. In addition, the Company arranges for shareholders and investors to visit the Company's factories for better understanding of the Company's manufacturing process.

For each Board meeting, the Company prepares documentary information of various kinds to support the agenda items and sends to Directors together with notice to the meeting in advance of the meeting day so as to enable the Directors to have sufficient information on which to base their decisions. Resolutions including discussions and recommendations are summarized and adequately recorded in minutes which are available for future reference.

The Audit Committee has jointly worked in conjunction with the auditor and persons relating to the Company's

financial statements every quarter to be assured that the Company has adopted the accounting policy in accordance with the generally accepted accounting principles and suitable to the nature of the Company's business. Recording of accounting entries and supporting documents are properly kept for the purpose of transparency.

5. Monitoring Activities

The Company prepares performance report of the Company and its subsidiaries and arranges management review meetings on monthly basis to discuss the results and follow up the action plans to be assured that the business is operated according to the annual business plan. Regarding to the quality management system standard (ISO/TS 16949), the Company has assigned responsible units to regularly inspect and monitor the compliance of work instructions and the Company's policies and regulations. In addition, the Company also employs official body to perform annual audit to ensure that related departments are conformed to the operating standards. For internal control matters, the Company has jointly established an annual audit plan with independent outsourced auditor. The report on internal audit findings is submitted and presented directly to the Audit Committee in the quarterly Board meeting. In addition, the Board of Directors has appointed the Risk Management Committee to review with the management the risk management policy and practices in compliance with such policy.



Related Transactions

Disclosure of Related Transactions

During the year 2013, the Company has conducted transactions with its subsidiaries, associates, and related companies or individuals. These transactions arose in the ordinary course of business and were

concluded on commercial terms and conditions based agreed upon between the Group and those related parties. These transactions are disclosed in Note 8 of the Notes to the Financial Statements for the year ended December 31st, 2013 which are summarized as follows:

(Unit: Million Baht)

| | Consolidated | | Separate | | Transfer Pricing Policy |
|---|----------------------|------|----------------------|------|--|
| | financial statements | | financial statements | | |
| | 2013 | 2012 | 2013 | 2012 | |
| <u>Transactions with subsidiaries</u> | | | | | |
| (eliminated from the consolidated financial statements) | | | | | |
| Sales of goods | - | - | 271 | 134 | Cost plus margin of 1% - 30% |
| Purchases of goods and services | - | - | 528 | 516 | Cost plus margin of 5% - 35% |
| Purchases of machinery and equipment | - | - | 33 | 27 | Cost plus margin, averaging around 1% - 40% |
| Interest income | - | - | 143 | 170 | 4.5% - 5.4% p.a. (2012: 4.4% - 5.3% p.a.) |
| Dividend income | - | - | 500 | - | As declared |
| Interest expense | - | - | 10 | 2 | 2.0% - 5.3% p.a. |
| Rental income | - | - | 3 | 3 | Close to rental rates for other building in the vicinity |
| Management fee income | - | - | 23 | 3 | Approximate cost |
| Other income | - | - | 19 | - | Approximate cost |
| Other expense | - | - | 3 | - | Approximate cost |
| <u>Transactions with associates</u> | | | | | |
| Sales of goods and services | 107 | 53 | 2 | - | Cost plus margin, averaging around 30% - 40% (2012: Cost plus margin, averaging around 30% and cost minus, averaging around 30%) |
| Purchases of goods and services | 156 | 71 | 117 | 37 | Cost plus margin, averaging around 1% - 3% and 30% - 70% |
| Interest income | - | 1 | - | 1 | 5% p.a. (2012: 5% and 6.9% p.a.) |
| Dividend income | - | - | 111 | 130 | As declared |
| Rental income | 2 | 1 | - | - | Baht 258 per square meter |
| Management fee income | 2 | - | - | - | Approximate cost |
| <u>Transactions with related parties</u> | | | | | |
| Purchases of goods and services | 370 | 580 | - | - | Cost plus margin of 2% - 30% |
| Management fee expense | - | 7 | - | 7 | Approximate cost |
| Purchases of machinery and equipment | 3 | 52 | - | - | Cost plus margin |

As at December 31st, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|--|----------------------|----------------|----------------------|----------------|
| | financial statements | | financial statements | |
| | 2013 | 2012 | 2013 | 2012 |
| Trade and other receivables - related parties | | | | |
| Subsidiaries | - | - | 169,145 | 338,749 |
| Associates | 38,355 | 8,052 | 2,310 | 884 |
| Related companies (common shareholder/director) | 488 | 496 | - | 248 |
| | 38,843 | 8,548 | 171,455 | 339,881 |
| Dividend receivable | | | | |
| Subsidiary | - | - | 200,000 | - |
| Trade and other payables - related parties | | | | |
| Subsidiaries | - | - | 84,900 | 216,092 |
| Associates | 66,339 | 27,704 | 59,737 | 23,556 |
| Related companies (common shareholder/director) | 94,376 | 184,184 | - | 7,200 |
| | 160,715 | 211,888 | 144,637 | 246,848 |

Necessity and Justification for Related Transactions

The Audit Committee has considered the related transactions of the Company with the subsidiary companies, joint venture companies and associated companies. Major transactions in the year 2013 were the sale and purchase of goods and services with subsidiary and associate companies, of which were the OEM auto parts, jigs and dies, the provision and the receipt of financial support, receivable interests, management fees, and rental fees. The trading of products and services represents the normal business activities of the Company. The Company has the policy to fix the purchasing price at the normal business price given to the third parties. The rental fees were based on the rental rates of other buildings in the same area. The management fees were charged at cost. These transactions are deemed to be necessary for the Company's operations with primary consideration of the highest benefit to the Company.

As the Company has a centralized finance policy to reduce the interest burden, most of external loans are borrowed by AAPICO Hitech PLC, and then released to subsidiary companies. The calculation of interest of internal loan is based on the average borrowing cost of AAPICO Hitech PLC.

Loans to and from related parties

As the company has a centralized finance policy, most of the borrowings from financial institutions has been made by the Company and then lend to its subsidiaries, associates, and related companies in order to be more controllable, manageable and efficient in terms of financial management, source of financing and financial cost.

As at December 31st, 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 | Balance as at 31 December 2012 |
| | Related by | | |
| <u>Short-term loans to</u> | | | |
| Dee Mak SDN - BHD Company Limited | Common director | 653 | 484 |
| Total | | 653 | 484 |
| <u>Long-term loans to</u> | | | |
| Edscha AAPICO Automotive Company Limited | Associate | 180 | - |
| Total | | 180 | - |
| <u>Short-term loans from</u> | | | |
| Directors | | 17,813 | 16,954 |
| Total | | 17,813 | 16,954 |

Short-term loans from directors carry interest at 5 percent per annum and due at call.

(Unit: Thousand Baht)

| | | Separate financial statements | |
|--|------------|--------------------------------------|--------------------------------------|
| | | Balance as at 31 December 2013 | Balance as at 31 December 2012 |
| | Related by | | |
| <u>Short-term loans to</u> | | | |
| New Era Sales Company Limited | Subsidiary | 12,600 | 9,600 |
| Able Motors Company Limited | Subsidiary | 34,200 | 12,000 |
| Katsuya (Thailand) Company Limited | Subsidiary | 2,400 | - |
| AAPICO Hitech Parts Company Limited | Subsidiary | 91,200 | 180,000 |
| AAPICO Hitech Tooling Company Limited | Subsidiary | 18,000 | 18,000 |
| AAPICO Forging Public Company Limited | Subsidiary | 180,000 | 240,000 |
| Total | | 338,400 | 459,600 |
| <u>Long-term loans to</u> | | | |
| New Era Sales Company Limited | Subsidiary | 220,400 | 201,400 |
| Able Motors Company Limited | Subsidiary | 48,800 | 105,000 |
| AAPICO Forging Public Company Limited | Subsidiary | 1,793,500 | 1,493,099 |
| AAPICO Hitech Parts Company Limited | Subsidiary | - | 478,662 |
| AAPICO Hitech Tooling Company Limited | Subsidiary | 61,300 | 55,031 |
| Kunshan Chaitai-Xincheng Precision Forging Company Limited | Subsidiary | 65,159 | 8,536 |
| Katsuya (Thailand) Company Limited | Subsidiary | 1,403 | 3,710 |
| Edscha AAPICO Automotive Company Limited | Associate | 180 | - |
| Total | | 2,190,742 | 2,345,438 |
| <u>Short-term loans from</u> | | | |
| AAPICO Engineering Company Limited | Subsidiary | 9,200 | 10,000 |
| AAPICO Amata Company Limited | Subsidiary | 35,550 | 87,050 |
| AAPICO Structural Products Company Limited | Subsidiary | 43,052 | 238,000 |
| Total | | 87,802 | 335,050 |

Policies or Trends Relating to Future Related Transactions

The Company will continue with the policy to have the sales and purchase price of products and services to related parties comparable to the market price in undertaking transactions with related parties in the future. These transactions will also be considered by the Board of Directors in compliance with the regulations, announcements or orders of the Stock Exchange of Thailand and the Securities and Exchange Commission. Furthermore, the Company will comply with accounting standards concerning the disclosure of information of connected transactions as specified by the Association of Thai Accountants and Certified Auditors

In case of related transactions with potential conflict of interest, or vested interests, or possible future conflict of interest, the Company will assign the Audit

Committee to provide its opinion on the necessity and justification of such transactions. If the Audit Committee does not possess sufficient expertise to review the transaction, the Company will assign an independent expert to express on the transaction. The information is then provided to the Board of Directors or Shareholders to support the decision making process.

Details of the related transactions are disclosed in the Notes 8 of the Notes to Financial Statements for the year ended December 31st, 2013, which have been audited by the Company's auditors.

For trends relating to future related transactions, the Company tends to have these related transactions in the ordinary course of business which company will do and disclose these transactions in correlation to company's good governance and strictly follow all related rules.

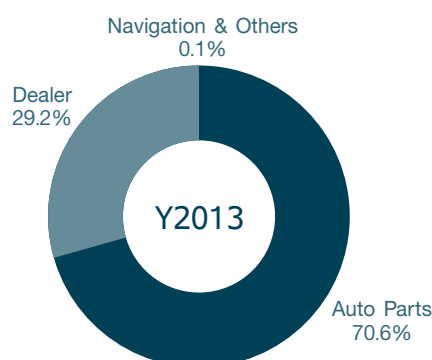


Management Discussion and Analysis

Overview of Business in 2013

AAPICO Hitech PLC and its subsidiaries operate in three countries, namely Thailand, Malaysia and China where the Company is principally engaged in the manufacture and distribution of automotive parts, including pressed and stamped parts, forged and machined parts, and plastic parts. In addition, it also produces car assembly jigs and stamping dies for the automobile manufacturers. The company also operates car dealership business and produces car navigation system.

The main revenue contribution of the AAPICO Group came from the manufacture and distribution of automotive parts, which accounts for 71% of total sales, followed by sales from car dealership business which accounts for 29% of total sales.

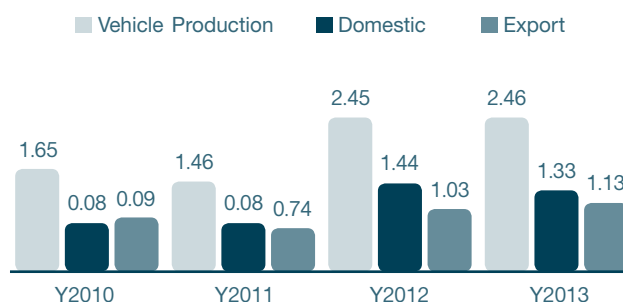


In 2013, the Company has established 4 joint venture companies in Thailand, namely

- AAPICO Lemtech (Thailand) Co., Ltd.
- Edscha AAPICO Automotive Co., Ltd.
- Sumino AAPICO (Thailand) Co., Ltd.
- AAPICO Sodecia (Thailand) Co., Ltd.

AAPICO Lemtech (Thailand) Co., Ltd. is a subsidiary while others are associate companies. Their contributions were relatively small since they are still in the start up phase.

The Automotive Market in Thailand



The overall vehicle production for the year 2013 reached a volume of 2.46 million units, which were slightly higher than 2012. The vehicle production in the year 2012 was boosted by the government policy on the tax return for the first-time car buyer, of which its impact continued into the first half of the year 2013 after the government allowed the orders to be carried over up to June 2013. Hence, the demand in the first half of the year was strong and slowed down in the second half of the year after the program ended. In addition, the political conflict at the end of the year also has a negative impact on the domestic consumption. In 2013, Thailand domestic car sales were 1.3 million units, compared to 1.4 million units sold in 2012. The decrease of local car sales was compensated by the increase in export volume, which increased from 1.0 million units sold in 2012 to 1.1 million units in 2013.

Financial Performance

The company has enjoyed strong first-half revenues and a gradual slow down in the second half of 2013. This was in line with the slowdown of Thailand automotive market with the end of the government incentive policy. The performance in the first half of the year was strong due to the carried over demand from last year before tapering down in the second half of the year. However, the subsidiaries in Malaysia and China enjoyed a strong sales growth throughout the year.

The consolidated results of the Company for the year 2013 included several financial adjustments. The Company has finalized the insurance claim settlement relating to the 2011 flood, recording an income of Baht 903 million in the year 2013. At the same time, the Company wrote off a Baht 852 million of goodwill from past acquisitions in order to reflect a prudence stance. Other major financial adjustments include the impact of the changes of accounting standards relating to income taxes, adjustments to employee benefit provision, losses on exchange rate relating to the derivative agreements, and provision of obsolescence relating to unsold vehicles.

Profit & Loss Analysis

Revenues

Total revenues of the Company in 2013 amounted to Baht 16,998 million compared to Baht 16,811 million in 2012 and this included the adjustment due to insurance compensation income of Baht 903 million in 2013 and Baht 25 million in 2012. Total revenues declined by 4% year-on-year without the insurance compensation income.

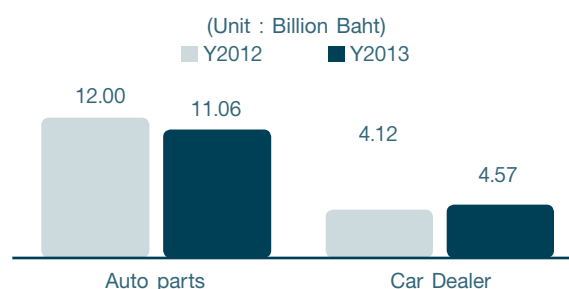
| Unit: Million Baht | Y2012 | Y2013 | Change | % |
|--------------------------|--------|--------|--------|-------|
| Sales and service income | 16,120 | 15,627 | (493) | -3% |
| Other income | 655 | 480 | (175) | -27% |
| Exchange gains | 11 | (12) | (23) | -209% |
| Insurance income | 25 | 903 | 878 | 3512% |
| Total Revenues | 16,811 | 16,998 | 187 | 1% |
| Excl. insurance | 16,786 | 16,095 | (691) | -4% |

Sales and service income in the year 2013 amounted to Baht 15,627 million, which was a 3% decline or Baht 493 million, mainly due to the market slowdown in Thailand. This sales decline was partly offset by strong sales growth of car dealership business in Malaysia (41% growth) and the business in China (4%).

| | Y2012 | Y2013 | Change | % |
|----------------|--------|--------|---------|------|
| Thailand | 13,344 | 12,034 | (1,310) | -10% |
| Malaysia | 1,921 | 2,700 | 779 | 41% |
| China | 855 | 893 | 38 | 4% |
| Total Revenues | 16,120 | 15,627 | (493) | -3% |

Other income, which mainly includes sales of scrap from stamped and pressed parts business, also decreased by Baht 175 million, due to lower production volume. In 2013, the Company recorded a Baht 12 million exchange rate loss relating to the derivative agreements, while last year's results recorded a gain of Baht 11 million.

Sales and Service Income by Segment



Sales from the manufacture and distribution of automotive parts business declined 7.8% year-on-year, mainly in pressed and stamped parts, followed by plastics parts and forged parts in Thailand. This decline was partly offset by higher sales from car assembly jigs projects and forged parts business in China.

Sales and service income from car dealership businesses posted a solid growth of 10.9% year-on-year, driven by strong demand due to the launch of new models and aggressive sale and marketing campaign by Honda Malaysia. This increase was partly offset by sales decline in Thailand.

The car navigation business, which is incorporated as part of the manufacture and distribution of automotive parts business, reported the sales of Baht 22 million,

which was a year-on-year decline of Baht 12 million. 2012 sales were favorably impacted by the strong car demand in the market. In 2013, the car navigation business has successfully acquired OEM projects with Mitsubishi and Hyundai, in addition to a business with Proton which was launched in 2012.

Gross Margin

| Unit: Million Baht | Y2012 | Y2013 | Change | % |
|--------------------------|----------|----------|--------|-------|
| Sales and service income | 16,120 | 15,627 | (493) | -3.1% |
| Cost of sales & service | (15,058) | (14,552) | 506 | -3.4% |
| Gross Profit | 1,062 | 1,075 | 13 | 1.2% |
| Gross Profit % | 6.6% | 6.9% | 0.3% | |

Costs of sales and services decreased as a result of lower sales. However, gross margin improved from 6.6% of sales in 2012 to 6.9% of sales in 2013. Higher gross margin percentage was seen in stamped and pressed parts and forged parts business, thanks to continuous efficiency improvement and rigorous cost reduction activities. This improvement was partly offset by lower gross margin in plastic parts business and car assembly jigs projects. Gross margin percentage of car dealership business also decreased year-on-year, due to intense competition in the market and obsolescence provision for slow-moving vehicles.

Selling and Administrative Expenses

| Unit: Million Baht | Y2012 | Y2013 | Change | % |
|--------------------|-------|-------|--------|-------|
| Selling | 241 | 282 | 41 | 17% |
| Administrative | 701 | 577 | (124) | -18% |
| Insurance income | (120) | - | 120 | -100% |
| SG&A Expenses | 822 | 859 | 37 | 4% |

Selling and administrative expenses increased Baht 37 million compared to last year as expenses in 2012 included a Baht 120 million favorable impact of insurance compensation. On operational basis, SG&A expenses decreased year-on-year, attributable to cost reduction measures and the control of cost activities to match lower sales, which were partly offset by adjustments to employee benefit provision in 2013.

Income from associates and joint venture

| Unit: Million Baht | Y2012 | Y2013 | Change | % |
|--------------------|-------|-------|--------|------|
| Hyundai | 171 | 160 | (11) | -6% |
| ASICO | 100 | 57 | (43) | -43% |
| Minth | 38 | 11 | (27) | -70% |
| Others | 15 | 18 | 3 | 21% |
| Associate income | 324 | 246 | (24) | -7% |

Income from associate and joint venture companies in 2013 amounted to Baht 246 million compared to Baht 324 million in 2012. Lower profit was seen in Able Sanoh Industries (1996) Co., Ltd. and Minth AAPICO (Thailand) Co., Ltd., as they were also impacted by the slowdown of automotive market in Thailand. In addition, 2012 profit of Able Sanoh Industries (1996) Co., Ltd. also included income from insurance settlement. Hyundai Motor (Thailand) Co., Ltd. however encountered a different problem as they suffered from supply shortages, while demands remain relatively strong.

Earnings

| Unit: Million Baht | Y2012 | Y2013 | Change | % |
|---------------------|-------|-------|--------|-------|
| EBIT | 1,254 | 981 | (273) | -22% |
| EBIT % | 7.5% | 5.8% | -1.7% | |
| Depre. & Amort. | 764 | 766 | 2 | 0% |
| Goodwill impairment | - | 852 | 852 | n/a |
| EBITDA | 2,019 | 2,600 | 581 | 28.8% |
| EBITDA% | 12.0% | 15.3% | 3.3% | |

Earnings before interest and tax (EBIT) amounted to Baht 981 million or 5.8% of sales, compared to Baht 1,254 million or 7.5% of sales in 2012. Adjusted for depreciation, amortization and goodwill impairment, earnings before interest, tax, depreciation and amortization (EBITDA) in 2013 was Baht 2,600 million or 15.3% of sales, which was Baht 581 million higher than 2012, driven mainly by insurance compensation income.

Finance Costs and Income Tax Expenses

| Unit: Million Baht | Y2012 | Y2013 | Change | % |
|---------------------|-------|-------|--------|------|
| Finance cost | 289 | 273 | (16) | -6% |
| Income tax expenses | 38 | 74 | 36 | 95% |
| Current income tax | 35 | 46 | 11 | 32% |
| Deferred tax | 3 | 28 | 25 | 732% |
| Finance and Tax | 327 | 347 | 20 | 6% |

Interest expenses decreased Baht 16 million compared to last year as the Company has refinanced some portion of its debt at lower costs. This was partly related to the outcome of Thailand's Monetary Policy Committee which had approved to reduce the policy rate during the year 2013.

Income tax expenses increased Baht 36 million, of which Baht 25 million was related to deferred tax on temporary differences between the tax bases of assets and liabilities and their carrying amount. The remaining Baht 11 million increase of income tax charge was mainly related to tax on some portion of insurance income, partly offset by lower income tax rate from 23% in 2012 to 20% in 2013.

Net Profit

| Unit: Million Baht | Y2012 | Y2013 | Change | % |
|--------------------------------------|-------|-------|--------|------|
| Net Profit | 927 | 634 | (293) | -32% |
| Net Profit % | 5.5% | 3.7% | -1.8% | |
| of which inclusive of the following: | | | | |
| Insurance income | (145) | (903) | (758) | |
| Goodwill impairment | - | 852 | 852 | |
| Employee benefit | - | 15 | 15 | |
| FX loss on forward | - | 15 | 15 | |
| Slow-moving stocks | - | 7 | 7 | |
| One-off tax | - | 35 | 35 | |

Net profit of the Company for the year 2013 was Baht 634 million or 3.7% of sales, compared to Baht 927 million or 5.5% of sales in 2012. The profit decrease compared to last year can largely be explained by several financial adjustments, namely insurance compensation income, goodwill impairment loss, provisions, and impact of one-off tax expenses in 2013.

Financial Standing Analysis

Assets

Total assets of the Group amounted to Baht 12.6 billion, which was Baht 1.2 billion lower than last year. The main reason was because of the write-off of goodwill in AAPICO Forging PLC and decreases in trade and other receivables.

| Unit: Million Baht | Y2012 | Y2013 | Change | % |
|-------------------------------|--------|--------|---------|------|
| Trade and Other Receivables | 2,801 | 2,257 | (544) | -19% |
| Inventories | 1,282 | 1,222 | (61) | -5% |
| Current Assets | 4,645 | 4,062 | (583) | -13% |
| Investment in associates | 917 | 1,185 | 268 | 29% |
| Goodwill | 1,087 | 235 | (852) | -78% |
| Property, Plant and Equipment | 6,541 | 6,674 | 134 | 2% |
| Non-Current Assets | 9,178 | 8,517 | (661) | -7% |
| Total Assets | 13,823 | 12,579 | (1,244) | -9% |

Trade and other receivables decreased by Baht 544 million compared to last year, mainly due to lower sales. The Company has increased a provision for doubtful accounts for the aged receivable which was overdue more than 1 year where 2013 recorded Baht 8 million.

The average collection period in 2013 was 14 days longer, from 45 days in 2012 to 59 days.

Inventories decreased year-on-year by 5%, which was in line with sales decline. The inventory turnover days increased 5 days from 26 days in 2012 to 31 days in 2013.

These decreases were partly offset by increased investments in associates and joint venture from the four joint venture projects established during the year, and acquisitions of property, machinery and factory equipment.

Liabilities and Shareholders' Equity

Total liabilities decreased Baht 1,745 million, which was mainly related to lower trade and other payables and lower bank loans.

| Unit: Million Baht | Y2012 | Y2013 | Change | % |
|----------------------------|-------|-------|---------|------|
| Trade and Other Payables | 3,093 | 2,128 | (965) | -31% |
| Current Liabilities | 6,058 | 4,924 | (1,134) | -19% |
| Non-Current Liabilities | 2,796 | 2,185 | (611) | -22% |
| Total Liabilities | 8,854 | 7,109 | (1,745) | -20% |
| Total Shareholders' Equity | 4,970 | 5,470 | 500 | 10% |

Trade and other payables were Baht 965 million lower than 2012, following the lower sales volume in the second

half of the year. In 2013, the Company's payables turnover day was 65 days, which was 4 days longer than last year.

The outstanding loan from banks at the end of 2013 was reduced by Baht 707 million, partly contributed by prepayment of long-term loans as the measures to reduce financing costs.

| Unit: Million Baht | Y2012 | Y2013 | Change | % |
|---|-------|-------|--------|------|
| Bank overdrafts and short-term loans from banks | 984 | 1,073 | 89 | 9% |
| Current portion of long-term loans | 1,687 | 1,490 | (197) | -12% |
| Long-term loans - net of current portion | 2,661 | 2,061 | (599) | -23% |
| Loans from Banks | 5,332 | 4,625 | (707) | -13% |

Total shareholders' equity increased by Baht 500 million, which was contributed by the Company's profitable operations in the past year. In 2013, the Company paid out dividend from its retained earnings in a total amount of Baht 180 million.

During the year, the Company announced the stock dividend payment of up to 53,774,860 shares at Baht 1 each. The Shareholders' meeting also approved the share conversion of 42,360,000 shares, from preferred shares to ordinary shares, according to the request of preferred shareholders. All these resulted in the change of number of shares and thereby impacting the Company's earnings per share.

Key Financial Performance

In 2013, the Company's return on assets and return of shareholders' equity was 4.8% and 12.1% respectively. Compared to 2012, lower return percentage was mainly due to lower income which was impacted by the slowdown of the automotive market.

| Profitability Ratio | Y2012 | Y2013 | Change |
|----------------------------|-------|-------|--------|
| Return on Assets (ROA) (%) | 7.3% | 4.8% | -2.5% |
| Return on Equity (ROE) (%) | 20.3% | 12.1% | -8.3% |

Despite the weaker profitability performance, the Company has improved their liquidity management. The current ratio improved from 0.77 to 0.83, as the Company has managed to lower its current obligations to match with liquid funds. The debt to equity ratio improved significantly from 1.07 in 2012 to 0.85 as a result of the reduction of the Company's debt obligation.

| Liquidity Ratio | Y2012 | Y2013 | Change |
|----------------------|-------|-------|--------|
| Debt : Equity Ratio | 1.07 | 0.85 | (0.23) |
| Current Ratio (time) | 0.77 | 0.83 | 0.06 |

The Company's ability to service debt also improved year-on-year. The debt service coverage ratio improved from 1.02 in 2012 to 1.47, thanks to the insurance compensation income, which the Company has used the money to prepay some portion of long-term loans to the bank.

| Debt Service Ratio | Y2012 | Y2013 | Change |
|------------------------------------|-------|-------|--------|
| Interest Coverage Ratio (time) | 4.34 | 3.59 | (0.75) |
| Debt Service Coverage Ratio (time) | 1.02 | 1.47 | 0.45 |

However, the interest coverage ratio, which indicates the Company's ability to cover interest payment obligation from its operating profit, declined from the ratio of 4.34 in 2012 to 3.59 as earnings decline was more than reduction of interest obligation.

Cash Flow Analysis

The Company's cash and cash equivalent increased Baht 31 million to Baht 237 million at the end of 2013. In the year 2013, the Company generated higher cash inflow from operations, attributable mainly to insurance compensation income and lower working capital requirements. Cash used in investing activities was also

lower than 2012, allowing the Company to increase loan repayment to the banks. Cash used in financing activities was for loan repayment and dividend payment.

| Unit: Million Baht | Y2012 | Y2013 | Change | % |
|--------------------------------------|---------|---------|---------|-------|
| Cash flows from Operating Activities | 1,068 | 1,961 | 893 | 84% |
| Cash flows from Investing Activities | (1,001) | (744) | 256 | -26% |
| Cash flows from Financing Activities | (86) | (1,223) | (1,137) | 1325% |
| Translation adjustments | (13) | 37 | 50 | -377% |
| Net increase (decrease) in cash | (32) | 31 | 62 | -196% |

Major cash transactions in 2013 include the following:

- Cash inflow from insurance compensation of Baht 668 million.
- Net bank loan repayment of Baht 720 million, compared to the net borrowing of Baht 380 million in 2012. This included a Baht 300 million prepayment of long-term loan in order to reduce interest burden.
- Capital expenditures of Baht 734 million, mainly for maintaining and improving operational efficiency. Last year's capital expenditures of Baht 1,237 million included post flood investments on machinery and building renovation.
- Interest payment of Baht 274 million, which was Baht 20 million lower than 2012.
- Dividend payment of Baht 180 million. 2012 dividend was Baht 131 million.
- Investment in joint ventures of Baht 133 million.
- Dividend income from subsidiary and associates of Baht 111 million, compared to last year's dividend receipt of Baht 145 million.

Major factors and influences potentially affecting future operations or financial standing

The main operating segments of AAPICO Group are both related to the growth of the Thailand automotive market. The demand of vehicle production and domestic car sales are important key drivers as the performance is inclined to move in the same trend of the industry's performance. However, due to the level of high uncertainty of political situation in Thailand, the company would have to monitor the situation closely and take actions proactively. There are no other major factors that would significantly influence the future business operations and financial standing of the Company.

According to the current forecast of the industry, we may expect a challenging year in 2014. More effort will be put on reducing cost activities to manage this decline. Activities and projects on cost reduction and productivity improvement are expected to be continued in order to have lean and cost effective manufacturing processes. Following the establishment of joint ventures in 2013, the company plans to focus on implementation of these joint ventures. However, the contribution to the Company's financials will only be material from the year 2015. In addition, the Company is gearing towards sustainability with emphasis on quality, delivery, cost, management and engineering innovation to achieve customers' target as well as continuous improvement in all companies.

Report of the Audit Committee

The Audit Committee of AAPICO Hitech Public Company Limited is appointed to carry out its duties within the scope as delegated by the Board of Directors and in accordance with the regulations of the Company. These duties include reviewing the financial statements, disclosure of notes to financial statements and good corporate governance practices, assessment of internal control and internal audit, compliance to laws and related regulations, assessment of risks, as well as proposing the appointment of external auditors for the year 2014. In 2013, the Audit Committee held 4 meetings in total and the attendance of each director is shown in the table below.

| Name | Position | Audit Committee Meeting (Total 4 meetings) |
|--------------------------------|----------|---|
| Mr. Pipat R. Punya | Chairman | 3/4 |
| Mr. Supasak Chirasavinuprapand | Member | 4/4 |
| Mr. Kenneth Ng | Member | 3/4 |

* Mr. Kenneth Ng was appointed with effective as from May 14th, 2013, replacing Mrs. Pornnipa Praditsuktavorn who has resigned with effective as from April 1st, 2013.

Under its scope of authority and responsibilities, the Audit Committee meeting was conducted to give fair opinion on the following areas:

- 1. Reviewing of financial statements** The Audit Committee reviewed significant information in the Company's quarterly and annual financial statements for the year 2013, which were prepared in accordance with the Thai Financial Reporting Standards (TFRS). The committee reviewed that material items, key information, related party transactions or information that could possible cause conflict of interest have been completely and reliably disclosed according to law and financial reporting standards, and that there was sufficient disclosure in the notes to financial statements, adequate internal control in a good level and no material issues concerning the non-compliance to related regulations. After the review, the Audit Committee thereby approved the financial statements, which external auditors reviewed and audited without reservation.
- 2. Reviewing the internal control system and internal audit** The Audit Committee reviewed the results of internal control system assessment and have concluded that the Company's internal control system is effective where results were in compliance with defined procedures and consistent with the governmental statutory provisions and the corporate governance policy. Following the guidelines of the Stock Exchange of Thailand, the Company's internal control is in place without significant deficiencies. As for the internal audit, the Audit Committee has reviewed the report from internal auditor which is presented to the committee on quarterly basis and concluded that the operations have been carried out according to the annual plan and results have been implemented accordingly. The Committee also ensures that internal auditor continues to improve towards sustainable value added audit.

3. Reviewing the compliance of laws and regulations regarding the Securities and Exchange Commission Act, requirement of the Stock Exchange of Thailand or regulations relating to the Company's business

The Audit Committee has reviewed the operation and the reporting of the Company and gives the opinion that the Company's operation and reporting is in compliance with law and regulations of the Securities and Exchange Act and the requirements of the Stock Exchange of Thailand.

4. Appointment of the external auditor for the year 2014 Based on the satisfactory results and the review of the auditor's performance, the Audit Committee proposed to the Board of Directors for the appointment of EY Office Limited as the Company's external auditor for the year 2014 following the past years due to their widely recognized auditing standard and experience, along with high level of independence. The appointment of auditor is to be proposed to the Annual General Meeting of Shareholders for approval.

5. Reviewing transactions which might cause conflict of interest The Audit Committee has reviewed the audit report and the Company's financial statements and provides opinion that the transaction which might cause conflict of interest is properly disclosed.

The Audit Committee has performed its duties prudently and independently and issued its opinion for the benefit of the Company. From the review and supervision under the scope of responsibilities in the aforementioned topics, it can be summarized that the efficiency and appropriateness of internal control, administrative management and corporate governance practices are adequate and transparent. In addition, the Company has continuously improved auditing system to be effective and suitable to the business environment. All relevant information with materiality has been sufficiently disclosed in the Notes to Financial Statements in accordance to related regulations.

On behalf of Audit Committee



(Mr. Pipat R. Punya)

Chairman of the Audit Committee



Report of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee of AAPICO Hitech Public Company Limited consists of three independent directors, namely Mr. Pipat R. Punya, Mr. Supasak Chirasavinuprapand, and Mr. Kenneth Ng, where Mr. Pipat R. Punya acts as the Chairman of the committee.

In the year 2013, the Nomination and Remuneration Committee held 3 meetings to discuss and follow up issues as delegated by the Board of Directors as follows:

1. To select and nominate the persons with suitable qualifications accordingly to the policy and criteria and selection method for the Board of Directors, by using transparent selection criteria to ensure that the candidates are qualified for the positions.
2. To review and approve the remuneration of the Board of Directors in comparison to other listed companies in the same industry within the Stock Exchange of Thailand. This includes the consideration of the annual remuneration adjustment, by taking into account the responsibilities and the risks involved.
3. To supervise the Board of Directors to ensure that the size and competence are suitable for the organization, including appropriate adjustment in response to the changing environment.
4. Perform any act designated by the Board of Directors.

The Nomination and Remuneration Committee has performed its duties prudently within the scope and responsibilities as delegated by the Board of Directors. For transparency in reporting, the committee has disclosed the remuneration of directors and management in the Annual Report and Form 56-1.



Mr. Pipat R. Punya

Chairman of the Nomination and Remuneration Committee

Company Contact Information

| Country | Company | Address | Contact |
|------------------------------|--------------------------------------|--|--|
| OEM Auto Parts Manufacturing | | | |
| Thailand | AAPICO Hitech Public Co., Ltd. | 99 Moo 1 Hitech Industrial Estate Tambol Banlane Ampur Bang Pa-in Ayuthaya Province 13160 | Tel : (66) 35 350 880 Fax : (66) 35 350 881 www.aapico.com |
| | [2 nd Factory] | 7/289 Moo 6 Amata City Industrial Estate Tambol Mabyangporn Ampur Pluakdaeng Rayong Province 21140 | Tel : (66) 38 650 888 Fax : (66) 38 036 228 |
| | [Corporate Office] | Room 2812, 28 th floor, The Offices at 999/9 Rama I Road Kwaeng Pathumwan Khet Pathumwan Bangkok 10330 | Tel : (66) 2 613 1504-6 Fax : (66) 2 613 1508 |
| | AAPICO Amata Co., Ltd. | 700/483 Moo 2 Amata Nakorn Industrial Estate Tambol Bankao Ampur Panthong Chonburi Province 20160 | Tel : (66) 38 717 200 Fax : (66) 38 717 187 |
| | AAPICO Forging PLC | 700/20 Moo 6 Amata Nakorn Industrial Estate Tambol Nongmaidaeng Ampur Mueng-Chonburi Chonburi Province 20000 | Tel : (66) 38 213 355 Fax : (66) 38 213 360 |
| | AAPICO Hitech Parts Co., Ltd. | 99/2 Moo 1 Hitech Industrial Estate Tambol Banlane Ampur Bang Pa-in Ayuthaya Province 13160 | Tel : (66) 35 350 880 Fax : (66) 35 350 881 |
| | AAPICO Mitsuike (Thailand) Co., Ltd. | 99/2 Moo 1 Hitech Industrial Estate Tambol Banlane Ampur Bang Pa-in Ayuthaya Province 13160 | Tel : (66) 35 350 880 Fax : (66) 35 350 881 |
| | AAPICO Plastics PLC | 358-358/1 Moo 17 Bangplee Industrial Estate Taparuk Road Tambol Bangsaothong Ampur Bangsaothong Samutprakarn Province 10540 | Tel : (66) 2 315 3456 Fax : (66) 2 315 3334 |
| | [2 nd Factory] | 7/288 Moo 6 Amata City Industrial Estate Tambol Mabyangporn Ampur Pluakdaeng Rayong Province 21140 | Tel : (66) 38 650 888 Fax : (66) 38 650 804 |
| | AAPICO Structural Products Co., Ltd. | 700/16 Moo 6 Amata City Industrial Estate Tambol Nongmaidaeng Ampur Mueng-Chonburi Chonburi Province 20000 | Tel : (66) 38 717 200 Fax : (66) 38 717 187 |
| | AAPICO Lemtech (Thailand) Co., Ltd. | 56 Moo 9 Tambol Tanoo Ampur U-thai Ayuthaya Province 13160 | Tel : (66) 35 741 808 Fax : (66) 35 719 383 |
| | EDSCHA AAPICO Automotive Co., Ltd. | 99/2 Moo 1 Hitech Industrial Estate Tambol Banlane Ampur Bang Pa-in Ayuthaya Province 13160 | Tel : (66) 35 350 880 Fax : (66) 35 350 881 |
| | SUMINO AAPICO (Thailand) Co., Ltd. | 700/483 Moo 2 Amata Nakorn Industrial Estate Tambol Bankao Ampur Panthong Chonburi Province 20160 | Tel : (66) 38 717 200 Fax : (66) 38 717 187 |



| Country | Company | Address | Contact |
|---------|---------|---------|---------|
|---------|---------|---------|---------|

OEM Auto Parts Manufacturing

| | | | |
|----------|---|--|--|
| Thailand | AAPICO Sodecia (Thailand) Co., Ltd. | 700/483 Moo 2 Amata Nakorn Industrial Estate Tambol Bankao Ampur Panthong Chonburi Province 20160 | |
| | Able Sanoh Industries (1996) Co., Ltd. | 98 Moo 1 Hitech Industrial Estate Tambol Banlane Ampur Bang Pa-in Ayuthaya Province 13160 | Tel : (66) 35 350 880 Fax : (66) 35 350 881 |
| | Minth AAPICO (Thailand) Co., Ltd. | 7/290 Moo 6 Amata City Industrial Estate Tambol Mabyangporn Ampur Pluakdaeng Rayong Province 21140 | Tel : (66) 38 650 865-7 Fax : (66) 38 650 864 |
| | Sanoh Industries (Thailand) Co., Ltd. | 7/209 Moo 6 Amata City Industrial Estate Tambol Mabyangporn Ampur Pluakdaeng Rayong Province 21140 | Tel : (66) 38 956 250 Fax : (66) 38 956 252 |
| | Thai Takagi Seiko Co. Ltd. | 358-358/1 Moo 17 Bangplee Industrial Estate Taparuk Road Tambol Bangsaothong Ampur Bangsaothong Samutprakarn Province 10540 | Tel : (66) 2 705 8800 Fax : (66) 2 705 8808 |
| | AAPICO Jackspeed Co., Ltd. | 99 Moo 1 Hitech Industrial Estate Tambol Banlane Ampur Bang Pa-in Ayuthaya Province 13160 | Tel : (66) 35 350 880 Fax : (66) 35 350 881 |
| | Katsuya (Thailand) Co., Ltd. | 229/104-105 Moo 1 Taparuk Rd., Tambol Bangsaothong Ampur Bangsaothong Samutprakarn Province 10540 | Tel : (66) 2 706 5915-9 Fax : (66) 2 706 5910 |
| China | Kunshan Chaitai-Xincheng Precision Forging Co., Ltd. | Economic and Technological Development Zone 405 Yunque Road Kunshan City Jiangsu Province 215331 | Tel : (86) 512 5767 1757 Fax : (86) 512 5767 0964 |
| | AAPICO Shanghai Co., Ltd. | 3600 Waiqingsong Road Qingpu District Shanghai 201709 | Tel : (86) 21 5974 4843 Fax : (86) 21 5974 4704 |

| Country | Company | Address | Contact |
|---------|---------|---------|---------|
|---------|---------|---------|---------|

Design and Manufacture of Assembly Jigs

| | | | |
|----------|---------------------------------|--|--|
| Thailand | AAPICO Hitech Tooling Co., Ltd. | 99 Moo 1 Hitech Industrial Estate Tambol Banlane Ampur Bang Pa-in Ayuthaya Province 13160 | Tel : (66) 35 350 880 Fax : (66) 35 350 881 |
|----------|---------------------------------|--|--|

| Country | Company | Address | Contact |
|---------|---------|---------|---------|
|---------|---------|---------|---------|

Car Dealership

| | | | |
|----------|-----------------------|---|--|
| Thailand | Able Motors Co., Ltd. | 14/9 Moo 14 Phaholyothin Road Tambol Klong Neung Ampur Klong Luang Pathumthani Province 12120 | Tel : (66) 2 908 6001-7 Fax : (66) 2 908 6009 |
| | [Office branch] | 2418-2420 Ladprao Road Kwaeng/Khet Wangthonglang Bangkok | |

| Country | Company | Address | Contact |
|---------|---------|---------|---------|
|---------|---------|---------|---------|

Car Dealership

| | | | |
|----------|------------------------------------|---|---|
| Thailand | New Era Sales Co., Ltd. | 66/24 Moo 14 Ramindra Road (km 7) Kweang Kannayao Khet Kannayao Bangkok 10230 | Tel : (66) 2 519 5800-4 Fax : (66) 2 946 5107 |
| | [Office branch] | 89/89 Moo 5 Srinakarin Road Tambol Bangmuang Ampur Bangsaothong Samutprakarn Province 10270 | |
| | Hyundai Motor (Thailand) Co., Ltd. | 92 Vipavadi Rangsit Road Kweang Taladbangken Khet Laksi Bangkok 10210 | Tel : (66) 2 790 1888 Fax : (66) 2 790 1877 www.hyundai-motor.co.th |
| Malaysia | New Era Sales (M) SDN. BHD. | Lot 39821, Jalan Semenyih 43000 Kajang Selangor | Tel : (60) 3 8737 0403 Fax : (60) 3 8737 7406 |
| | Tenaga Setia Resources SDN. BHD. | No. 10 Jalan 51/217 Section 51 46050 Petaling Jaya Selangor | Tel : (60) 3 7784 8411 Fax : (60) 3 7784 7411 |

| Country | Company | Address | Contact |
|---------|---------|---------|---------|
|---------|---------|---------|---------|

Car Navigation

| | | | |
|----------|-----------------------------|---|--|
| Thailand | AAPICO ITS Co., Ltd. | 99 Moo 1 Hitech Industrial Estate Tambol Banlane Ampur Bang Pa-in Ayuthaya Province 13160 | Tel : (66) 35 350 880 Fax : (66) 35 350 881 www.powermap.in.th |
| | A Maction Co., Ltd. | 99 Moo 1 Hitech Industrial Estate Tambol Banlane Ampur Bang Pa-in Ayuthaya Province 13160 | Tel : (66) 35 350 880 Fax : (66) 35 350 881 |
| | Papago (Thailand) Co., Ltd. | 184/232 33 Floor, Forum Tower Ratchadapisek Road, Huaykwang Bangkok 10310 | Tel : (66) 2 645 4117 |
| Malaysia | AAPICO ITS Co. Sdn Bhd | No. 10 Jalan 51/217 Section 51 46050 Petaling Jaya Selangor | Tel : (60) 3 7785 5158 Fax : (60) 3 7781 6158 |

| Country | Company | Address | Contact |
|---------|---------|---------|---------|
|---------|---------|---------|---------|

Others

| | | | |
|-----------|-------------------------------|---|--|
| Thailand | AAPICO Engineering Co., Ltd. | 99 Moo 1 Hitech Industrial Estate Tambol Banlane Ampur Bang Pa-in Ayuthaya Province 13160 | Tel : (66) 35 350 880 Fax : (66) 35 350 881 |
| | A ERP Co., Ltd. | 99 Moo 1 Hitech Industrial Estate Tambol Banlane Ampur Bang Pa-in Ayuthaya Province 13160 | Tel : (66) 35 350 880 Fax : (66) 35 350 881 |
| Malaysia | AAPICO Engineering SDN. BHD. | No. 10 Jalan 51/217 Section 51 46050 Petaling Jaya Selangor | Tel : (60) 3 7784 8411 Fax : (60) 3 7784 7411 |
| Singapore | AAPICO Investment Pte. Ltd. | 745 Lorong 5 Toa Payoh The Actuary #03-01 Singapore 319455 | Tel : (65) 6836 1919 |
| | Able ITS Pte. Ltd. | 745 Lorong 5 Toa Payoh The Actuary #03-01 Singapore 319455 | Tel : (65) 6836 1919 |
| | Jackspeed Corporation Limited | 47 Loyang Drive Singapore 508955 | Tel : (65) 6788 2088 Fax : (65) 6789 0020 |



Reference

1. Thailand Securities Depository (Thailand) Co., Ltd. : Security Depository Registrar

| | | |
|------------------|---|--|
| Address | : | 62 The Stock Exchange of Thailand Building, Rachadapisek Road, Klongtoey, Bangkok 10110 |
| Telephone | : | (66) 2 229-2800, (66) 2 229-2888 |
| Fax | : | (66) 2 359-1259 |

2. EY Office Limited : Auditor

| | | |
|------------------|---|---|
| Address | : | 33 rd Floor, Lake Rajada Office Complex, 193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110 |
| Telephone | : | (66) 2 264-0777 |
| Fax | : | (66) 2 264-0789 |

3. Royal Advocates International Limited : Lawyer

| | | |
|------------------|---|--|
| Address | : | 29 Vanissa Buidling, 22/F Suite 22A, Soi Chidlom, Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330 |
| Telephone | : | (66) 2 655-2112 |
| Fax | : | (66) 2 655-2118 |

Corporate Information

Information as at December 31st, 2013

| | | | |
|-------------------------------------|---|---------------------|---------------------|
| Abbreviation | AH | | |
| Registration Number | 0107545000179 | | |
| Type of Business | Design, produce, and install assembly jigs, stamping dies, and OEM auto parts, which include floor parts, brackets, chassis frames, forged and machine parts including steering and suspension system, cross members, pillars, clips, fuel tank, etc. | | |
| Website | www.aapico.com | | |
| Established | 1996 | | |
| First day of Exchange in SET | 17 October 2002 | | |
| Address | 99 Moo 1 Hitech Industrial Estate Tambol Ban Lane Amphur Bang Pa-in Ayuthaya Province 13160 | | |
| Registered Capital | 322,649,160 Baht | Consist of Ordinary | 322,649,160 shares* |
| Paid Up Capital | 322,583,844 Baht | Consist of Ordinary | 322,583,844 shares* |

*Par Value at 1 baht per share

Accounting Cycle 1 January- 31 December

Shareholders The main shareholders include Mr. Yeap Swee Chuan's Group holding 39.75% and Sojitz Corporation holding 15.76% of the total outstanding shares. The remaining is held by institutional and individual investors.

AH Stock Trading History for 2007 - 2013





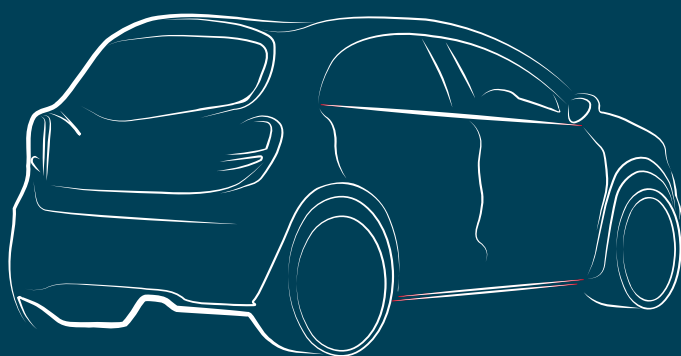
AAPICO HITECH PUBLIC COMPANY LIMITED

99 Moo 1 Hitech Industrial Estate, Tambol Ban Lane,
Ampur Bang Pa-In, Ayuthaya, Thailand 13160
Tel : (66 35) 350-880 Fax : (66 35) 350-881
www.aapico.com



Financial Statement 2013

AAPICO HITECH PUBLIC COMPANY LIMITED



Independent Auditor's Report

To the Shareholders of AAPICO Hitech Public Company Limited

I have audited the accompanying consolidated financial statements of AAPICO Hitech Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2013, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of AAPICO Hitech Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

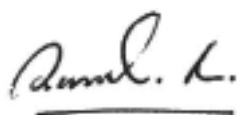
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AAPICO Hitech Public Company Limited and its subsidiaries and of AAPICO Hitech Public Company Limited as at 31 December 2013, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Emphasis of matter

I draw attention to Note 4 to the financial statements regarding the change in accounting policy due to the adoption of Thai Accounting Standard 12 Income Taxes. The Company has restated the consolidated and separate financial statements for the year ended 31 December 2012, presented herein as comparative information, to reflect the adjustment resulting from such change. The Company has also presented the consolidated and separate statements of financial position as at 1 January 2012 as comparative information, using the newly adopted accounting policy for income taxes. My opinion is not qualified in respect of this matter.



Sumalee Reewarabandith
Certified Public Accountant (Thailand) No. 3970

EY Office Limited
(Formerly known as "Ernst & Young Office Limited")
Bangkok: 28 February 2014

AAPICO Hitech Public Company Limited and its subsidiaries
Statement of financial position
As at 31 December 2013

(Unit: Baht)

| | Note | Consolidated financial statements | | | Separate financial statements | | |
|--|------|-----------------------------------|---|-------------------------|-------------------------------|---|-------------------------|
| | | As at 31 December 2013 | As at 31 December 2012 (restated) | As at 1 January 2012 | As at 31 December 2013 | As at 31 December 2012 (restated) | As at 1 January 2012 |
| Assets | | | | | | | |
| Current assets | | | | | | | |
| Cash and cash equivalents | 7 | 237,637,422 | 207,060,910 | 238,957,479 | 11,785,091 | 25,845,926 | 18,109,481 |
| Current investments | | 6,084,747 | 18,853,907 | 64,810,405 | - | 15,131,094 | 93,479 |
| Trade and other receivables | 8, 9 | 2,256,798,788 | 2,800,923,800 | 1,202,831,886 | 630,582,292 | 727,329,476 | 433,948,141 |
| Dividend receivable | 8 | - | - | - | 200,000,000 | - | - |
| Short-term loans to related parties | 8 | 652,789 | 483,647 | 25,000,000 | 338,400,000 | 459,600,000 | 193,000,000 |
| Inventories | 10 | 1,221,721,172 | 1,282,336,044 | 892,035,981 | 227,253,677 | 156,701,159 | 155,420,535 |
| Other current assets | | 339,327,182 | 335,317,871 | 270,475,628 | 105,321,673 | 86,136,860 | 31,752,709 |
| Total current assets | | 4,062,222,100 | 4,644,976,179 | 2,694,111,379 | 1,513,342,733 | 1,470,744,515 | 832,324,345 |
| Non-current assets | | | | | | | |
| Restricted bank deposits | 11 | - | 382,580 | 370,493 | - | - | - |
| Long-term loans to related parties | 8 | 180,368 | - | - | 2,190,742,368 | 2,345,437,748 | 3,226,314,688 |
| Investments in associates | 12 | 1,170,084,606 | 917,182,670 | 731,343,749 | 462,179,000 | 344,579,000 | 346,096,812 |
| Investments in subsidiaries | 13 | - | - | - | 2,833,005,348 | 3,661,336,705 | 3,661,336,705 |
| Investment in joint venture | 14 | 14,816,464 | - | - | 15,000,000 | - | - |
| Other long-term investments | 15 | 123,601,147 | 158,874,342 | 82,349,766 | 3,000,000 | 3,000,000 | - |
| Property, plant and equipment | 16 | 6,674,347,808 | 6,540,717,667 | 6,578,407,781 | 1,411,559,827 | 1,488,844,317 | 1,410,813,379 |
| Leasehold right | 17 | 168,269,326 | 169,646,533 | 187,682,050 | - | - | - |
| Deposit for purchase of assets - unrelated parties | | 15,552,659 | 105,524,194 | 14,056,498 | - | 4,996,030 | 8,977,676 |
| Deposit for purchase of assets - related parties | | - | 49,901,871 | - | - | - | - |
| Goodwill | 18 | 234,530,505 | 1,086,861,862 | 1,086,861,862 | - | - | - |
| Other intangible assets | 19 | 91,633,018 | 97,923,563 | 87,104,053 | 21,769,074 | 26,387,410 | 25,849,297 |
| Non-operating assets | | - | - | 45,000,000 | - | - | - |
| Deferred tax assets | 20 | 8,704,777 | 36,752,907 | 33,382,430 | 5,798,029 | 3,343,838 | 11,659,543 |
| Other non-current assets | | 15,251,918 | 14,500,750 | 16,718,554 | 795,768 | 511,107 | 4,695,211 |
| Total non-current assets | | 8,516,972,596 | 9,178,268,939 | 8,863,277,236 | 6,943,849,414 | 7,878,436,155 | 8,695,743,311 |
| Total assets | | 12,579,194,696 | 13,823,245,118 | 11,557,388,615 | 8,457,192,147 | 9,349,180,670 | 9,528,067,656 |

The accompanying notes are an integral part of the financial statements.



AAPICO Hitech Public Company Limited and its subsidiaries
Statement of financial position (continued)
As at 31 December 2013

(Unit: Baht)

| | | Consolidated financial statements | | | Separate financial statements | | |
|---|-------|-----------------------------------|----------------------|----------------------|-------------------------------|----------------------|----------------------|
| | | As at | As at | As at | As at | As at | As at |
| | Note | 31 December 2013 | 31 December 2012 | 1 January 2012 | 31 December 2013 | 31 December 2012 | 1 January 2012 |
| | | | (restated) | | | (restated) | |
| Liabilities and shareholders' equity | | | | | | | |
| Current liabilities | | | | | | | |
| Bank overdrafts and short-term loans from banks | 21 | 1,073,367,335 | 984,454,474 | 938,280,818 | 246,772,803 | 123,698,675 | 560,444,468 |
| Trade and other payables | 8, 22 | 2,128,344,522 | 3,093,265,936 | 1,948,029,691 | 595,681,064 | 828,708,439 | 649,342,065 |
| Current portion of long-term loans | 23 | 1,490,115,567 | 1,686,931,664 | 840,887,642 | 1,378,907,300 | 1,352,645,000 | 832,600,000 |
| Current portion of liabilities under finance lease agreements | 24 | 21,098,848 | 46,003,405 | 41,519,053 | 4,341,333 | 7,929,323 | 6,165,104 |
| Short-term loans from related parties | 8 | 17,812,692 | 16,953,543 | 17,939,932 | 87,801,500 | 335,050,000 | 167,887,390 |
| Provisions for product warranty | 26 | 13,189,957 | 11,876,092 | 17,638,815 | - | - | - |
| Deposit received in advance from related parties | | 1,347,863 | - | 9,417,896 | - | - | 16,363,740 |
| Other current liabilities | | 178,246,535 | 218,284,287 | 198,330,181 | 9,747,896 | 8,278,332 | 16,156,556 |
| Total current liabilities | | 4,923,523,319 | 6,057,769,401 | 4,012,044,028 | 2,323,251,896 | 2,656,309,769 | 2,248,959,323 |
| Non-current liabilities | | | | | | | |
| Long-term loans - net of current portion | 23 | 2,061,463,088 | 2,660,635,750 | 3,172,026,993 | 1,870,577,700 | 2,376,485,000 | 2,923,549,997 |
| Liabilities under finance lease agreements | | | | | | | |
| - net of current portion | 24 | 10,191,648 | 33,157,181 | 69,032,458 | 2,233,122 | 6,574,455 | 9,891,043 |
| Provision for long-term employee benefits | 25 | 77,478,975 | 76,067,360 | 73,433,725 | 17,790,981 | 15,713,729 | 24,018,682 |
| Other non-current liabilities | | 35,922,871 | 25,921,713 | 89,684,883 | - | - | - |
| Total non-current liabilities | | 2,185,056,582 | 2,795,782,004 | 3,404,178,059 | 1,890,601,803 | 2,398,773,184 | 2,957,459,722 |
| Total liabilities | | 7,108,579,901 | 8,853,551,405 | 7,416,222,087 | 4,213,853,699 | 5,055,082,953 | 5,206,419,045 |

The accompanying notes are an integral part of the financial statements.

AAPICO Hitech Public Company Limited and its subsidiaries
Statement of financial position (continued)
As at 31 December 2013

(Unit: Baht)

| | Note | Consolidated financial statements | | | Separate financial statements | | |
|--|------|-----------------------------------|---|-------------------------|-------------------------------|---|-------------------------|
| | | As at 31 December 2013 | As at 31 December 2012 (restated) | As at 1 January 2012 | As at 31 December 2013 | As at 31 December 2012 (restated) | As at 1 January 2012 |
| Shareholders' equity | | | | | | | |
| Share capital | | | | | | | |
| Registered | 27 | | | | | | |
| 42,360,000 non-cumulative preferred shares | | | | | | | |
| of Baht 1 each | | - | 42,360,000 | 42,360,000 | - | 42,360,000 | 42,360,000 |
| 322,649,160 ordinary shares of Baht 1 each | | | | | | | |
| (2012: 229,337,900 ordinary shares of Baht 1 each) | | 322,649,160 | 229,337,900 | 229,337,900 | 322,649,160 | 229,337,900 | 229,337,900 |
| Issued and fully paid up | 27 | | | | | | |
| 42,360,000 non-cumulative preferred shares | | | | | | | |
| of Baht 1 each | | - | 42,360,000 | 42,360,000 | - | 42,360,000 | 42,360,000 |
| 322,583,844 ordinary shares of Baht 1 each | | | | | | | |
| (2012: 226,514,300 ordinary shares of Baht 1 each) | | 322,583,844 | 226,514,300 | 226,514,300 | 322,583,844 | 226,514,300 | 226,514,300 |
| Premium on preferred shares | 27 | - | 1,415,247,600 | 1,415,247,600 | - | 1,415,247,600 | 1,415,247,600 |
| Premium on ordinary shares | | 2,164,354,332 | 749,106,732 | 749,106,732 | 2,164,354,332 | 749,106,732 | 749,106,732 |
| Retained earnings | | | | | | | |
| Appropriated | | | | | | | |
| Statutory reserve - the Company | 29 | 59,541,000 | 59,541,000 | 59,541,000 | 59,541,000 | 59,541,000 | 59,541,000 |
| - subsidiaries | | 151,093,631 | 121,093,631 | 119,370,074 | - | - | - |
| Unappropriated | | 2,616,250,721 | 2,261,138,173 | 1,472,794,181 | 1,696,859,272 | 1,801,328,085 | 1,828,878,979 |
| Other components of shareholders' equity | | (6,522,723) | (28,958,701) | (61,153,713) | - | - | - |
| Equity attributable to owners of the Company | | 5,307,300,805 | 4,846,042,735 | 4,023,780,174 | 4,243,338,448 | 4,294,097,717 | 4,321,648,611 |
| Non-controlling interests of the subsidiaries | | 163,313,990 | 123,650,978 | 117,386,354 | - | - | - |
| Total shareholders' equity | | 5,470,614,795 | 4,969,693,713 | 4,141,166,528 | 4,243,338,448 | 4,294,097,717 | 4,321,648,611 |
| Total liabilities and shareholders' equity | | 12,579,194,696 | 13,823,245,118 | 11,557,388,615 | 8,457,192,147 | 9,349,180,670 | 9,528,067,656 |



AAPICO Hitech Public Company Limited and its subsidiaries
Income statement
For the year ended 31 December 2013

(Unit: Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|--|--------|-----------------------------------|-----------------------|-------------------------------|----------------------|
| | | 2013 | 2012 | 2013 | 2012 |
| | | | (restated) | | (restated) |
| Revenues | | | | | |
| Sales and service income | | 15,627,251,213 | 16,120,131,642 | 2,424,676,804 | 2,660,213,982 |
| Dividend income | 12, 13 | - | - | 811,367,469 | 129,933,858 |
| Other income | | 1,371,105,887 | 690,965,201 | 538,572,814 | 322,482,332 |
| Total revenues | | 16,998,357,100 | 16,811,096,843 | 3,774,617,087 | 3,112,630,172 |
| Expenses | | | | | |
| Cost of sales and services | | 14,552,479,065 | 15,058,483,408 | 2,394,074,577 | 2,563,576,224 |
| Selling expenses | | 281,897,971 | 240,740,330 | 45,391,126 | 51,678,003 |
| Administrative expenses | | 576,754,400 | 581,048,172 | 130,658,435 | 138,594,816 |
| Loss on impairment of investment in subsidiary | 13 | - | - | 852,331,357 | - |
| Loss on impairment of goodwill | 18 | 852,331,357 | - | - | - |
| Total expenses | | 16,263,462,793 | 15,880,271,910 | 3,422,455,495 | 2,753,849,043 |
| Profit before share of profit (loss) from investments in associates and joint venture, finance cost and income tax expenses | | 734,894,307 | 930,824,933 | 352,161,592 | 358,781,129 |
| Share of profit from investments in associates | 12 | 246,670,905 | 323,743,618 | - | - |
| Share of loss from investment in joint venture | 14 | (183,536) | - | - | - |
| Profit before finance cost and income tax expenses | | 981,381,676 | 1,254,568,551 | 352,161,592 | 358,781,129 |
| Finance cost | | (273,300,425) | (289,261,986) | (225,335,096) | (244,320,522) |
| Profit before income tax expenses | | 708,081,251 | 965,306,565 | 126,826,496 | 114,460,607 |
| Income tax expenses | 20 | (73,711,810) | (37,882,429) | 2,454,191 | (10,805,722) |
| Profit for the year | | 634,369,441 | 927,424,136 | 129,280,687 | 103,654,885 |
| Profit attributable to: | | | | | |
| Equity holders of the Company | | 610,706,429 | 921,273,328 | 129,280,687 | 103,654,885 |
| Non-controlling interests of the subsidiaries | | 23,663,012 | 6,150,808 | | |
| | | 634,369,441 | 927,424,136 | | |
| Earnings per share | 33 | | | | |
| Basic earnings per share | | | | | |
| Profit attributable to equity holders of the Company | | 2.05 | 3.29 | 0.43 | 0.37 |
| Diluted earnings per share | | | | | |
| Profit attributable to equity holders of the Company | | 1.89 | 3.29 | 0.40 | 0.37 |

The accompanying notes are an integral part of the financial statements.

AAPICO Hitech Public Company Limited and its subsidiaries
Statement of comprehensive income
For the year ended 31 December 2013

(Unit: Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|--|------|-----------------------------------|--------------|-------------------------------|-------------|
| | | 2013 | 2012 | 2013 | 2012 |
| | | | (restated) | | (restated) |
| Profit for the year | | 634,369,441 | 927,424,136 | 129,280,687 | 103,654,885 |
| Other comprehensive income: | | | | | |
| Actuarial gains | 25 | 8,155,619 | - | - | - |
| Exchange differences on translation of financial statements in foreign currency | | 79,735,489 | (10,624,798) | - | - |
| Gain (loss) on change in value of available-for-sale investments | | (57,299,511) | 42,933,626 | - | - |
| Other comprehensive income for the year | | 30,591,597 | 32,308,828 | - | - |
| Total comprehensive income for the year | | 664,961,038 | 959,732,964 | 129,280,687 | 103,654,885 |
| Total comprehensive income attributable to: | | | | | |
| Equity holders of the Company | | 641,298,026 | 953,468,340 | 129,280,687 | 103,654,885 |
| Non-controlling interests of the subsidiaries | | 23,663,012 | 6,264,624 | | |
| | | 664,961,038 | 959,732,964 | | |

The accompanying notes are an integral part of the financial statements.



AAPICO Hitech Public Company Limited and its subsidiaries
Cash flows statement
For the year ended 31 December 2013

(Unit: Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|--|----------------------|--------------------------------------|--------------------|
| | 2013 | 2012 | 2013 | 2012 |
| | | (restated) | | (restated) |
| Cash flows from operating activities | | | | |
| Profit before tax | 708,081,251 | 965,306,565 | 126,826,496 | 114,460,607 |
| Adjustments to reconcile profit before tax to | | | | |
| net cash provided by (paid from) operating activities: - | | | | |
| Depreciation and amortisation | 765,996,056 | 764,241,590 | 139,224,690 | 131,326,179 |
| Share of profit from investments in associates and joint venture | (246,487,369) | (323,743,618) | - | - |
| Gain from current investment | - | (275,191) | - | (37,615) |
| Loss on impairment of investments (reversal) | - | - | 852,331,357 | (5,982,188) |
| Loss on impairment loss of goodwill | 852,331,357 | - | - | - |
| Loss on impairment of assets | 27,517,889 | - | 24,884,820 | - |
| Write-off of assets | 8,308,540 | 26,656,516 | 7,889,090 | 15,629,934 |
| Decrease of inventory to net realisable value (reversal) | 1,065,031 | (31,928,049) | (269,998) | (10,503,572) |
| Dividend income from subsidiaries and associates | - | - | (811,367,469) | (129,933,858) |
| Allowance for doubtful accounts (reversal) | 10,568,438 | (4,415,979) | (480,519) | 1,886,459 |
| Provision for long-term employee benefits | 9,567,234 | 16,993,220 | 2,077,252 | 2,181,812 |
| Loss on disposal/write-off of plant and equipment | 20,375,717 | 84,596,109 | 15,386,218 | 6,702,023 |
| Interest expenses | 271,589,534 | 286,348,071 | 223,732,178 | 241,965,292 |
| Profit from operating activities before changes in | | | | |
| operating assets and liabilities | 2,428,913,678 | 1,783,779,234 | 580,234,115 | 367,695,073 |
| Operating assets (increase) decrease | | | | |
| Current investments | 12,769,160 | 46,231,689 | 15,131,094 | (15,000,000) |
| Trade and other receivables | 533,556,574 | (1,608,362,336) | 97,227,703 | (309,954,197) |
| Inventories | 16,918,510 | (358,388,273) | (70,282,520) | 6,430,733 |
| Other current assets | (4,318,774) | (67,092,358) | (21,237,067) | (52,946,962) |
| Other non-current assets | (751,168) | 2,217,804 | (284,662) | 4,184,104 |
| Operating liabilities increase (decrease) | | | | |
| Trade and other payables | (945,127,485) | 1,383,556,406 | (222,226,128) | 339,135,324 |
| Other current liabilities | (42,639,523) | 10,813,603 | 1,469,563 | (7,878,224) |
| Other non-current liabilities | 10,001,157 | (78,122,755) | - | (10,486,764) |
| Cash flows from operating activities | 2,009,322,129 | 1,114,633,014 | 380,032,098 | 321,179,087 |
| Cash paid for corporate income tax | (48,399,257) | (46,723,887) | (5,836,836) | (3,927,207) |
| Net cash flows from operating activities | 1,960,922,872 | 1,067,909,127 | 374,195,262 | 317,251,880 |

The accompanying notes are an integral part of the financial statements.

AAPICO Hitech Public Company Limited and its subsidiaries
Cash flows statement (continued)
For the year ended 31 December 2013

(Unit: Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|------------------------|-------------------------------|----------------------|
| | 2013 | 2012 | 2013 | 2012 |
| | | (restated) | | (restated) |
| Cash flows from investing activities | | | | |
| Decrease (increase) in restricted bank deposits | 382,580 | (12,087) | - | - |
| Decrease (increase) in loans to related parties | (352,510) | 24,516,353 | 275,895,380 | 614,276,940 |
| Acquisition of investments in subsidiaries, associates and joint venture | (132,600,000) | - | (156,600,000) | - |
| Acquisition of other investments | (17,695,600) | (27,654,000) | - | - |
| Dividend received from subsidiary and associates | 111,368,969 | 144,620,261 | 611,367,469 | 144,620,261 |
| Proceeds from sales of plant and equipment | 12,040,307 | 49,367,004 | 498,212 | 5,403,650 |
| Proceeds from sale of non-operating assets | - | 45,000,000 | - | - |
| Acquisition and construction of plant, equipment, leasehold right and software | (733,500,890) | (1,236,748,006) | (102,435,853) | (393,973,802) |
| Increase in non-controlling interests of the subsidiaries | 16,000,000 | 113,814 | - | - |
| Net cash flows from (used in) investing activities | (744,357,144) | (1,000,796,661) | 628,725,208 | 370,327,049 |
| Cash flows from financing activities | | | | |
| Increase (decrease) in bank overdrafts and short-term loans from banks | 88,912,861 | 46,173,656 | 123,074,128 | (436,745,793) |
| Increase (decrease) in loans from related parties | 999,149 | (986,389) | (247,248,500) | 167,162,610 |
| Repayment of long-term loans | (1,732,127,257) | (1,322,503,126) | (1,379,645,000) | (1,027,019,997) |
| Increase in long-term loans | 921,800,020 | 1,657,155,905 | 900,000,000 | 1,000,000,000 |
| Decrease in liabilities under finance lease agreements | (47,870,090) | (40,740,386) | (7,929,323) | (5,094,369) |
| Dividend paid | (180,039,955) | (131,205,779) | (180,039,955) | (131,205,779) |
| Interest expenses | (274,191,317) | (293,698,191) | (225,192,655) | (246,939,156) |
| Net cash flow used in financing activities | (1,222,516,589) | (85,804,310) | (1,016,981,305) | (679,842,484) |
| Decrease (increase) in exchange differences on translation of financial statements in foreign currency | 36,527,373 | (13,204,725) | - | - |
| Net increase (decrease) in cash and cash equivalents | 30,576,512 | (31,896,569) | (14,060,835) | 7,736,445 |
| Cash and cash equivalents at beginning of year | 207,060,910 | 238,957,479 | 25,845,926 | 18,109,481 |
| Cash and cash equivalents at end of year | 237,637,422 | 207,060,910 | 11,785,091 | 25,845,926 |

The accompanying notes are an integral part of the financial statements.



AAPICO Hitech Public Company Limited and its subsidiaries

Cash flows statement (continued)

For the year ended 31 December 2013

(Unit: Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|--------------------|-------------------------------|--------------------|
| | 2013 | 2012 (restated) | 2013 | 2012 (restated) |
| Supplemental cash flows information: - | | | | |
| Non-cash items consist of | | | | |
| Transfer inventories to machinery and equipment | 42,631,331 | - | - | - |
| Transfer machinery and equipment to inventories | - | 2,775,956 | - | - |
| Transfer equipment to intangible assets | 1,608,130 | - | 1,608,130 | - |
| Increase (decrease) in accounts payable - purchases and construction of assets | (19,515,544) | (228,504,981) | (10,127,700) | (168,284,808) |
| Increase (decrease) in deposit for purchase of assets | (139,873,406) | 141,369,567 | (4,996,030) | (3,981,646) |
| Transfer investment in associate to other investment | - | 3,470,839 | - | 3,000,000 |
| Transfer interest expense to work under construction | 2,323,398 | 8,881,555 | 786,930 | 1,625,982 |
| Surplus on changes in value of available-for-sale investments | 52,968,795 | 45,399,737 | - | - |
| Purchases of equipments under finance lease agreements | 1,649,047 | 9,349,461 | - | 3,542,000 |
| Increase in share subscription payable - related party | - | 4,500,000 | - | 4,500,000 |
| Stock dividend paid | 53,709,544 | - | 53,709,544 | - |
| Dividend receivable | - | - | 200,000,000 | - |

The accompanying notes are an integral part of the financial statements.

AAPICO Hitech Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity
For the year ended 31 December 2013

| Consolidated financial statements | | | | | | | | | |
|---|----------------------------------|-----------------|------------------|-----------------|-------------------|--------------|----------------|----------------------|----------|
| Equity attributable to owners of the Company | | | | | | | | | |
| | | | | | | | | Exchange | |
| | Issued and paid-up share capital | | Premium on | | Retained earnings | | | differences on | |
| | Preferred shares | Ordinary shares | Preferred shares | Ordinary shares | Appropriated - | | | translation of | on chan |
| | | | | | statutory reserve | | Unappropriated | financial statements | of avi |
| | | | | | The Company | Subsidiaries | | in foreign currency | -sale in |
| Balance as at 31 December 2011 | | | | | | | | | |
| - as previously reported | 42,360,000 | 226,514,300 | 1,415,247,600 | 749,106,732 | 59,541,000 | 119,370,074 | 1,438,510,781 | 20,084,019 | (£ |
| Cumulative effect of change in accounting policy of deferred tax (Note 4) | - | - | - | - | - | - | 34,283,400 | - | |
| Balance as at 31 December 2011 | | | | | | | | | |
| - as restated | 42,360,000 | 226,514,300 | 1,415,247,600 | 749,106,732 | 59,541,000 | 119,370,074 | 1,472,794,181 | 20,084,019 | (£ |
| Total comprehensive income for the year - restated | - | - | - | - | - | - | 921,273,328 | (10,738,614) | 4 |
| Unappropriated retained earnings transferred to statutory reserve | - | - | - | - | - | 1,723,557 | (1,723,557) | - | |
| Dividend paid (Note 28) | - | - | - | - | - | - | (131,205,779) | - | |
| Balance as at 31 December 2012 | | | | | | | | | |
| - as restated | 42,360,000 | 226,514,300 | 1,415,247,600 | 749,106,732 | 59,541,000 | 121,093,631 | 2,261,138,173 | 9,345,405 | (£ |
| Balance as at 31 December 2012 | | | | | | | | | |
| - as previously reported | 42,360,000 | 226,514,300 | 1,415,247,600 | 749,106,732 | 59,541,000 | 121,093,631 | 2,222,801,042 | 9,345,405 | (£ |
| Cumulative effect of change in accounting policy of deferred tax (Note 4) | - | - | - | - | - | - | 38,337,131 | - | |
| Balance as at 31 December 2012 | | | | | | | | | |
| - as restated | 42,360,000 | 226,514,300 | 1,415,247,600 | 749,106,732 | 59,541,000 | 121,093,631 | 2,261,138,173 | 9,345,405 | (£ |
| Total comprehensive income for the year | - | - | - | - | - | - | 618,862,048 | 79,735,489 | (£ |
| Unappropriated retained earnings transferred to statutory reserve | - | - | - | - | - | 30,000,000 | (30,000,000) | - | |
| Dividend paid (Note 28) | - | 53,709,544 | - | - | - | - | (233,749,500) | - | |
| Convert preferred shares to ordinary shares (Note 27) | (42,360,000) | 42,360,000 | (1,415,247,600) | 1,415,247,600 | - | - | - | - | |
| Increase in non-controlling interests of subsidiary | - | - | - | - | - | - | - | - | |
| Balance as at 31 December 2013 | - | 322,583,844 | - | 2,164,354,332 | 59,541,000 | 151,093,631 | 2,616,250,721 | 89,080,894 | (£ |

The accompanying notes are an integral part of the financial statements.

- -



AAPICO Hitech Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2013

| | Separate financial statements | | | | |
|---|----------------------------------|-----------------|------------------|-----------------|--|
| | Issued and paid-up share capital | | Premium on | | |
| | Preferred shares | Ordinary shares | Preferred shares | Ordinary shares | |
| Balance as at 31 December 2011 - as previously reported | 42,360,000 | 226,514,300 | 1,415,247,600 | 749,106,732 | |
| Cumulative effect of change in accounting policy for deferred tax (Note 4) | - | - | - | - | |
| Balance as at 31 December 2011 - as restated | 42,360,000 | 226,514,300 | 1,415,247,600 | 749,106,732 | |
| Total comprehensive income for the year - restated | - | - | - | - | |
| Dividend paid (Note 28) | - | - | - | - | |
| Balance as at 31 December 2012 - as restated | 42,360,000 | 226,514,300 | 1,415,247,600 | 749,106,732 | |
| Balance as at 31 December 2012 - as previously reported | 42,360,000 | 226,514,300 | 1,415,247,600 | 749,106,732 | |
| Cumulative effect of change in accounting policy for deferred tax (Note 4) | - | - | - | - | |
| Balance as at 31 December 2012 - as restated | 42,360,000 | 226,514,300 | 1,415,247,600 | 749,106,732 | |
| Total comprehensive income for the year | - | - | - | - | |
| Dividend paid (Note 28) | - | 53,709,544 | - | - | |
| Convert preferred shares to ordinary shares (Note 27) | (42,360,000) | 42,360,000 | (1,415,247,600) | 1,415,247,600 | |
| Balance as at 31 December 2013 | - | 322,583,844 | - | 2,164,354,332 | |

The accompanying notes are an integral part of the financial statements.

AAPICO Hitech Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2013

1. General information

AAPICO Hitech Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in manufacture and distribution of dies, jigs and automobile parts. The registered office of the Company is at 99 Moo 1 Hitech Industrial Estate, Tambol Ban Lane, Ampur Bang Pa-in, Ayuthaya.

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 28 September 2011, 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 and the following subsidiaries (“the Group”):

| Company's name | Nature of business | Country of incorporation | Percentage of shareholding | |
|------------------------------------|---|-----------------------------|-------------------------------|------|
| | | | 2013 | 2012 |
| | | | (%) | (%) |
| <u>Held by the Company</u> | | | | |
| 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 Co., Ltd. | Sales of automobiles and the provision of automobile repair services | Thailand | 100 | 100 |
| Able Motors Co., Ltd. | Sales of automobiles and the provision of automobile repair services | Thailand | 100 | 100 |
| AAPICO Hitech Parts Co., Ltd. | Manufacture of autoparts | Thailand | 100 | 100 |
| AAPICO Hitech Tooling Co., Ltd. | Design and manufacture of car assemble jigs and stamping dies | Thailand | 100 | 100 |



| Company's name | Nature of business | Country of incorporation | Percentage of shareholding | |
|--|--|--------------------------------|----------------------------|------|
| | | | 2013 | 2012 |
| | | | (%) | (%) |
| AAPICO ITS Co., Ltd. | Manufacture of car navigation systems and its derivatives | Thailand | 60 | 60 |
| AAPICO Shanghai Co., Ltd. | Machining autoparts service | The People's Republic of China | 100 | 100 |
| Tenaga Setia Resources SDN. BHD. | Sales of automobiles and the provision of automobile repair services | Malaysia | 49 | 49 |
| Kunshan Chaitai-Xincheng Precision Forging Co., Ltd. | Manufacture and sales of autoparts | The People's Republic of China | 100 | 100 |
| AAPICO Investment Pte. Ltd. | Investment in other companies | Singapore | 100 | 100 |
| AAPICO Forging Public Co., Ltd. | Manufacture of autoparts | Thailand | 100 | 100 |
| AAPICO Mitsuike (Thailand) Co., Ltd. | Manufacture of autoparts | Thailand | 51 | 51 |
| AAPICO Structural Products Co., Ltd. | Manufacture of autoparts | Thailand | 100 | 100 |
| A Maction Co., Ltd. | Development of software | Thailand | 51 | 51 |
| New Era Sales (M) SDN. BHD. | Sales of automobiles and the provision of automobile repair services | Malaysia | 49 | 49 |
| AAPICO Technology Co., Ltd. | Not yet operation | Thailand | 51 | 51 |
| AERP Co., Ltd. | IT consulting and advisory | Thailand | 88 | 88 |
| Katsuya (Thailand) Co., Ltd. | Manufacture of autoparts | Thailand | 76 | 76 |
| Foton Passenger Vehicles Distribution (Thailand) Co., Ltd. (formerly known as "Dongfeng Commercial Vehicle Co., Ltd.") | Import and exports of vehicles and parts | Thailand | 97 | 97 |
| AAPICO Lemtech (Thailand) Co., Ltd. | Manufacture of autoparts | Thailand | 60 | - |

| Company's name | Nature of business | Country of incorporation | Percentage of indirect shareholding | |
|----------------|--------------------|--------------------------|-------------------------------------|------|
| | | | 2013 | 2012 |
| | | | (%) | (%) |

Held by subsidiaries

| | | | | |
|---|--|-----------|-----|-----|
| Able ITS Pte. Ltd. (100 percent held by AAPICO ITS Co., Ltd.) | Investment in other companies | Singapore | 60 | 60 |
| AAPICO Jackspeed Co., Ltd. (60 percent held by AAPICO Hitech Parts Co., Ltd.) | Manufacture of autoparts | Thailand | 60 | 60 |
| AAPICO Plastics Public Co., Ltd. (100 percent held by AAPICO Forging Public Co., Ltd.) | Manufacture and contract manufacture of plastic parts | Thailand | 100 | 100 |
| AAPICO Engineering SDN. BHD. (49 percent held by Tenaga Setia Resources SDN. BHD. and 51 percent held by New Era Sales (M) SDN. BHD.) | Investment in other companies | Malaysia | 49 | 49 |
| AAPICO ITS Co. SDN. BHD. (49 percent held by AAPICO ITS Co., Ltd.) | Manufacture and car navigation systems and its derivatives | Malaysia | 29 | 29 |

The Company regards Tenaga Setia Resources SDN. BHD., New Era Sales (M) SDN. BHD., AAPICO Engineering SDN. BHD. and AAPICO ITS Co. SDN. BHD. as subsidiary companies since they are able to exercise management control.

- b) 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.

- c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
 - d) 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.
 - e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
 - f) 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, which present investments in subsidiaries, joint ventures and associates under the cost method, have been prepared solely for the benefit of the public.

3. New accounting standards

Below is a summary of accounting standards that became effective in the current accounting year and those that will become effective in the future.

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

Accounting standards:

| | |
|-----------------------|--|
| TAS 12 | Income Taxes |
| TAS 20 (revised 2009) | Accounting for Government Grants and Disclosure of Government Assistance |
| TAS 21 (revised 2009) | The Effects of Changes in Foreign Exchange Rates |

Financial Reporting Standard:

| | |
|--------|--------------------|
| TFRS 8 | Operating Segments |
|--------|--------------------|

Accounting Standard Interpretations:

| | |
|---------|---|
| TSIC 10 | Government Assistance - No Specific Relation to Operating Activities |
| TSIC 21 | Income Taxes - Recovery of Revalued Non-Depreciable Assets |
| TSIC 25 | Income Taxes - Changes in the Tax Status of an Entity or its Shareholders |

Accounting Treatment Guidance for Transfers of Financial Assets

These accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance do not have any significant impact on the financial statements, except for the following accounting standard.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base and recognise the tax effects as deferred tax assets or liabilities subjecting to certain recognition criteria. The Company and its subsidiaries have changed this accounting policy in this current period and restated the prior year's financial statements, presented as comparative information, as though the Company and its subsidiaries had initially recognised the tax effects as deferred tax assets or liabilities. The cumulative effect of this change in accounting policy has been presented in Note 4 to the financial statements.

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

| | | <u>Effective date</u> |
|--------------------------------|---|-----------------------|
| Accounting Standards: | | |
| TAS 1 (revised 2012) | Presentation of Financial Statements | 1 January 2014 |
| TAS 7 (revised 2012) | Statement of Cash Flows | 1 January 2014 |
| TAS 12 (revised 2012) | Income Taxes | 1 January 2014 |
| TAS 17 (revised 2012) | Leases | 1 January 2014 |
| TAS 18 (revised 2012) | Revenue | 1 January 2014 |
| TAS 19 (revised 2012) | Employee Benefits | 1 January 2014 |
| TAS 21 (revised 2012) | The Effects of Changes in Foreign Exchange Rates | 1 January 2014 |
| TAS 24 (revised 2012) | Related Party Disclosures | 1 January 2014 |
| TAS 28 (revised 2012) | Investments in Associates | 1 January 2014 |
| TAS 31 (revised 2012) | Interests in Joint Ventures | 1 January 2014 |
| TAS 34 (revised 2012) | Interim Financial Reporting | 1 January 2014 |
| TAS 36 (revised 2012) | Impairment of Assets | 1 January 2014 |
| TAS 38 (revised 2012) | Intangible Assets | 1 January 2014 |
| Financial Reporting Standards: | | |
| TFRS 2 (revised 2012) | Share-based Payment | 1 January 2014 |
| TFRS 3 (revised 2012) | Business Combinations | 1 January 2014 |
| TFRS 4 | Insurance Contracts | 1 January 2016 |
| TFRS 5 (revised 2012) | Non-current Assets Held for Sale and Discontinued Operations | 1 January 2014 |
| TFRS 8 (revised 2012) | Operating Segments | 1 January 2014 |

| | | <u>Effective date</u> |
|---|---|-----------------------|
| Accounting Standard Interpretations: | | |
| TSIC 15 | Operating Leases - Incentives | 1 January 2014 |
| TSIC 27 | Evaluating the Substance of Transactions Involving the Legal Form of a Lease | 1 January 2014 |
| TSIC 29 | Service Concession Arrangements: Disclosures | 1 January 2014 |
| TSIC 32 | Intangible Assets - Web Site Costs | 1 January 2014 |
| Financial Reporting Standard Interpretations: | | |
| TFRIC 1 | Changes in Existing Decommissioning, Restoration and Similar Liabilities | 1 January 2014 |
| TFRIC 4 | Determining whether an Arrangement contains a Lease | 1 January 2014 |
| TFRIC 5 | Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds | 1 January 2014 |
| TFRIC 7 | Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i> | 1 January 2014 |
| TFRIC 10 | Interim Financial Reporting and Impairment | 1 January 2014 |
| TFRIC 12 | Service Concession Arrangements | 1 January 2014 |
| TFRIC 13 | Customer Loyalty Programmes | 1 January 2014 |
| TFRIC 17 | Distributions of Non-cash Assets to Owners | 1 January 2014 |
| TFRIC 18 | Transfers of Assets from Customers | 1 January 2014 |

The management of the Company and its subsidiaries believes that these accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standards interpretations will not have and significant impact on the financial statements for the year when they are initially applied, except TSIC 27, TFRIC 1 and TFRIC 4, for which the management is still evaluating the first-year impact to the financial statements and has yet to reach a conclusion.

4. Cumulative effect of changes in accounting policies due to the adoption of new accounting standard

During the current year, the Company and its subsidiaries made the changes described in Note 3 to the financial statements to its significant accounting policies, as a result of the adoption of Thai Accounting Standard 12 Income Taxes. The cumulative effect of the changes in the accounting policies has been separately presented in the statements of changes in shareholders' equity.

The amounts of adjustments affecting the statements of financial position and the statements of income are summarised below.

(Unit: Thousand Baht)

| | Consolidated financial statement | | | Separate financial statements | | |
|---|----------------------------------|-------------|-----------|-------------------------------|-------------|-----------|
| | As at | As at | As at | As at | As at | As at |
| | 31 December | 31 December | 1 January | 31 December | 31 December | 1 January |
| | 2013 | 2012 | 2012 | 2013 | 2012 | 2012 |
| Statements of financial position | | | | | | |
| Increase in investments in associates | 1,641 | 3,006 | 2,800 | - | - | - |
| Increase in deferred tax assets | 8,705 | 36,753 | 33,383 | 5,798 | 3,344 | 11,660 |
| Increase in non-controlling interests of the subsidiaries | 753 | 1,422 | 1,899 | - | - | - |
| Increase in unappropriated retained earnings | 9,593 | 38,337 | 34,284 | 5,798 | 3,344 | 11,660 |

(Unit: Thousand Baht)

| | For the year ended | | For the year ended | |
|---|--------------------|------------|--------------------|------------|
| | 31 December 2013 | | 31 December 2012 | |
| | Consolidated | Separate | Consolidated | Separate |
| | financial | financial | financial | financial |
| | statements | statements | statements | statements |
| Income statements | | | | |
| Increase (decrease) in share of profit from investments in associates | | (1,365) | - | 206 |
| Increase (decrease) in income tax | | (28,048) | (2,454) | (3,371) |
| Decrease in profit attributable to non-controlling interest of the subsidiaries | | 669 | - | 477 |
| Increase (decrease) in profit attributable to equity holders of the Company | | 27,352 | 2,454 | 4,054 |
| Increase (decrease) in basic earnings per share (Baht) | | 0.09 | 0.01 | 0.01 |
| Increase (decrease) in diluted earnings per share (Baht) | | 0.08 | 0.01 | 0.01 |

5. Significant accounting policies

5.1 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 revenue is 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.

5.2 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.

5.3 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.

5.4 Inventories

Finished goods and work in process are valued at the lower of cost (specific basis for automobiles and average basis for others) and net realisable value. Such cost included all production costs and attributable factory overheads.

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.

Some subsidiaries record inventories using the first-in, first-out method. The effect of the difference in accounting policy is immaterial to the consolidated financial statements.

5.5 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 are accounted for in the separate financial statements using the cost method.

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.

5.6 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 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 |
| Machinery and factory equipment | 3 - 20 years |
| Motor vehicles and office equipment | 5 - 10 years |

No depreciation is provided on land, building under construction, machinery and factory equipment under production 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.

5.7 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.

5.8 Intangible assets and amortisation

The intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite 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.

A summary of the intangible assets with finite useful lives is as follows.

| | <u>Useful lives</u> |
|-----------------------------|---------------------------|
| Computer software | 5-10 years |
| Cost of product development | On number of product sold |

5.9 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.

5.10 Related party transactions

Related parties comprise enterprises and individuals 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 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.

5.11 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 period. The assets acquired under finance leases is depreciated over the useful life of the asset.

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 a straight line basis over the lease term.

5.12 Foreign currencies

The consolidated and separate financial statements as 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 are included in determining income.

5.13 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.

5.14 Income tax

Income tax expense represents 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 they recognise 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.

5.15 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

The Group and their 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 and other employee benefit plans. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan. In addition, some companies provide other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan is 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 benefits are recognised immediately in the income statement.

For the first-time adoption of TAS 19 Employee Benefits in 2011, the Group elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings in 2011.

5.16 Interest rate swap contracts

The net amount of interest to be received from or paid to the counterparty under an interest rate swap contract is recognised as income or expenses on an accrual basis.

5.17 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.

6. Significant accounting judgments and estimates

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

Leases

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

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Impairment of equity investments

The Group treats available-for-sale investments and other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

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.

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.

Goodwill and intangible assets

The initial recognition and measurement of goodwill and intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Provision for product warranty

In determining product warranty reserve, the management needs to exercise judgment to estimate anticipated losses, with reference to past experience.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is 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

The subsidiary has contingent liabilities as a result of litigation. The subsidiary's management has used judgement to assess of the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the end of reporting period.

7. Cash and cash equivalents

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---------------|-----------------------------------|---------|-------------------------------|--------|
| | 2013 | 2012 | 2013 | 2012 |
| Cash | 5,635 | 685 | 62 | 238 |
| Bank deposits | 232,002 | 206,376 | 11,723 | 25,608 |
| Total | 237,637 | 207,061 | 11,785 | 25,846 |

As at 31 December 2013 and 2012 bank deposits in saving accounts and fixed deposits carried interests between 0.10 and 1.75 percent per annum.

8. Related party transactions

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

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | | Transfer Pricing Policy |
|---|-----------------------------------|------|-------------------------------|------|--|
| | 2013 | 2012 | 2013 | 2012 | |
| <u>Transactions with subsidiaries</u> | | | | | |
| (eliminated from the consolidated financial statements) | | | | | |
| Sales of goods | - | - | 271 | 134 | Cost plus margin of 1% - 30% |
| Purchases of goods and services | - | - | 528 | 516 | Cost plus margin of 5% - 35% |
| Purchases of machinery and equipment | - | - | 33 | 27 | Cost plus margin, averaging around 1% - 40% |
| Interest income | - | - | 143 | 170 | 4.5% - 5.4% p.a. (2012: 4.4% - 5.3% p.a.) |
| Dividend income | - | - | 500 | - | As declared |
| Interest expense | - | - | 10 | 2 | 2.0% - 5.3% p.a. |
| Rental income | - | - | 3 | 3 | Close to rental rates for other building in the vicinity |
| Management fee income | - | - | 23 | 3 | Approximate cost |
| Other income | - | - | 19 | - | Approximate cost |
| Other expense | - | - | 3 | - | Approximate cost |



(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | | Transfer Pricing Policy |
|--|-----------------------------------|------|-------------------------------|------|--|
| | 2013 | 2012 | 2013 | 2012 | |
| <u>Transactions with associates</u> | | | | | |
| Sales of goods and services | 107 | 53 | 2 | - | Cost plus margin, averaging around 30% - 40% (2012: Cost plus margin, averaging around 30% and cost minus, averaging around 30%) |
| Purchases of goods and services | 156 | 71 | 117 | 37 | Cost plus margin, averaging around 1% - 3% and 30% - 70% |
| Interest income | - | 1 | - | 1 | 5% p.a. (2012: 5% and 6.9% p.a.) |
| Dividend income | - | - | 111 | 130 | As declared |
| Rental income | 2 | 1 | - | - | Baht 258 per square meter |
| Management fee income | 2 | - | - | - | Approximate cost |
| <u>Transactions with related parties</u> | | | | | |
| Purchases of goods and services | 370 | 580 | - | - | Cost plus margin of 2% - 30% |
| Management fee expense | - | 7 | - | 7 | Approximate cost |
| Purchases of machinery and equipment | 3 | 52 | - | - | Cost plus margin |

As at 31 December 2013 and 2012, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|----------------|-------------------------------|----------------|
| | 2013 | 2012 | 2013 | 2012 |
| Trade and other receivables - related parties (Note 9) | | | | |
| Subsidiaries | - | - | 169,145 | 338,749 |
| Associates | 38,355 | 8,052 | 2,310 | 884 |
| Related companies (common shareholder/director) | 488 | 496 | - | 248 |
| | <u>38,843</u> | <u>8,548</u> | <u>171,455</u> | <u>339,881</u> |
| Dividend receivable | | | | |
| Subsidiary | - | - | 200,000 | - |
| Trade and other payables - related parties (Note 22) | | | | |
| Subsidiaries | - | - | 84,900 | 216,092 |
| Associates | 66,339 | 27,704 | 59,737 | 23,556 |
| Related companies (common shareholder/director) | 94,376 | 184,184 | - | 7,200 |
| | <u>160,715</u> | <u>211,888</u> | <u>144,637</u> | <u>246,848</u> |

Loans to related parties and loan from related parties

As at 31 December 2013 and 2012, the balance of loans between the Company and those related companies and the movement are as follows.

(Unit: Thousand Baht)

| | | Consolidated financial statements | | | | |
|---|-----------------|--------------------------------------|-----------------------------|-----------------------------|--|--------------------------------------|
| | Related by | Balance as at 31 December 2012 | Increase during the year | Decrease during the year | Unrealised gain (loss) on exchange | Balance as at 31 December 2013 |
| <u>Short-term loans to</u> | | | | | | |
| Dee Mak SDN - BHD Company Limited | Common director | 484 | 6,923 | (6,751) | (3) | 653 |
| Total | | 484 | 6,923 | (6,751) | (3) | 653 |
| <u>Long-term loans to</u> | | | | | | |
| Edscha AAPICO Automotive Company Limited | Associate | - | 180 | - | - | 180 |
| Total | | - | 180 | - | - | 180 |
| <u>Short-term loans from</u> | | | | | | |
| Directors | | 16,954 | 999 | - | (140) | 17,813 |
| Total | | 16,954 | 999 | - | (140) | 17,813 |

Short-term loans from directors carry interest at 5 percent per annum and due at call.

(Unit: Thousand Baht)

| | | Separate financial statements | | | | |
|---|------------|--------------------------------------|-----------------------------|-----------------------------|--|--------------------------------------|
| | Related by | Balance as at 31 December 2012 | Increase during the year | Decrease during the year | Unrealised gain (loss) on exchange | Balance as at 31 December 2013 |
| <u>Short-term loans to</u> | | | | | | |
| New Era Sales Company Limited | Subsidiary | 9,600 | 3,000 | - | - | 12,600 |
| Able Motors Company Limited | Subsidiary | 12,000 | 22,200 | - | - | 34,200 |
| Katsuya (Thailand) Company Limited | Subsidiary | - | 2,400 | - | - | 2,400 |
| AAPICO Hitech Parts Company Limited | Subsidiary | 180,000 | - | (88,800) | - | 91,200 |
| AAPICO Hitech Tooling Company Limited | Subsidiary | 18,000 | - | - | - | 18,000 |
| AAPICO Forging Public Company Limited | Subsidiary | 240,000 | - | (60,000) | - | 180,000 |
| Total | | 459,600 | 27,600 | (148,800) | - | 338,400 |
| <u>Long-term loans to</u> | | | | | | |
| New Era Sales Company Limited | Subsidiary | 201,400 | 19,000 | - | - | 220,400 |
| Able Motors Company Limited | Subsidiary | 105,000 | 88,600 | (144,800) | - | 48,800 |
| AAPICO Forging Public Company Limited | Subsidiary | 1,493,099 | 1,320,300 | (1,019,899) | - | 1,793,500 |
| AAPICO Hitech Parts Company Limited | Subsidiary | 478,662 | 779,550 | (1,258,212) | - | - |
| AAPICO Hitech Tooling Company Limited | Subsidiary | 55,031 | 180,019 | (173,750) | - | 61,300 |
| Kunshan Chaitai-Xincheng Precision Forging Company Limited | Subsidiary | 8,536 | 61,780 | (8,536) | 3,379 | 65,159 |
| Katsuya (Thailand) Company Limited | Subsidiary | 3,710 | 93 | (2,400) | - | 1,403 |
| Edscha AAPICO Automotive Company Limited | Associate | - | 180 | - | - | 180 |
| Total | | 2,345,438 | 2,449,522 | (2,607,597) | 3,379 | 2,190,742 |
| <u>Short-term loans from</u> | | | | | | |
| AAPICO Engineering Company Limited | Subsidiary | 10,000 | - | (800) | - | 9,200 |
| AAPICO Amata Company Limited | Subsidiary | 87,050 | 476,400 | (527,900) | - | 35,550 |
| AAPICO Structural Products Company Limited | Subsidiary | 238,000 | 3,748,802 | (3,943,750) | - | 43,052 |
| Total | | 335,050 | 4,225,202 | (4,472,450) | - | 87,802 |



Directors and management's benefits

During the years ended 31 December 2013 and 2012, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|------------------------------|-----------------------------------|------|-------------------------------|------|
| | 2013 | 2012 | 2013 | 2012 |
| Short-term employee benefits | 26.0 | 25.1 | 25.3 | 24.2 |
| Post-employment benefits | 0.1 | 0.1 | 0.1 | 0.1 |
| Total | 26.1 | 25.2 | 25.4 | 24.3 |

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 35.4.

9. Trade and other receivables

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|-----------|-------------------------------|---------|
| | 2013 | 2012 | 2013 | 2012 |
| <u>Trade receivables - related parties</u> | | | | |
| Aged on the basis of due dates | | | | |
| Not yet due and past due | | | | |
| not over 3 months | 26,324 | 7,006 | 19,314 | 90,894 |
| Past due 3 - 12 months | 137 | 7 | 7 | 3,035 |
| Past due more than 12 months | 45 | 9 | 4 | 11 |
| Total trade receivables - related parties | 26,506 | 7,022 | 19,325 | 93,940 |
| <u>Trade receivables - unrelated parties</u> | | | | |
| Aged on the basis of due dates | | | | |
| Not yet due and past due | | | | |
| not over 3 months | 1,895,214 | 2,658,768 | 258,039 | 360,006 |
| Past due 3 - 12 months | 10,898 | 33,389 | 4,637 | 18,226 |
| Past due more than 12 months | 22,020 | 15,106 | 6,785 | 3,639 |
| Total | 1,928,132 | 2,707,263 | 269,461 | 381,871 |
| Less: Allowance for doubtful accounts | (21,962) | (13,960) | (991) | (2,545) |
| Total trade receivables - unrelated parties, net | 1,906,170 | 2,693,303 | 268,470 | 379,326 |
| Total trade receivables - net | 1,932,676 | 2,700,325 | 287,795 | 473,266 |

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|-----------|-------------------------------|---------|
| | | | | |
| | 2013 | 2012 | 2013 | 2012 |
| <u>Other receivables – net</u> | | | | |
| Advances - related parties | 11,666 | 1,526 | 23,479 | 40,500 |
| Interest receivable - related parties | - | - | 128,651 | 205,441 |
| Advances | 11,410 | - | - | - |
| Accrued insurance compensation | 234,836 | 23,711 | 182,505 | - |
| Accrued income | 31,083 | 16,257 | 7,205 | 5,205 |
| Other - related parties | 671 | - | - | - |
| Others | 34,457 | 59,105 | 947 | 2,917 |
| Total other receivables - net | 324,123 | 100,599 | 342,787 | 254,063 |
| Total trade and other receivables - net | 2,256,799 | 2,800,924 | 630,582 | 727,329 |

10. Inventories

(Unit: Thousand Baht)

| | Consolidated financial statements | | | | | |
|--|-----------------------------------|-----------|--|----------|-----------------|-----------|
| | Cost | | Reduce cost to net realisable value | | Inventories-net | |
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Finished goods | 593,592 | 570,576 | (16,108) | (17,975) | 577,484 | 552,601 |
| Raw materials, spare parts and supplies | 394,060 | 479,557 | (48,454) | (37,371) | 345,606 | 442,186 |
| Work in process | 298,710 | 287,776 | (4,211) | (12,362) | 294,499 | 275,414 |
| Goods in transit | 4,132 | 12,135 | - | - | 4,132 | 12,135 |
| Total | 1,290,494 | 1,350,044 | (68,773) | (67,708) | 1,221,721 | 1,282,336 |

(Unit: Thousand Baht)

| | Separate financial statements | | | | | |
|--|-------------------------------|---------|--|---------|-----------------|---------|
| | Cost | | Reduce cost to net realisable value | | Inventories-net | |
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Finished goods | 53,843 | 37,921 | (787) | (2,018) | 53,056 | 35,903 |
| Raw materials, spare parts and supplies | 58,902 | 60,247 | - | - | 58,902 | 60,247 |
| Work in process | 116,309 | 60,603 | (1,013) | (52) | 115,296 | 60,551 |
| Total | 229,054 | 158,771 | (1,800) | (2,070) | 227,254 | 156,701 |

Certain subsidiaries have pledged finished goods of approximately Baht 235 million (2012: Baht 232 million) to secure short-term loans from banks.



11. Restricted bank deposits

These represent bank deposits pledged with banks to secure credit facilities.

12. Investments in associates

12.1 Details of associates

(Unit: Thousand Baht)

| Company's name | Nature of business | Country of incorporation | Consolidated financial statements | | | | | |
|--|--|--------------------------|-----------------------------------|------|---------|---------|---|---------|
| | | | Shareholding percentage | | Cost | | Carrying amounts based on equity method | |
| | | | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| | | | (%) | (%) | | | (Restated) | |
| Able Sanoh Industries (1996) Company Limited | Manufacture and distribution of autoparts | Thailand | 46 | 46 | 30,700 | 30,700 | 326,434 | 269,476 |
| Sanoh Industries (Thailand) Company Limited | Manufacture and distribution of autoparts | Thailand | 20 | 20 | 29,250 | 29,250 | 55,504 | 49,509 |
| MINTH AAPICO (Thailand) Company Limited | Manufacture and distribution of autoparts | Thailand | 40 | 40 | 151,400 | 151,400 | 174,109 | 162,692 |
| Thai Takagi Seiko Company Limited | Distribution of dies | Thailand | 49 | 49 | 13,229 | 13,229 | 22,668 | 15,572 |
| Hyundai Motor (Thailand) Company Limited | Manufacture and distribution of vehicles and parts | Thailand | 30 | 30 | 120,000 | 120,000 | 474,679 | 419,933 |
| Edscha AAPICO Automotive Company Limited | Manufacture and distribution of autoparts | Thailand | 49 | - | 19,600 | - | 21,513 | - |
| Sumino AAPICO (Thailand) Company Limited | Manufacture and distribution of autoparts | Thailand | 49 | - | 98,000 | - | 95,178 | - |
| Total | | | | | 462,179 | 344,579 | 1,170,085 | 917,182 |

(Unit: Thousand Baht)

| Company's name | Separate financial statements | | | | | | | |
|--|-------------------------------|------|---------|---------|---|------|---|---------|
| | Shareholding percentage | | Cost | | Allowance for impairment of investments | | Carrying amounts based on cost method - net | |
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| | (%) | (%) | | | | | | |
| Able Sanoh Industries (1996) Company Limited | 46 | 46 | 30,700 | 30,700 | - | - | 30,700 | 30,700 |
| Sanoh Industries (Thailand) Company Limited | 20 | 20 | 29,250 | 29,250 | - | - | 29,250 | 29,250 |
| MINTH AAPICO (Thailand) Company Limited | 40 | 40 | 151,400 | 151,400 | - | - | 151,400 | 151,400 |
| Thai Takagi Seiko Company Limited | 49 | 49 | 13,229 | 13,229 | - | - | 13,229 | 13,229 |
| Hyundai Motor (Thailand) Company Limited | 30 | 30 | 120,000 | 120,000 | - | - | 120,000 | 120,000 |
| Edscha AAPICO Automotive Company Limited | 49 | - | 19,600 | - | - | - | 19,600 | - |
| Sumino AAPICO (Thailand) Company Limited | 49 | - | 98,000 | - | - | - | 98,000 | - |
| Total | | | 462,179 | 344,579 | - | - | 462,179 | 344,579 |

12.2 Share of profit/loss and dividend income

During the years, 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 | Consolidated financial statements | | Separate financial statements | |
|--|--|---------|-------------------------------------|---------|
| | Share of profit (loss) from investments in associates during the years | | Dividend income during the years | |
| | 2013 | 2012 | 2013 | 2012 |
| | (Restated) | | | |
| Able Sanoh Industries (1996) Company Limited | 56,957 | 99,658 | - | - |
| Sanoh Industries (Thailand) Company Limited | 11,860 | 9,795 | 5,865 | 7,864 |
| MINTH AAPICO (Thailand) Company Limited | 11,417 | 38,185 | - | - |
| Thai Takagi Seiko Company Limited | 7,096 | 5,122 | - | - |
| PAPAGO (Thailand) Company Limited | - | (117) | - | - |
| Hyundai Motor (Thailand) Company Limited | 160,250 | 171,101 | 105,504 | 122,070 |
| Edscha AAPICO Automotive Company Limited | 1,913 | - | - | - |
| Sumino AAPICO (Thailand) Company Limited | (2,822) | - | - | - |
| Total | 246,671 | 323,744 | 111,369 | 129,934 |

12.3 Summarised financial information of associates

Financial information of the associates is summarised belows:

(Unit: Million Baht)

| Company's name | Paid-up capital as at 31 December | | Total assets as at 31 December | | Total liabilities as at 31 December | | Total revenues for the years ended 31 December | | Profit (loss) for the years ended 31 December | |
|--|--------------------------------------|------|-----------------------------------|-------|--|------|--|-------|---|------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| | | | (Restated) | | | | | | (Restated) | |
| Able Sanoh Industries (1996) Company Limited | 118 | 118 | 1,196 | 1,331 | 480 | 731 | 1,965 | 1,976 | 118 | 219 |
| Sanoh Industries (Thailand) Company Limited | 146 | 146 | 323 | 307 | 45 | 57 | 491 | 497 | 60 | 49 |
| MINTH AAPICO (Thailand) Company Limited | 379 | 379 | 650 | 585 | 207 | 168 | 643 | 709 | 28 | 96 |
| Thai Takagi Seiko Company Limited | 27 | 27 | 283 | 204 | 237 | 172 | 385 | 254 | 14 | 10 |
| Hyundai Motor (Thailand) Company Limited | 400 | 400 | 2,201 | 1,787 | 782 | 550 | 6,093 | 6,857 | 534 | 570 |
| Edscha AAPICO Automotive Company Limited | 40 | - | 106 | - | 62 | - | 69 | - | 4 | - |
| Sumino AAPICO (Thailand) Company Limited | 200 | - | 325 | - | 131 | - | - | - | (6) | - |

During the year 2012, the shareholding of the Company in PAPAGO (Thailand) Company Limited had fallen from 30% to 12% because that company increased its share capital, with the Company making no additional investment. Therefore, the Company transferred the investment to other investment.



13. Investments in subsidiaries

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

(Unit: Thousand Baht)

| Company's name | Paid-up capital | | Shareholding percentage | | Cost | | Dividend received during the year |
|--|-------------------|-------------------|-------------------------|------|-------------|-----------|-----------------------------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 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 | 200,000 |
| 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 Public Co., Ltd. | 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 | 500,000 |
| 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. (formerly known as "Dongfeng Commercial Vehicle Co., Ltd.") | Baht 25 million | Baht 25 million | 97 | 97 | 24,250 | 24,250 | - |
| AAPICO Lemtech (Thailand) Co., Ltd. | Baht 40 million | - | 60 | - | 24,000 | - | - |
| Total | | | | | 4,044,713 | 4,020,713 | 700,000 |
| Less: Allowance for impairment | | | | | (1,211,708) | (359,376) | |
| Net | | | | | 2,833,005 | 3,661,337 | |

No dividend received from all above subsidiaries in 2012.

Donfeng Commercial Vehicle Company Limited changed its name to Foton Passenger Vehicles Distribution (Thailand) Company Limited and registered with the Ministry of Commerce in November 2013.

14. Investment in joint venture

14.1 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)

| | | | | As at 31 December 2013 | |
|---|--|-----------------------------|-----------------------------------|---|-------------------------------------|
| | | | | Consolidated financial statements | Separate financial statements |
| | | | | Carrying amount based on equity | |
| Jointly controlled entity | Nature of business | Country of incorporation | Shareholding percentage (%) | method | Cost |
| AAPICO Sodectia (Thailand) Company Limited | Manufacture and distribution of autoparts | Thailand | 50 | 14,816 | 15,000 |

14.2 Share of profit/loss

During the year, the Company has recognised its share of loss from investment in joint venture of Baht 0.2 million in the consolidated financial statements.

14.3 Summarised financial information of joint venture

Financial information of the joint venture is summarised belows:

(Unit: Million Baht)

| Company's name | Paid-up capital as at 31 December 2013 | Total assets as at 31 December 2013 | Total liabilities as at 31 December 2013 | Total revenue for the year ended 31 December 2013 | Loss for the year ended 31 December 2013 |
|--|---|--|---|--|---|
| AAPICO Sodectia (Thailand) Company Limited | 30 | 30 | 1 | - | - |

15. Other long-term investments

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--------------------------------------|--------------------------------------|----------|----------------------------------|-------|
| | 2013 | 2012 | 2013 | 2012 |
| Available-for-sale securities | | | | |
| Marketable equity securities | 160,666 | 160,666 | - | - |
| Allowance for change in value | (85,885) | (32,917) | - | - |
| | 74,781 | 127,749 | - | - |
| Other investments | | | | |
| Equity securities | 48,820 | 31,125 | 3,000 | 3,000 |
| Total | 123,601 | 158,874 | 3,000 | 3,000 |



16. Property, plant and equipment

(Unit: Thousand Baht)

| Consolidated financial statements | | | | | | |
|---|---------|--|---------------------------------------|---|---|------------|
| | Land | Building and building improvements | Machinery and factory equipment | Motor vehicles and office equipment | Building under construction, machinery and factory equipment under production/ installation | Total |
| Cost | | | | | | |
| 1 January 2012 | 700,308 | 1,908,418 | 7,850,072 | 254,100 | 928,650 | 11,641,548 |
| Acquisitions | - | 58,294 | 319,903 | 57,874 | 419,854 | 855,925 |
| Disposals/write-off | - | (169,041) | (484,419) | (43,500) | (41,321) | (738,281) |
| Transfer in (out) | - | 347,241 | 560,437 | 178,315 | (1,094,078) | (8,085) |
| Capitalised interest | - | - | - | - | 8,882 | 8,882 |
| Translation adjustment | - | 8,549 | (10,235) | (9,931) | (3,549) | (15,166) |
| 31 December 2012 | 700,308 | 2,153,461 | 8,235,758 | 436,858 | 218,438 | 11,744,823 |
| Acquisitions | 46,612 | 6,456 | 105,037 | 39,656 | 651,206 | 848,967 |
| Disposals/write-off | - | (27) | (23,842) | (17,343) | (26,079) | (67,291) |
| Transfer in (out) | - | 74,745 | 290,394 | 23,690 | (347,806) | 41,023 |
| Capitalised interest | - | - | 1,122 | - | 1,202 | 2,324 |
| Translation adjustment | - | 26,933 | 39,688 | 3,121 | 56 | 69,798 |
| 31 December 2013 | 746,920 | 2,261,568 | 8,648,157 | 485,982 | 497,017 | 12,639,644 |
| Accumulated depreciation | | | | | | |
| 1 January 2012 | - | 543,949 | 4,152,336 | 178,744 | - | 4,875,029 |
| Depreciation for the year | - | 102,097 | 595,412 | 35,779 | - | 733,288 |
| Depreciation on disposals/ write-off | - | (86,664) | (286,227) | (33,126) | - | (406,017) |
| Transfer in (out) | - | - | 244 | (244) | - | - |
| Translation adjustment | - | 7,175 | (4,123) | (8,136) | - | (5,084) |
| 31 December 2012 | - | 566,557 | 4,457,642 | 173,017 | - | 5,197,216 |
| Depreciation for the year | - | 103,459 | 596,411 | 38,652 | - | 738,522 |
| Depreciation on disposals/ write-off | - | (242) | (12,594) | (14,356) | - | (27,192) |
| Transfer in (out) | - | - | (8,450) | 8,450 | - | - |
| Translation adjustment | - | 1,291 | 11,749 | 9,303 | - | 22,343 |
| 31 December 2013 | - | 671,065 | 5,044,758 | 215,066 | - | 5,930,889 |
| Allowance for impairment loss | | | | | | |
| 1 January 2012 | - | 39,226 | 146,834 | 1,087 | 964 | 188,111 |
| Decrease during the year | - | (39,002) | (141,133) | (1,087) | - | (181,222) |
| 31 December 2012 | - | 224 | 5,701 | - | 964 | 6,889 |
| Increase (decrease) during the year | - | (224) | 27,742 | - | - | 27,518 |
| 31 December 2013 | - | - | 33,443 | - | 964 | 34,407 |
| Net book value | | | | | | |
| 31 December 2012 | 700,308 | 1,586,680 | 3,772,415 | 263,841 | 217,474 | 6,540,718 |
| 31 December 2013 | 746,920 | 1,590,503 | 3,569,956 | 270,916 | 496,053 | 6,674,348 |
| Depreciation for the years | | | | | | |
| 2012 | | | | | | 733,288 |
| 2013 | | | | | | 738,522 |

(Unit: Thousand Baht)

Separate financial statements

| | Land | Building and building improvements | Machinery and factory equipment | Motor vehicles and office equipment | Building under construction, machinery and factory equipment under production/ installation | Total |
|---|---------|--|---------------------------------------|---|---|-----------|
| Cost | | | | | | |
| 1 January 2012 | 163,406 | 476,123 | 1,123,228 | 67,756 | 217,022 | 2,047,535 |
| Acquisitions | - | 33,084 | 120,616 | 8,588 | 60,130 | 222,418 |
| Disposals/write-off | - | (24,298) | (261,630) | (15,811) | (4,652) | (306,391) |
| Transfer in (out) | - | - | 226,086 | - | (221,185) | 4,901 |
| Capitalised interest | - | - | - | - | 1,626 | 1,626 |
| 31 December 2012 | 163,406 | 484,909 | 1,208,300 | 60,533 | 52,941 | 1,970,089 |
| Acquisitions | - | - | 2,093 | - | 95,212 | 97,305 |
| Disposals/write-off | - | - | (4,337) | (130) | (12,000) | (16,467) |
| Transfer in (out) | - | 41,712 | 63,397 | 4,961 | (110,070) | - |
| Transfer to intangible asset | - | - | - | - | (1,608) | (1,608) |
| Capitalised interest | - | - | - | - | 787 | 787 |
| 31 December 2013 | 163,406 | 526,621 | 1,269,453 | 65,364 | 25,262 | 2,050,106 |
| Accumulated depreciation | | | | | | |
| 1 January 2012 | - | 149,114 | 383,203 | 50,741 | - | 583,058 |
| Depreciation for the year | - | 24,299 | 93,627 | 3,838 | - | 121,764 |
| Depreciation on disposals/ write-off | - | (16,920) | (191,659) | (14,998) | - | (223,577) |
| 31 December 2012 | - | 156,493 | 285,171 | 39,581 | - | 481,245 |
| Depreciation for the year | - | 27,090 | 98,937 | 6,972 | - | 132,999 |
| Depreciation on disposals/ write-off | - | - | (523) | (60) | - | (583) |
| 31 December 2013 | - | 183,583 | 383,585 | 46,493 | - | 613,661 |
| Allowance for impairment loss | | | | | | |
| 1 January 2012 | - | 5,536 | 47,323 | 805 | - | 53,664 |
| Decrease during the year | - | (5,536) | (47,323) | (805) | - | (53,664) |
| 31 December 2012 | - | - | - | - | - | - |
| Increase during the year | - | - | 24,885 | - | - | 24,885 |
| 31 December 2013 | - | - | 24,885 | - | - | 24,885 |
| Net book value | | | | | | |
| 31 December 2012 | 163,406 | 328,416 | 923,129 | 20,952 | 52,941 | 1,488,844 |
| 31 December 2013 | 163,406 | 343,038 | 860,983 | 18,871 | 25,262 | 1,411,560 |
| Depreciation for the years | | | | | | |
| 2012 | | | | | | 121,764 |
| 2013 | | | | | | 132,999 |

Borrowing costs totaling approximately Baht 2 million and Baht 9 million were capitalised as cost of construction of the project during the years ended 31 December 2013 and 2012, respectively. The weighted average rates used to determine the amount of borrowing costs eligible for capitalisation were 4.8% and 4.7%, respectively.



As at 31 December 2013, the Group had machinery, motor vehicles and equipment under finance lease agreements with net book values amounting to Baht 113 million (2012: Baht 125 million).

As at 31 December 2013, certain 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 approximately Baht 3,142 million (2012: Baht 2,883 million) (Separate financial statements: Baht 184 million, 2012: Baht 124 million).

Certain subsidiaries have mortgaged building, certain machinery and factory equipment with a total net book value as at 31 December 2013 of Baht 124 million (2012: Baht 131 million) as collateral for credit facilities granted by banks.

17. Leasehold right

(Unit: Thousand Baht)

| | Consolidated financial statements | |
|--------------------------|-----------------------------------|----------------|
| | 2013 | 2012 |
| Cost | 204,887 | 200,021 |
| Accumulated amortisation | (36,618) | (30,374) |
| Net book value | <u>168,269</u> | <u>169,647</u> |

A reconciliation of the net book value of land leasehold right for the years 2013 and 2012 is presented below.

(Unit: Thousand Baht)

| | Consolidated financial statements | |
|---|-----------------------------------|----------------|
| | 2013 | 2012 |
| Net book value at beginning of year | 169,647 | 187,682 |
| Disposals of assets – net book value | - | (4,776) |
| Adjustment | - | (8,529) |
| Amortisation | (6,825) | (6,409) |
| Reversal of allowance for impairment loss | - | 2,940 |
| Translation adjustment | 5,447 | (1,261) |
| Net book value at end of year | <u>168,269</u> | <u>169,647</u> |

Subsidiaries have pledged their land leasehold right with a net book value as at 31 December 2013 of Baht 104 million (2012: Baht 107 million) as collateral for credit facilities granted by banks.

18. Goodwill

(Unit: Million Baht)

| | Consolidated financial statements | |
|---|-----------------------------------|-------|
| | 2013 | 2012 |
| 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) | (300) |
| Net | 235 | 1,087 |

In prior year, the Company examined, estimated and adjusted the fair value of the majority of the net assets of AAPICO Forging Public Company Limited, and the Company claimed compensation from that subsidiary's former major shareholders under the terms of representation and warranty in the share purchase agreement, in order to recover the adjusted value of the subsidiary's net assets. The Company's Board of Directors passed a resolution consenting to the Compromise Agreement, in accordance with the strong recommendation made by the Company's legal counsel. The agreement has no financial impact on the current and future performance of the Company.

As at 31 December 2013, the Company recorded additional allowance for impairment of goodwill of AAPICO Forging Public Company Limited of Baht 852 million. The Company determined the allowance based on discounted cash flow projections of the subsidiary prepared under current circumstances. Pre-tax discount rates of 6.04% p.a. and financial parameters provided by third parties, were used, with a growth scenario for the auto industry prepared by the management. However, actual results may differ from these estimates depending on the future economic environment.

As at 31 December 2012, the Company determined that the Baht 300 million allowance for impairment of goodwill of AAPICO Forging Public Company Limited that was recorded in the accounts was adequate, based on discounted cash flow projections of the subsidiary prepared under current circumstances. Pre-tax discount rates of 8.67% p.a. and financial parameters provided by third parties, were used, with a growth scenario for the auto industry prepared by the management. However, actual results might differ from these estimates depending on the future economic environment.

19. Other intangible assets

The net book value of intangible assets as at 31 December 2013 and 2012 is presented below.

| | (Unit: Thousand Baht) | | |
|----------------------------------|-----------------------------------|-----------------------------|---------|
| | Consolidated financial statements | | |
| | Computer software | Cost of product development | Total |
| Cost: | | | |
| At 1 January 2012 | 109,877 | 56,116 | 165,993 |
| Addition during the year | 41,685 | - | 41,685 |
| Write-off during the year | (2,035) | (7,152) | (9,187) |
| At 31 December 2012 | 149,527 | 48,964 | 198,491 |
| Addition during the year | 11,978 | - | 11,978 |
| Transfer in (out) | (27,431) | 29,039 | 1,608 |
| Write-off during the year | (327) | - | (327) |
| Translation adjustment | 222 | - | 222 |
| At 31 December 2013 | 133,969 | 78,003 | 211,972 |
| Accumulated amortisation: | | | |
| At 1 January 2012 | 60,831 | 18,058 | 78,889 |
| Amortisation | 22,259 | 2,089 | 24,348 |
| Write-off during the year | (27) | (2,643) | (2,670) |
| At 31 December 2012 | 83,063 | 17,504 | 100,567 |
| Amortisation | 11,639 | 9,010 | 20,649 |
| Transfer in (out) | (8,877) | 8,274 | (603) |
| Write-off during the year | (321) | - | (321) |
| Translation adjustment | 47 | - | 47 |
| At 31 December 2013 | 85,551 | 34,788 | 120,339 |
| Net book value: | | | |
| At 31 December 2013 | 48,418 | 43,215 | 91,633 |
| At 31 December 2012 | 66,464 | 31,460 | 97,924 |

| | |
|----------------------------------|-------------------------------|
| | (Unit: Thousand Baht) |
| | Separate financial statements |
| | <u>Computer software</u> |
| Cost: | |
| At 1 January 2012 | 57,807 |
| Addition during the year | 12,108 |
| Write-off during the year | (2,035) |
| At 31 December 2012 | 67,880 |
| Transfer in | 1,608 |
| At 31 December 2013 | <u>69,488</u> |
| Accumulated amortisation: | |
| At 1 January 2012 | 31,958 |
| Amortisation | 9,562 |
| Write-off during the year | (27) |
| At 31 December 2012 | 41,493 |
| Amortisation | 6,226 |
| At 31 December 2013 | <u>47,719</u> |
| Net book value: | |
| At 31 December 2013 | <u>21,769</u> |
| At 31 December 2012 | <u>26,387</u> |

20. Income tax

Income tax expenses for the years ended 31 December 2013 and 2012 are made up as follows:

| | | | | |
|---|-----------------------|---------------|----------------------|---------------|
| | (Unit: Thousand Baht) | | | |
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2013 | 2012 | 2013 | 2012 |
| | | (Restated) | | (Restated) |
| Current income tax: | | | | |
| Current income tax charge | 45,664 | 34,511 | - | 2,490 |
| Deferred tax: | | | | |
| Relating to origination and reversal of temporary differences | 28,048 | 3,371 | (2,454) | 8,316 |
| Income tax expenses reported in the statements of income | <u>73,712</u> | <u>37,882</u> | <u>(2,454)</u> | <u>10,806</u> |

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2013 and 2012.

| | (Unit: Thousand Baht) | | | |
|--|-----------------------------------|------------|-------------------------------|------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2013 | 2012 | 2013 | 2012 |
| | | (Restated) | | (Restated) |
| Accounting profit before tax | 708,081 | 965,306 | 126,826 | 114,461 |
| Applicable tax rate in Thailand | 20% | 23% | 20% | 23% |
| Accounting profit before tax multiplied by applicable tax rate | 141,616 | 222,020 | 25,365 | 26,326 |
| Deferred tax assets which were not utilisation during the year | | | | |
| - Tax losses | 56,436 | 41,546 | 27,435 | 3,660 |
| - Share of profit from investments in associates and joint venture | (48,354) | (74,461) | - | - |
| Utilisation of previously unrecognised deferred tax assets | | | | |
| - Tax losses | (1,019) | - | - | - |
| Effects of: | | | | |
| Promotional privileges (Note 32) | (138,490) | (148,966) | (6,806) | - |
| Income not subject to tax | (139,371) | - | (221,108) | (29,885) |
| Non-deductible expenses | 200,656 | 12,546 | 172,660 | 10,705 |
| Effects of difference tax rates in Malaysia | 2,542 | 406 | - | - |
| Effects of difference tax rates in the People's Republic of China | (304) | (15,209) | - | - |
| Total | (74,967) | (151,223) | (55,254) | (19,180) |
| Income tax expenses reported in the statements of income | 73,712 | 37,882 | (2,454) | 10,806 |

The components of deferred tax assets and deferred tax liabilities are as follows:

| | (Unit: Thousand Baht) | | | | | |
|--|-----------------------------------|------------------------|----------------------|-------------------------------|------------------------|----------------------|
| | Statements of financial position | | | | | |
| | Consolidated financial statements | | | Separate financial statements | | |
| | As at 31 December 2013 | As at 31 December 2012 | As at 1 January 2012 | As at 31 December 2013 | As at 31 December 2012 | As at 1 January 2012 |
| | | (Restated) | | | (Restated) | |
| Deferred tax assets | | | | | | |
| Allowance for doubtful accounts | - | 389 | 350 | - | 252 | 213 |
| Allowance for diminution in value of inventories | 415 | 2,111 | 3,280 | 155 | 200 | 2,245 |
| Accumulated depreciation - plant and equipment | - | 13,972 | 2,108 | - | - | - |
| Allowance for asset impairment | 2,589 | 2,565 | 3,762 | 2,589 | 2,565 | 3,762 |
| Provision for long-term employee benefits | 5,753 | 14,435 | 12,401 | 3,558 | 253 | 370 |
| Unused tax losses | 1,392 | 2,550 | 3,058 | - | - | - |
| Others | - | 731 | 8,423 | - | 74 | 5,070 |
| Total | 10,149 | 36,753 | 33,382 | 6,302 | 3,344 | 11,660 |
| Deferred tax liabilities | | | | | | |
| Accumulated depreciation - equipment | 940 | - | - | - | - | - |
| Others | 504 | - | - | 504 | - | - |
| Total | 1,444 | - | - | 504 | - | - |

In October 2011, the cabinet passed a resolution to reduce the corporate income tax rate from 30 percent to 23 percent in 2012, and then to 20 percent from 2013. In addition, in order to comply with the resolution of the cabinet, in December 2011, the decreases in tax rates for 2012 – 2014 were enacted through a royal decree. The Company has reflected the changes in the income tax rates in its deferred tax calculation, as presented above.

As at 31 December 2013 the Group has unused tax losses totaling Baht 729 million, on which deferred tax assets have not been utilisation as the Group believes future taxable profits may not be sufficient to allow utilisation of the unused tax losses.

21. Bank overdrafts and short-term loans from banks

(Unit: Thousand Baht)

| | Interest rate (percent per annum) | | Consolidated financial statements | | Separate financial statements | |
|----------------------------|--------------------------------------|------------------------|--------------------------------------|----------------|----------------------------------|----------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Trust receipt payable | 2.36 | - | 84,021 | - | - | - |
| Bank overdrafts | - | 6.1-6.6 | - | 91,691 | - | - |
| Short-term loan from banks | 1.98-6.71 and BLR+0.5 | 1.7-7.4 and BLR+0.5 | 989,346 | 892,763 | 246,773 | 123,699 |
| Total | | | <u>1,073,367</u> | <u>984,454</u> | <u>246,773</u> | <u>123,699</u> |

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

22. Trade and other payables

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|------------------|----------------------------------|----------------|
| | 2013 | 2012 | 2013 | 2012 |
| Trade payables – related parties | 160,425 | 195,741 | 107,112 | 179,087 |
| Trade payables – unrelated parties | 1,677,558 | 2,548,234 | 369,539 | 489,818 |
| Advance received from related parties | - | - | 14,854 | 35,385 |
| Share subscription payable – related party | - | - | 22,378 | 24,378 |
| Accrued interest expenses – related parties | - | - | 293 | 798 |
| Retention payable | 13,793 | 13,540 | 13,540 | 13,540 |
| Payables for purchase of machineries – related parties | 81 | 8,678 | - | - |
| Payables for purchase of machineries – unrelated parties | 71,136 | 92,519 | 2,291 | 12,419 |
| Accrued expenses – related parties | 209 | 7,469 | - | 7,200 |
| Others | 205,143 | 227,085 | 65,674 | 66,083 |
| Total trade and other payables | <u>2,128,345</u> | <u>3,093,266</u> | <u>595,681</u> | <u>828,708</u> |

23. Long-term loans

(Unit: Thousand Baht)

| Loan | Interest rate (percent per annum) | Repayment schedule | Consolidated financial statements | | Separate financial statements | |
|--|--|--|-----------------------------------|-------------|-------------------------------|-------------|
| | | | 2013 | 2012 | 2013 | 2012 |
| 1 | MLR-1.9 | Repayable in 60 monthly installments of Baht 6.7 million, with the first of these due in April 2011 | 178,900 | 259,300 | 178,900 | 259,300 |
| 2 | Fixed deposit+2.25 | Repayable in 60 monthly installments of Baht 6.7 million, with the first of these due in December 2008 | - | 71,700 | - | 71,700 |
| 3 | Interest rates based on the interest rates announced by bank in Malaysia - 1.5 to - 1.9 | Repayable in 180 monthly installments, with the first of these due in March 2008 | 139,094 | 148,723 | - | - |
| 4 | FDR+2.88 and FDR+3.3 | Repayable in 60 monthly installments, with the first of these due in January 2011 | 800,000 | 1,640,000 | 800,000 | 1,640,000 |
| 5 | MLR-1.75 | Repayable in quarterly installments within 5 years, with the first of these due in March 2011 | 577,495 | 785,400 | 577,495 | 785,400 |
| 6 | Interest rates based on PBOC rate (Interest rates based on the People's Republic of China) | Repayable in quarterly installments within 3 years, with the first of these due in December 2012 | 70,362 | 149,715 | - | - |
| 7 | 4.3 for 2012 and 4.75 for the remaining period | Repayable in monthly installments within 5 years | 80,000 | 320,000 | - | - |
| 8 | MLR-2.1 | Repayable in monthly installments within 5 years | 693,090 | 572,730 | 693,090 | 572,730 |
| 9 | MLR-2 | Repayable in 36 monthly installments, with the first of these due in January 2014 | 700,000 | 400,000 | 700,000 | 400,000 |
| 10 | MLR-2 | Repayable in 36 monthly installments, with the first of these due in October 2014 | 300,000 | - | 300,000 | - |
| 11 | MLR-1.75 | Repayable in 36 monthly installments, with the first of these due in May 2013 | 7,776 | - | - | - |
| 12 | MLR-1.75 | Repayable in 36 monthly installments, with the first of these due in December 2013 | 4,861 | - | - | - |
| Total | | | 3,551,578 | 4,347,568 | 3,249,485 | 3,729,130 |
| Less: Current portion | | | (1,490,115) | (1,686,932) | (1,378,907) | (1,352,645) |
| Long-term loans – net of current portion | | | 2,061,463 | 2,660,636 | 1,870,578 | 2,376,485 |

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 inventory, 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.

As at 31 December 2013, the long-term credit facilities of the Company and its subsidiaries which have not yet been drawn down amounted to Baht 900 million (2012: Baht 685 million).

24. Liabilities under finance lease agreements

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|----------|----------------------------------|---------|
| | 2013 | 2012 | 2013 | 2012 |
| Liabilities under finance lease agreements | 32,894 | 83,773 | 7,028 | 15,479 |
| Less : Deferred interest expenses | (1,603) | (4,612) | (454) | (975) |
| Total | 31,291 | 79,161 | 6,574 | 14,504 |
| Less : Portion due within one year | (21,099) | (46,004) | (4,341) | (7,929) |
| Liabilities under finance lease agreements – net of current portion | 10,192 | 33,157 | 2,233 | 6,575 |

The Company and its subsidiaries have entered into the finance lease agreements with leasing companies for rental of machinery and motor vehicles for use in their operation, whereby they are committed to pay rental on a monthly basis. The terms of the agreements are generally 5 years and are non-cancellable.

Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Thousand Baht)

| | As at 31 December 2013 | | | | | |
|---|-----------------------------------|-----------|---------|-------------------------------|-----------|-------|
| | Consolidated financial statements | | | Separate financial statements | | |
| | Less than | | | Less than | | |
| | 1 year | 1-5 years | Total | 1 year | 1-5 years | Total |
| Future minimum lease payments | 22,056 | 10,838 | 32,894 | 4,593 | 2,435 | 7,028 |
| Deferred interest expenses | (957) | (646) | (1,603) | (252) | (202) | (454) |
| Present value of future minimum lease payments | 21,099 | 10,192 | 31,291 | 4,341 | 2,233 | 6,574 |

(Unit: Thousand Baht)

| | As at 31 December 2012 | | | | | |
|---|-----------------------------------|-----------|---------|-------------------------------|-----------|--------|
| | Consolidated financial statements | | | Separate financial statements | | |
| | Less than | | | Less than | | |
| | 1 year | 1-5 years | Total | 1 year | 1-5 years | Total |
| Future minimum lease payments | 49,168 | 34,605 | 83,773 | 8,596 | 6,883 | 15,479 |
| Deferred interest expenses | (3,164) | (1,448) | (4,612) | (667) | (308) | (975) |
| Present value of future minimum lease payments | 46,004 | 33,157 | 79,161 | 7,929 | 6,575 | 14,504 |

25. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement, was as follows:

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|---------------|----------------------------------|---------------|
| | 2013 | 2012 | 2013 | 2012 |
| Defined benefit obligation at beginning of year | 76,067 | 73,434 | 15,714 | 24,019 |
| Current service cost | 8,496 | 14,567 | 1,455 | 1,611 |
| Interest cost | 2,709 | 2,426 | 622 | 571 |
| Benefits paid during the year | (1,638) | - | - | - |
| Actuarial gains | (8,155) | - | - | - |
| Benefits decreased during the year | - | (14,360) | - | (10,487) |
| Defined benefit obligation | 77,479 | 76,067 | 17,791 | 15,714 |

Long-term employee benefit expenses included in the profit or loss was as follows:

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|---------------|----------------------------------|--------------|
| | 2013 | 2012 | 2013 | 2012 |
| Current service cost | 8,496 | 14,567 | 1,455 | 1,611 |
| Interest cost | 2,709 | 2,426 | 622 | 571 |
| Total expense recognized in profit or loss | 11,205 | 16,993 | 2,077 | 2,182 |

Line items under which such expenses are included in profit or loss

| | | | | |
|-------------------------------------|-------|--------|-------|-------|
| Cost of sales | 9,397 | 12,273 | 2,077 | 1,006 |
| Selling and administrative expenses | 1,808 | 4,720 | - | 1,176 |

The cumulative amount of actuarial gains recognised in other comprehensive income and taken as part of retained earnings of the Group as at 31 December 2013 amounted to Baht 8 million.

Principal actuarial assumptions at the valuation date were as follows:

| | Consolidated and separate financial statements | |
|--|---|---------------|
| | 2013 | 2012 |
| | (% per annum) | (% per annum) |
| Discount rate | 4.3% | 4.1% |
| Future salary increase rate (depending on age) | 4.0% - 7.0% | 6.0% |
| Staff turnover rate | 0% - 22.0% | 0% - 17.0% |

Amounts of defined benefit obligation and experience adjustments on the obligation for the current and previous three years are as follows:

(Unit: Thousand Baht)

| | Defined benefit obligation | | Experience adjustments on the obligation | |
|-----------|---|-------------------------------------|---|-------------------------------------|
| | Consolidated financial statements | Separate financial statements | Consolidated financial statements | Separate financial statements |
| Year 2013 | 77,479 | 17,791 | (3,897) | - |
| Year 2012 | 76,067 | 15,714 | - | - |
| Year 2011 | 73,434 | 24,019 | - | - |
| Year 2010 | 65,057 | 21,810 | - | - |

26. Provisions for product warranty

(Unit: Thousand Baht)

| | Consolidated financial statements |
|--------------------------|--------------------------------------|
| 1 January 2012 | 17,639 |
| Increase during the year | 8,950 |
| Utilised | (10,898) |
| Reversal of provisions | (3,815) |
| 31 December 2012 | 11,876 |
| Increase during the year | 6,755 |
| Utilised | (5,441) |
| 31 December 2013 | 13,190 |

27. Preferred shares

On 26 April 2013, the Annual General Meeting of the Company's shareholders passed the below resolutions:

- a) A decrease in the registered capital from Baht 271,697,900 to Baht 268,874,300 through the cancellation of the 2,823,600 shares.
- b) An increase in the registered capital from Baht 268,874,300 to Baht 322,649,160 through the issue of 53,774,860 new shares with a par value of Baht 1 each, in order to support the issue of the stock dividend.

The Company registered this change with the Ministry of Commerce in May 2013.

In June 2013, holders of the Company's preferred shares notified the Company of their intention to exercise their rights converting all preference shares to ordinary shares, and the extraordinary shareholders' meeting of the Company acknowledged this exercise of rights in July 2013. The Company registered the change in its ordinary share capital to 322,649,160 shares with the Ministry of Commerce on 2 August 2013.

28. Dividends

On 12 September 2013, the Company paid a dividend from the earnings of the first half of 2013 at Baht 0.35 per share or a total of Baht 113 million.

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.

On 12 September 2012, the Company paid a dividend from the earnings of the first half of 2012 at Baht 0.49 per share, or a total of Baht 131 million.

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 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

30. 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 the period 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 (September 30, 2013), program participants can sell 50% of their shares, and after 2 years (September 30, 2014), they can sell the remaining shares.

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

31. Expenses by nature

Significant expenses by nature are as follow:

| | (Unit: Thousand Baht) | | | |
|---|-----------------------|-----------|----------------------|-----------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2013 | 2012 | 2013 | 2012 |
| Salary and wages and other employee | | | | |
| benefits | 1,218,360 | 1,494,954 | 307,808 | 273,903 |
| Depreciation | 738,522 | 733,288 | 132,999 | 121,764 |
| Loss on impairment of assets (reversal) | 27,518 | (181,222) | 24,885 | (5,982) |
| Loss on impairment of investment | - | - | 852,331 | - |
| Loss on impairment of goodwill | 852,331 | - | - | - |
| Amortisation expenses | 20,649 | 30,757 | 6,226 | 9,562 |
| Rental expenses from operating lease | | | | |
| agreements | 42,590 | 79,797 | 6,550 | 7,843 |
| Raw materials and consumables used | 6,988,389 | 6,408,197 | 839,714 | 1,310,149 |
| Changes in finished goods and work in | | | | |
| process | (33,950) | (233,981) | (71,628) | 36,891 |

32. Promotional privileges

The Company has received promotional privilege from the Board of Investment for the manufacture of stamping parts, pursuant to the promotion certificate No. 2172(2)/2551 issued on 15 December 2008. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operation commenced generating revenues (19 May 2011).

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 | | | | | |
|--------------------------|-------------------------------|-------------------------|-----------|---------------------|-------------------------|-----------|
| | 2013 | | | 2012 | | |
| | Promoted operations | Non-promoted operations | Total | Promoted operations | Non-promoted operations | Total |
| Sales and service income | | | | | | |
| Domestic | 701,029 | 1,683,501 | 2,384,530 | 374,677 | 1,793,929 | 2,168,606 |
| Export | - | 40,147 | 40,147 | 459,404 | 32,204 | 491,608 |
| Total | 701,029 | 1,723,648 | 2,424,677 | 834,081 | 1,826,133 | 2,660,214 |

Some subsidiaries were granted investment promotional privileges by the Board of Investment (BOI). As at 31 December 2013, important tax privileges granted to the companies are summarised below.

| | Exemption from corporate income tax for 3 years commencing from | Exemption from corporate income tax for 7 years commencing from | Exemption from corporate income tax for 8 years commencing from |
|---|---|---|---|
| AAPICO Hitech Parts Company Limited | | | |
| Manufacture of autoparts | - | - | 18 December 2012 |
| Manufacture of metal and electronic parts | - | - | 3 January 2013 |
| AAPICO Hitech Tooling Company Limited | | | |
| Manufacture of die and grapple parts | - | - | 8 January 2013 |
| AAPICO ITS Company Limited | | | |
| Software operation | - | - | 1 January 2010 |
| AAPICO Forging Public Company Limited | | | |
| Manufacture of autoparts | - | - | Not yet utilised |
| AAPICO Plastics Public Company Limited | | | |
| Manufacture of plastic parts | Not yet utilised | - | - |
| Manufacture of plastic fuel tank | - | - | 10 June 2009 |
| A Maction Company Limited | | | |
| Development of software | - | - | 4 January 2010 |
| AAPICO Structural Products Company Limited | | | |
| Manufacture of autoparts | - | 3 January 2012 | - |
| AAPICO Jackspeed Company Limited | | | |
| Manufacture of metal parts | - | Not yet utilised | - |
| AAPICO Amata Company Limited | | | |
| Manufacture of metal parts | - | 21 December 2010 | - |

33. 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 in issue during the year, after adjusting the number of ordinary shares in proportion to the change in the number of shares as a result of the distribution of stock dividend, as if the shares comprising such stock dividends had been issued at the beginning of the earliest period reported.

In 2012, the convertible preferred shares were excluded from determination of the number of potential ordinary shares since the value of the convertible preferred shares exceeded the fair value of the ordinary shares. However, in 2013, these preferred shares 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 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 in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all preference shares to ordinary shares. The calculation assumes that the conversion took place at the beginning of the year.

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

| Consolidated financial statements | | | | | | |
|---|--------------------|---|----------------------|-----------------------|------------|--|
| For the years ended 31 December | | | | | | |
| Profit for the years | | Weighted average number of ordinary shares | | Earnings per share | | |
| 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | |
| (Thousand Baht) | (Thousand Baht) | (Thousand Shares) | (Thousand Shares) | (Baht) | (Baht) | |
| | (Restated) | | (Restated) | | (Restated) | |
| Basic earnings per share | | | | | | |
| Profit attributable to equity holders | | | | | | |
| of the Company | | | | | | |
| 610,706 | 921,273 | 297,864 | 280,224 | 2.05 | 3.29 | |
| Effect of dilutive potential ordinary shares | | | | | | |
| Preference shares | - | 24,720 | - | | | |
| Diluted earnings per share | | | | | | |
| Profit of ordinary shareholders | | | | | | |
| assuming the conversion of dilutive | | | | | | |
| potential ordinary shares | | | | | | |
| 610,706 | 921,273 | 322,584 | 280,224 | 1.89 | 3.29 | |

| Separate financial statements | | | | | | |
|---|--------------------|---|----------------------|-----------------------|--------|------------|
| For the years ended 31 December | | | | | | |
| Profit for the years | | Weighted average number of ordinary shares | | Earnings per share | | |
| 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | |
| (Thousand Baht) | (Thousand Baht) | (Thousand Shares) | (Thousand Shares) | (Baht) | (Baht) | (Restated) |
| | (Restated) | | (Restated) | | | |
| Basic earnings per share | | | | | | |
| Profit attributable to equity holders of the Company | | | | | | |
| 129,281 | 103,655 | 297,864 | 280,224 | 0.43 | 0.37 | |
| Effect of dilutive potential ordinary shares | | | | | | |
| Preference shares | - | 24,720 | - | | | |
| Diluted earnings per share | | | | | | |
| Profit of ordinary shareholders assuming the conversion of dilutive potential ordinary shares | | | | | | |
| 129,281 | 103,655 | 322,584 | 280,224 | 0.40 | 0.37 | |

34. Provident fund

The Company and some subsidiaries and their employees have jointly established provident funds in accordance with the Provident Fund Act B.E. 2530. Both employees and the Group contribute to the funds monthly at rates of 2%-4% of basic salary. The funds will be paid to employees upon termination in accordance with the fund rules. During the year 2013, the Group contributed Baht 20 million (2012: Baht 16 million) to the funds.

35. Commitment and contingent liabilities

35.1 Capital commitments

- As at 31 December 2013, the Group had capital commitments of approximately Baht 51 million, USD 4 million, RMB 2 million and EUR 0.12 million (2012: Baht 86 million, USD 3 million, RMB 10 million and EUR 0.06 million), totalling Baht 208 million (2012: Baht 233 million), relating to the purchase of plots of land, construction of factory buildings, and acquisition of machinery from third parties.
- As at 31 December 2013, the Company had outstanding commitment of Baht 94 million and Baht 45 million in respect of uncalled portion of investments in its subsidiaries and an associate, respectively (2012: Baht 94 million in respect of uncalled portion of investments in its subsidiaries).

35.2 Operating leases and service commitments

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

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

| Payable | (Unit: Million Baht) | |
|----------------------------|----------------------|------|
| | As at 31 December | |
| | 2013 | 2012 |
| In up to 1 year | 33 | 38 |
| In over 1 to up to 5 years | 29 | 36 |
| In over 5 years | 3 | 13 |

35.3 Long-term service commitments

Two subsidiaries have entered into the technical assistance agreements with the Japanese company and German company, under which they have to pay fees at a rate as stipulated in the agreements, on sales of certain products. The agreements are effective until 2013 and 2017, respectively. The Company has entered into a cooperation agreement with a German company, under which it has to pay fees at the rate, as stipulated in the agreement, per tank sender sales. The agreement is for one-year automatically extended annually for a further period of one year. In addition, the Company and a subsidiary have entered into service agreements with the companies, under which they have to pay fees at a certain rate, as stipulated in the agreements, on sales of particular products to the customer of the Company and its subsidiary. These agreements are effective until the Company and its subsidiary finish the projects for the customers. The fees for year 2013 amounted to approximately Baht 47 million (2012: Baht 38 million) were recognised as expenses.

35.4 Guarantee

- a) As at 31 December 2013, the Company had guaranteed bank credit facilities of its subsidiary companies amounting to RMB 40 million (2012: RMB 53 million and USD 4 million).

- b) As at 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.
- c) As at 31 December 2013, there were outstanding bank guarantees of approximately Baht 79 million, and RM 0.3 million (2012: Baht 80 million, USD 0.2 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 (2012: Baht 58 million and USD 0.2 million) to guarantee contractual performance and Baht 24 million and RM 0.3 million (2012: Baht 22 million and RM 0.3 million) to guarantee electricity use, among others.
- d) During the year 2013, the Company entered into an agreement related to the Supplier Financing Program, as a sponsor, whereby it provides guarantees of credit lines of its suppliers used to purchase raw materials and goods, up to a limited of Baht 200 million. As at 31 December 2013, the Company had no guarantee liabilities under this agreement.

36. 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.

37. Segment information

For management purposes, the Company and its subsidiaries are organised into business units based on their products and services and have two reported segments: (1) the manufacture of automobiles assembly tools and parts and (2) sales of automobiles and the provision of automobiles repair service.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue and profit information regarding the Company and its subsidiaries' operating segments for the years ended 31 December 2013 and 2012.

(Unit: Million Baht)

| | For the year ended 31 December 2013 | | | | |
|--|---|--|---------------------------|------------------------------|---------------|
| | Manufacture of automobiles and assembly tools and parts segment | Sales of automobiles and the provision of automobiles repair service segment | Total reportable segments | Adjustments and eliminations | Consolidated |
| Revenue from external customers | 11,061 | 4,566 | 15,627 | - | 15,627 |
| Inter-segment revenue | 1,738 | 59 | 1,797 | (1,797) | - |
| Other incomes | 640 | 90 | 730 | (261) | 469 |
| Insurance compensation income | 902 | - | 902 | - | 902 |
| Depreciation and amortization | 724 | 33 | 757 | 9 | 766 |
| Interest in the profit or loss of associates and joint ventures accounted for by the equity method | 246 | - | 246 | - | 246 |
| Income tax expense or income | 385 | 41 | 426 | (153) | 273 |
| Interest expenses | 55 | 19 | 74 | - | 74 |
| Impairment loss of goodwill | 852 | - | 852 | - | 852 |
| Segment profit | 1,156 | 22 | 1,178 | (544) | 634 |
| Segment total assets | 17,963 | 1,231 | 19,194 | (6,615) | 12,579 |
| Investment in associates and joint venture accounted for by the equity method | 1,185 | - | 1,185 | - | 1,185 |
| Additions to non-current assets other than financial instruments and deferred tax assets | (394) | (6) | (400) | (261) | (661) |

(Unit: Thousand Baht)

For the year ended 31 December 2012

| | Manufacture of automobiles and assembly tools and parts segment | Sales of automobiles and the provision of automobiles repair service segment | Total reportable segments | Adjustments and eliminations | Consolidated (Restated) |
|--|---|--|---------------------------|------------------------------|-------------------------|
| Revenue from external customers | 12,003 | 4,117 | 16,120 | - | 16,120 |
| Inter-segment revenue | 1,560 | 6 | 1,566 | (1,566) | - |
| Other income | 879 | 37 | 916 | (225) | 691 |
| Depreciation and amortization | 732 | 29 | 761 | 3 | 764 |
| Interest in the profit or loss of associates and joint ventures accounted for by the equity method | 324 | - | 324 | - | 324 |
| Income tax expense or income | 428 | 33 | 461 | (172) | 289 |
| Interest expenses | 20 | 18 | 38 | - | 38 |
| Segment profit | 1,515 | 34 | 1,549 | (622) | 927 |
| Segment total assets | 19,597 | 1,208 | 20,805 | (6,982) | 13,823 |
| Investment in associates and joint venture accounted for by the equity method | 917 | - | 917 | - | 917 |
| Additions to non-current assets other than financial instruments and deferred tax assets | 94 | 14 | 108 | 207 | 315 |

Geographic information

Revenue from external customers is based on country of domicile.

(Unit: Million Baht)

| | 2013 | 2012 |
|--|---------------|---------------|
| Revenue from external customers | | |
| Thailand | 12,034 | 13,344 |
| The People's Republic of China | 893 | 855 |
| Malaysia | 2,700 | 1,921 |
| Total | 15,627 | 16,120 |

(Unit: Million Baht)

| | 2013 | 2012 |
|--|-------|-------|
| Non-current assets (other than financial instruments and deferred tax assets) | | |
| Thailand | 7,278 | 7,973 |
| The People's Republic of China | 736 | 666 |
| Malaysia | 494 | 500 |
| Total | 8,508 | 9,139 |

Major customers

For the year 2013, the Company and its subsidiaries have revenue from 2 major customers in amount of Baht 5,081 million and Baht 1,569 million (2012: Baht 5,284 million and Baht 1,690 derived from 2 major customers), arising from sales by the manufacture of automobiles assembly tools and parts segment.

38. Financial instruments

38.1 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, loans, investments, trade and other payables, overdrafts, short-term and long-term loans. 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. 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 receivable because they have only main customer.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its cash at bank, loans, bank overdrafts and interest-carrying loans. 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 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.

(Million Baht)

| As at 31 December 2013 | | | | | | |
|---|----------------------|-----------|------------------------|-----------------------|-------|------------------------------|
| | Fixed interest rates | | Floating interest rate | Non- interest bearing | Total | Interest rate (% per annum.) |
| | Within 1 year | 1-5 years | | | | |
| Financial assets | | | | | | |
| Cash and cash equivalent | 22 | - | 101 | 114 | 237 | Refer to Note 7 |
| Current investments | 6 | - | - | - | 6 | 1.5 |
| Trade and other receivables | - | - | - | 2,256 | 2,256 | - |
| | 28 | - | 101 | 2,370 | 2,499 | |
| Financial liabilities | | | | | | |
| Bank overdrafts and short-term loans from banks | 638 | - | - | 435 | 1,073 | Refer to Note 21 |
| Trade and other payables | - | - | - | 2,128 | 2,128 | - |
| Short-term loans from related parties | 18 | - | - | - | 18 | 5.0 |
| Liabilities under finance lease agreements | 21 | 10 | - | - | 31 | 2.0 - 8.0 |
| Long-term loans | 1,490 | 2,061 | - | - | 3,551 | Refer to Note 23 |
| | 2,167 | 2,071 | - | 2,563 | 6,801 | |

(Million Baht)

| As at 31 December 2012 | | | | | | |
|---|----------------------|-----------|------------------------|-----------------------|-------|------------------------------|
| | Fixed interest rates | | Floating interest rate | Non- interest bearing | Total | Interest rate (% per annum.) |
| | Within 1 year | 1-5 years | | | | |
| Financial assets | | | | | | |
| Cash and cash equivalent | 10 | - | 149 | 48 | 207 | Refer to Note 7 |
| Current investments | - | - | - | 19 | 19 | - |
| Trade and other receivables | - | - | - | 2,801 | 2,801 | - |
| | 10 | - | 149 | 2,868 | 3,027 | |
| Financial liabilities | | | | | | |
| Bank overdrafts and short-term loans from banks | 892 | - | 92 | - | 984 | Refer to Note 21 |
| Trade and other payables | - | - | - | 3,093 | 3,093 | - |
| Short-term loans from related parties | 17 | - | - | - | 17 | 5.0 |
| Liabilities under finance lease agreements | 46 | 33 | - | - | 79 | 2.0 - 11.0 |
| Long-term loans | 1,687 | 2,661 | - | - | 4,348 | Refer to Note 23 |
| | 2,642 | 2,694 | 92 | 3,093 | 8,521 | |

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

| As at 31 December 2013 | | | |
|--|------------------------------|------------------------------|------------------|
| <u>Notional amount</u> (Million Baht) | <u>Interest Receipt Rate</u> | <u>Interest Payment Rate</u> | <u>Due date</u> |
| 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 31 December 2012 | | | |
|--|------------------------------|------------------------------|------------------|
| <u>Notional amount</u> (Million Baht) | <u>Interest Receipt Rate</u> | <u>Interest Payment Rate</u> | <u>Due date</u> |
| 328 | FDR plus 3.3% | Fixed rate at 5.65% | 30 December 2015 |
| 340 | MLR minus 1.75% | Fixed rate at 5.33% | 30 December 2015 |
| 350 | MLR minus 1.75% | Fixed rate at 5.98% | 30 December 2015 |

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.

Foreign exchange contracts outstanding are summarised below.

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

| As at 31 December 2012 | | | | | |
|-------------------------|----------------------|--------------------|------------------------------------|---------------|----------------------------------|
| <u>Foreign currency</u> | <u>Bought amount</u> | <u>Sold amount</u> | <u>Contractual exchange rate</u> | | <u>Contractual maturity date</u> |
| | (Million) | (Million) | <u>Bought</u> | <u>Sold</u> | |
| | | | (Baht per 1 foreign currency unit) | | |
| US dollar | - | 3.6 | - | 31.15 - 31.22 | October 2013 |
| JPY | 124.1 | - | 0.37 - 0.39 | - | May 2013 |

38.2 Fair values of financial instruments

As at 31 December 2013, the Group had unrealised loss from change in the fair value of interest rate swap agreements and forward foreign exchange contracts of approximately Baht 4 million (2012: unrealised loss of Baht 2.6 million).

Except for the derivatives discussed above, the majority of the Group's financial instruments are short-term in nature or bear floating interest rates, and their fair values are therefore not expected to be materially different from the amounts presented in the statements of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

39. 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 2013, the Group's debt-to-equity ratio was 1.30:1 (2012: 1.80:1) and the Company's was 1:1 (2012: 1.18:1).

40. Events after the reporting period

- 1) In January 2014, a subsidiary enters into the Joint Venture Agreement with Quantum Inventions PTE Ltd. to register a new joint venture company in Malaysia, with a registered capital of RM 400,000. The subsidiary will hold a 60% interest in the joint venture company.
- 2) On 28 February 2014, a meeting of the Board of Directors passed a resolution to propose a payment of a dividend of Baht 0.14 per share, totalling Baht 45 million from the profit of second half of year 2013 to the Annual General Meeting of the Company's shareholders for approval.

41. Reclassification

Certain amounts in the statement of financial position as at 31 December 2012 and 1 January 2012, have been reclassified to conform to the current year reclassification as follows.

(Unit: Thousand Baht)

| Consolidated financial statements | | | | |
|-----------------------------------|-----------------|------------------------|----------------------|------------------------|
| As at 31 December 2012 | | | As at 1 January 2012 | |
| | As reclassified | As previously reported | As reclassified | As previously reported |
| Trade and other payables | 3,093,266 | 3,040,965 | 1,948,030 | 1,896,988 |
| Other current liabilities | 218,284 | 270,585 | 198,330 | 249,372 |

(Unit: Thousand Baht)

| Separate financial statements | | | | |
|-------------------------------|-----------------|------------------------|----------------------|------------------------|
| As at 31 December 2012 | | | As at 1 January 2012 | |
| | As reclassified | As previously reported | As reclassified | As previously reported |
| Trade and other payables | 828,708 | 776,407 | 649,342 | 598,301 |
| Other current liabilities | 8,278 | 60,579 | 16,157 | 67,198 |

The reclassifications had no effect to previously reported net profit or shareholders' equity.

42. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 28 February 2014.