

**AAPICO Hitech Public Company Limited and its subsidiaries**

**Notes to consolidated interim financial statements**

**For the three-month and six-month periods ended 30 June 2012 and 2011**

**1. General information**

**1.1 Basis for the preparation of interim financial statements**

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2009) "Interim Financial Reporting", with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, income statement, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

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

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

**1.2 Basis of consolidation**

These consolidated financial statements include the financial statements of AAPICO Hitech Public Company Limited and its subsidiaries ("the Group") and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2011. During the current period, there was no change in the structure of the Group.

**1.3 New accounting standard issued during the year not yet effective**

During the current period, the Federation of Accounting Professions issued Thai financial reporting standard No 8: Operating Segments, which is effective for fiscal years beginning on or after 1 January 2013.

(Unaudited but reviewed)

The Company's management believes that this financial reporting standard will not have any significant impact on the financial statements when it is initially applied.

#### 1.4 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2011.

#### 2. Related party transactions

During the three-month and six-month periods ended 30 June 2012 and 2011, 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)

	For the three-month periods ended 30 June				Transfer Pricing Policy
	Consolidated financial statements		Separate financial statements		
	2012	2011	2012	2011	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods and services	-	-	31	25	Cost plus margin, averaging around 5% - 20%
Interest income	-	-	47	36	4.6% - 4.9% p.a. (2011: 4.3% - 4.8% p.a.)
Interest expense	-	-	1	1	2% and 2.3% p.a.
Purchases of goods and services	-	-	136	73	Cost plus margin, averaging around 10% - 20%
Purchases of equipment	-	-	1	2	Cost plus margin of 3% and 70%
Sales of equipment	-	-	-	1	Cost
Rental income	-	-	-	1	Close to rental rates for other building in the vicinity
Management fee income	-	-	1	1	Approximate cost
Dividend income	-	-	-	150	As declared
Other income	-	-	1	-	Approximate cost
<u>Transactions with associated companies</u>					
Sales of goods and services	16	8	-	-	Cost plus margin, averaging around 10% - 30% and cost minus around 25% - 35%
Purchases of goods and services	14	7	8	5	Cost plus margin, averaging around 2% - 3% and 40% - 50%
Rental income	-	1	-	-	Baht 258 per square metre
Dividend income	8	29	8	29	As declared

(Unaudited but reviewed)

(Unit: Million Baht)

	For the three-month periods ended 30 June				Transfer Pricing Policy
	Consolidated financial statements		Separate financial statements		
	2012	2011	2012	2011	
<u>Transactions with related parties</u>					
Purchases of goods and services	154	161	-	-	Cost plus margin of 3% - 20%
Management fee expense	2	2	2	2	Approximate cost

(Unit: Million Baht)

	For the six-month periods ended 30 June				Transfer Pricing Policy
	Consolidated financial statements		Separate financial statements		
	2012	2011	2012	2011	
<u>Transactions with subsidiary companies</u> (eliminated from the consolidated financial statements)					
Sales of goods and services	-	-	67	55	Cost plus margin, averaging around 1% - 20%
Interest income	-	-	64	71	4.6% - 5.1% p.a. (2011: 4% - 4.8% p.a.)
Interest expense	-	-	1	3	2% and 2.3% p.a.
Purchases of goods and services	-	-	178	125	Cost plus margin, averaging around 10% - 20%
Purchases of equipment	-	-	5	2	Cost plus margin of 3% and 50%
Sales of equipment	-	-	-	1	Cost
Rental income	-	-	1	1	Close to rental rates for other building in the vicinity
Management fee income	-	-	2	2	Approximate cost
Dividend income	-	-	-	470	As declared
Other income	-	-	3	-	Approximate cost
Other expense	-	-	1	-	Approximate cost
<u>Transactions with associated companies</u>					
Sales of goods and services	35	18	-	-	Cost plus margin, averaging around 3% - 35% and cost minus around 25% - 35%
Purchases of goods and services	34	16	10	13	Cost plus margin, averaging around 2% - 3% and 40% - 50%
Rental income	-	1	-	-	Baht 258 per square metre
Dividend income	130	29	130	29	As declared
Interest income	-	2	1	2	5.0% and 6.9% p.a.
<u>Transactions with related parties</u>					
Sales of goods and services	-	1	-	-	Cost plus margin of 11%
Purchases of goods and services	279	295	-	-	Cost plus margin of 3% - 20%
Management fee expense	4	4	4	4	Approximate cost

(Unaudited but reviewed)

As at 30 June 2012 and 31 December 2011, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
<b><u>Trade and other receivables - related parties (Note 4)</u></b>				
Subsidiaries	-	-	301,146	298,533
Associates	44,540	30,436	19,069	15,683
Related companies (common shareholder/director)	326	116	326	117
	<u>44,866</u>	<u>30,552</u>	<u>320,541</u>	<u>314,333</u>
<b><u>Trade and other payables - related parties (Note 12)</u></b>				
Subsidiaries	-	-	219,545	67,513
Associates	18,839	3,880	13,545	7,875
Related companies (common shareholder/director)	207,776	296,041	4,200	2,400
	<u>226,615</u>	<u>299,921</u>	<u>237,290</u>	<u>77,788</u>

#### Loans to related parties and loan from related parties

As at 30 June 2012 and 31 December 2011, the balance of loans between the Company and those related parties and the movement are as follows:

(Unit: Thousand Baht)

	Related by	Consolidated financial statements				
		Balance as at 31 December 2011	Increase during the period	Decrease during the period	Unrealised gain (loss) on exchange	Balance as at 30 June 2012
<b><u>Short-term loans to</u></b>						
MINTH AAPICO (Thailand) Company Limited	Associate	25,000	-	(25,000)	-	-
Protech Link Technology Incorporation Limited	Common director	28,141	-	(28,141)	-	-
Dee Mak SDN. BHD.	Common director	-	3,221	(2,601)	-	620
Total		53,141	3,221	(55,742)	-	620
Less: Allowance for doubtful account		(28,141)	-	28,141	-	-
Total short-term loans to related parties, net		<u>25,000</u>	<u>3,221</u>	<u>(27,601)</u>	<u>-</u>	<u>620</u>
<b><u>Long-term loans to</u></b>						
Yamakawa Dies Manufacturing R&D Company Limited	Common director	11,178	-	(11,178)	-	-
Less: Allowance for doubtful account		(11,178)	-	11,178	-	-
Total long-term loans to related party, net		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

## (Unaudited but reviewed)

(Unit: Thousand Baht)

		Consolidated financial statements				
		Balance as at			Unrealised	Balance as at
		31 December	Increase during	Decrease during	gain (loss) on	30 June
Related by		2011	the period	the period	exchange	2012
<u>Short-term loans from</u>						
Metal One (Thailand) Company Limited	Common director	2,149	-	(2,149)	-	-
Directors of the Group		15,791	1,187	-	(149)	16,829
Total		17,940	1,187	(2,149)	(149)	16,829

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

(Unit: Thousand Baht)

		Separate financial statements				
		Balance as at			Unrealised	Balance as at
		31 December	Increase during	Decrease during	gain (loss) on	30 June
Related by		2011	the period	the period	exchange	2012
<u>Short-term loans to</u>						
New Era Sales Company Limited	Subsidiary	12,000	-	-	-	12,000
Able Motors Company Limited	Subsidiary	6,000	73,000	(73,000)	-	6,000
Kunshan Chaitai-Xincheng Precision Forging Company Limited	Subsidiary	6,000	-	-	-	6,000
AAPICO Hitech Parts Company Limited	Subsidiary	120,000	297,030	(297,030)	-	120,000
AAPICO Hitech Tooling Company Limited	Subsidiary	-	91,175	(36,175)	-	55,000
AAPICO Forging Public Company Limited	Subsidiary	24,000	403,000	(403,000)	-	24,000
MINTH AAPICO (Thailand) Company Limited	Associate	25,000	-	(25,000)	-	-
Total		193,000	864,205	(834,205)	-	223,000
<u>Long-term loans to</u>						
AAPICO Mitsuike (Thailand) Company Limited	Subsidiary	-	1,000	(1,000)	-	-
New Era Sales Company Limited	Subsidiary	214,000	-	-	-	214,000
Able Motors Company Limited	Subsidiary	73,000	72,000	-	-	145,000
AAPICO Forging Public Company Limited	Subsidiary	1,663,300	227,499	-	-	1,890,799
AAPICO Hitech Parts Company Limited	Subsidiary	520,090	206,070	-	-	726,160
AAPICO Hitech Tooling Company Limited	Subsidiary	-	20,745	-	-	20,745
Kunshan Chaitai-Xincheng Precision Forging Company Limited	Subsidiary	53,315	-	-	257	53,572
Katsuya (Thailand) Company Limited	Subsidiary	3,610	800	(700)	-	3,710
AAPICO Structural Products Company Limited	Subsidiary	699,000	652,000	(1,351,000)	-	-
Yamakawa Dies Manufacturing R&D Company Limited	Common director	11,178	-	(11,178)	-	-
Total		3,237,493	1,180,114	(1,363,878)	257	3,053,986
Less: Allowance for doubtful account		(11,178)	-	11,178	-	-
Total long-term loans to related parties, net		3,226,315	1,180,114	(1,352,700)	257	3,053,986
<u>Short-term loans from</u>						
AAPICO Engineering Company Limited	Subsidiary	10,000	-	-	-	10,000
AAPICO Amata Company Limited	Subsidiary	110,000	266,000	(270,550)	-	105,450
AAPICO Hitech Tooling Company Limited	Subsidiary	47,887	-	(47,887)	-	-
AAPICO Mitsuike (Thailand) Company Limited	Subsidiary	-	3,000	-	-	3,000
AAPICO Structural Products Company Limited	Subsidiary	-	2,000	-	-	2,000
Total		167,887	271,000	(318,437)	-	120,450

(Unaudited but reviewed)

Directors and management's benefits

During the three-month and six-month periods ended 30 June 2012 and 2011, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	For the three-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Short-term employee benefits	5.82	5.81	5.50	5.81
Post-employment benefits	0.03	0.10	-	0.10
Total	5.85	5.91	5.50	5.91

(Unit: Million Baht)

	For the six-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Short-term employee benefits	11.64	11.51	11.00	11.51
Post-employment benefits	0.06	0.10	-	0.10
Total	11.70	11.61	11.00	11.61

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 15.4.

(Unaudited but reviewed)

### 3. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial		Separate financial	
	statements		statements	
	30 June	31 December	30 June	31 December
	2012	2011	2012	2011
Cash	4,697	20,626	248	232
Bank deposits	172,414	218,331	16,116	17,877
Total	177,111	238,957	16,364	18,109

### 4. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial		Separate financial	
	statements		statements	
	30 June	31 December	30 June	31 December
	2012	2011	2012	2011
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due and past due				
not over 3 months	25,400	14,992	31,144	52,352
Past due 3 - 12 months	-	-	201	157
Past due more than 12 months	-	-	151	1,391
Total trade receivables - related parties	25,400	14,992	31,496	53,900
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due and past due				
not over 3 months	2,447,675	917,939	486,539	84,942
Past due 3 - 12 months	123,418	12,197	18,546	5,548
Past due more than 12 months	16,195	38,579	2,215	24,937
Total	2,587,288	968,715	507,300	115,427
Less: Allowance for doubtful accounts	(16,660)	(14,401)	(2,651)	(3,027)
Total trade receivables - unrelated parties, net	2,570,628	954,314	504,649	112,400
Total trade receivables - net	2,596,028	969,306	536,145	166,300

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	2012	2011	2012	2011
<u>Other receivables - net</u>				
Receivables and advances - related parties	686	13	83,951	22,339
Interest receivable - related parties	647	861	186,961	223,408
Dividend receivable from related party	18,133	14,686	18,133	14,686
Advances	4,024	10,081	-	-
Accrued income	9,259	9,788	5,627	5,887
Others	109,945	198,097	2,193	1,328
Total other receivables	142,694	233,526	296,865	267,648
Total trade and other receivables - net	2,738,722	1,202,832	833,010	433,948

## 5. Inventories

As at 30 June 2012, certain subsidiaries have pledged finished goods of approximately Baht 123 million (31 December 2011: Baht 43 million) to secure short-term loans from banks.

## 6. Investments in associates

### Details of associates:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			30 June 2012	31 December 2011	30 June 2012	31 December 2011	30 June 2012	31 December 2011
			(%)	(%)				
Able Sanoh Industries (1996) Company Limited	Manufacture and distribution of autoparts	Thailand	46	46	30,700	30,700	188,357	168,586
Sanoh Industries (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	20	20	29,250	29,250	41,642	47,470
MINTH AAPICO (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	40	40	151,400	151,400	144,042	124,419
Thai Takagi Seiko Company Limited	Distribution of dies	Thailand	49	49	13,229	13,229	14,966	10,445
PAPAGO (Thailand) Company Limited	Development of software	Thailand	-	30	-	7,500	-	8,085
Hyundai Motor (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	30	30	120,000	120,000	371,087	369,539
Total					344,579	352,079	760,094	728,544



(Unaudited but reviewed)

(Unit: Thousand Baht)

Company's name	Separate financial statements			
	Shareholding percentage		Cost	
	30 June	31 December	30 June	31 December
	2012	2011	2012	2011
	(%)	(%)		
Able Sanoh Industries (1996) Company Limited	46	46	30,700	30,700
Sanoh Industries (Thailand) Company Limited	20	20	29,250	29,250
MINTH AAPICO (Thailand) Company Limited	40	40	151,400	151,400
Thai Takagi Seiko Company Limited	49	49	13,229	13,229
PAPAGO (Thailand) Company Limited	-	30	-	7,500
Hyundai Motor (Thailand) Company Limited	30	30	120,000	120,000
Total			344,579	352,079
Less: Allowance for impairment			(5,982)	(5,982)
Net			338,597	346,097

During the three-month and six-month periods ended 30 June 2012 and 2011, the Company has recognised its share of profit/loss from investments in associates in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

Company's name	For the three-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	Share of profit (loss) from investments in associates		Dividend income	
	2012	2011	2012	2011
Able Sanoh Industries (1996) Company Limited	22,587	11,367	-	-
Sanoh Industries (Thailand) Company Limited	563	990	7,864	-
MINTH AAPICO (Thailand) Company Limited	1,571	3,065	-	-
Thai Takagi Seiko Company Limited	2,339	(11)	-	-
PAPAGO (Thailand) Company Limited	-	292	-	-
Hyundai Motor (Thailand) Company Limited	64,705	60,482	-	-
Total	91,765	76,185	7,864	-

(Unaudited but reviewed)

(Unit: Thousand Baht)

Company's name	For the six-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	Share of profit (loss) from investments in associates			
	Dividend income			
	2012	2011	2012	2011
Able Sanoh Industries (1996) Company Limited	19,769	38,284	-	-
Sanoh Industries (Thailand) Company Limited	2,035	4,282	7,864	-
MINTH AAPICO (Thailand) Company Limited	19,624	(1,153)	-	-
Thai Takagi Seiko Company Limited	4,521	1,050	-	-
PAPAGO (Thailand) Company Limited	(114)	394	-	-
Hyundai Motor (Thailand) Company Limited	123,620	108,314	122,070	-
Total	169,455	151,171	129,934	-

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

## 7. Investments in subsidiaries

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

Company's name	(Unit: Thousand Baht)					
	Paid-up capital		Shareholding percentage		Cost	
	30 June	31 December	30 June	31 December	30 June	31 December
	2012	2011	2012	2011	2012	2011
		(%)	(%)			
New Era Sales Co., Ltd.	Baht 20 million	Baht 20 million	100	100	20,000	20,000
AAPICO Amata Co., Ltd.	Baht 800 million	Baht 800 million	100	100	1,164,139	1,164,139
Able Motors Co., Ltd.	Baht 20 million	Baht 20 million	100	100	19,999	19,999
AAPICO Engineering Co., Ltd.	Baht 10 million	Baht 10 million	100	100	10,000	10,000
Tenaga Setia Resources SDN. BHD.	RM 6 million	RM 6 million	49	49	31,393	31,393
Kunshan Chaitai-Xincheng Precision Forging Co., Ltd.	USD 6.1 million	USD 6.1 million	100	100	196,744	196,744
AAPICO ITS Co., Ltd.	Baht 100 million	Baht 100 million	60	60	62,175	62,175
AAPICO Hitech Parts Co., Ltd.	Baht 120 million	Baht 120 million	100	100	120,000	120,000
AAPICO Hitech Tooling Co., Ltd.	Baht 65 million	Baht 65 million	100	100	65,000	65,000

(Unaudited but reviewed)

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost	
	30 June	31 December	30 June	31 December	30 June	31 December
	2012	2011	2012	2011	2012	2011
			(%)	(%)		
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
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
Dongfeng Commercial Vehicle Co., Ltd.	Baht 25 million	Baht 25 million	97	97	24,250	24,250
Total					4,020,713	4,020,713
Less: Allowance for impairment					(359,376)	(359,376)
Net					3,661,337	3,661,337

The financial statements for the three-month and six-month periods ended 30 June 2012 and 2011 of certain subsidiary companies which are included in the consolidated financial statements were reviewed by other auditors. Their aggregate assets and revenues are as follows: -

(Unit: Million Baht)

	Total assets as at		Total revenues			
	30 June		For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2012	2011	2012	2011	2012	2011
Tenaga Setia Resources SDN. BHD.	141	101	274	240	372	609
Kunshan Chaitai-Xincheng Precision Forging Company Limited	1,038	697	225	226	414	421
AAPICO Shanghai Company Limited	99	77	-	1	1	2
New Era Sales (M) SDN. BHD.	335	297	210	132	268	301
Total	1,613	1,172	709	599	1,055	1,333

(Unaudited but reviewed)

## 8. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
<b>Available-for-sale securities</b>				
Marketable equity securities	160,666	160,666	-	-
Allowance for change in value	(3,367)	(78,316)	-	-
	<u>157,299</u>	<u>82,350</u>	<u>-</u>	<u>-</u>
<b>Other investments</b>				
Equity securities	3,471	-	3,000	-
Total	<u>160,770</u>	<u>82,350</u>	<u>3,000</u>	<u>-</u>

## 9. Property, plant and equipment

Movements of the property, plant and equipment account during the six-month period ended 30 June 2012 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
<b>Net book value as at 1 January 2012</b>	6,578,408	1,410,813
Acquisitions during period - at cost	515,381	147,422
Transfer during period	28,679	4,901
Capitalised interest	7,431	1,435
Disposals/written off during period - net book value at disposal/written off date	(36,569)	(5,315)
Depreciation for the period	(301,395)	(57,221)
Exchange differences on translation of financial statements in foreign currency	(2,516)	-
<b>Net book value as at 30 June 2012</b>	<u>6,789,419</u>	<u>1,502,035</u>

Borrowing costs totaling approximately Baht 7 million and Baht 0.8 million were capitalised during the six-month periods ended 30 June 2012 and 2011, respectively.

(Unaudited but reviewed)

As at 30 June 2012, the Group had machinery, motor vehicles and equipment under finance lease agreements with net book values amounting to Baht 136 million (31 December 2011: Baht 113 million).

Certain subsidiaries have mortgaged building, certain machinery and factory equipment with a total net book value as at 30 June 2012 of Baht 134 million as collateral for credit facilities granted by banks.

#### 10. Leasehold right

Subsidiary has pledged its land leasehold right with a net book value as at 30 June 2012 of Baht 108 million (31 December 2011: Baht 109 million) as collateral for credit facilities granted by banks.

#### 11. Goodwill

(Unit: Million Baht)

	Balance as at	
	30 June 2012	31 December 2011
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	(300)	(300)
Net	1,087	1,087

As at 30 June 2012, the Company has examined, estimated and adjusted the fair value of the majority of the net assets of AAPICO Forging Public Company Limited, and the Company is in the process of claiming 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.

(Unaudited but reviewed)

As at 31 December 2011, the Company has set up additional provision for impairment of goodwill of AAPICO Forging Public Company Limited of Baht 200 million. This amount was estimated by the management of the Company based on discounted cash flow projections of the subsidiary prepared under current circumstances. Pre-tax discount rates of 9.3% 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.

## 12. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2012	2011	2012	2011
Trade payables - related parties	211,821	295,262	180,078	22,264
Trade payables - unrelated parties	2,522,261	1,075,045	698,442	314,874
Payables and advances from related parties	583	-	21,319	15,729
Share subscription payable - related parties	-	4,500	24,378	28,878
Accrued interest expenses - related parties	-	-	4,174	4,473
Retention payable	13,540	13,793	13,540	13,540
Payables for purchase of machinery - related parties	-	4,044	-	4,044
Payables for purchase of machinery - unrelated parties	343,548	329,702	215,849	176,659
Accrued expenses - related parties	14,211	4,659	7,341	2,400
Others	229,931	169,983	32,940	15,440
Total trade and other payables	<u>3,335,895</u>	<u>1,896,988</u>	<u>1,198,061</u>	<u>598,301</u>

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

During the current period, the Company and its subsidiaries entered into an agreement with a local bank, granting long-term loan facilities amounting to Baht 560 million. The facilities under the agreement carry interest at 4.3% per annum for 2012 and 4.75% per annum for the remainder of the term. The long-term loan principal is repayable in monthly installments within 5 years. As at 30 June 2012, the subsidiary has drawn down the full amount of the long-term loans under the loan agreement. In addition, the Company and its subsidiaries jointly entered into an agreement with a local bank, granting loan facilities amounting to Baht 400 million. The loan under the agreement carries interest at MLR-2.1% per annum and is repayable within 5 year. As at 30 June 2012, the Company has drawn down Baht 145 million of the loan.

As at 30 June 2012 and 31 December 2011, bank overdrafts and loans from banks are secured by the pledge of leasehold land and buildings thereon, certain machinery, factory equipment, inventories and deposits of subsidiaries, by guarantees provided by directors of the Group, the Company and the subsidiary companies, and by a negative pledge of assets of the Company.

The loan agreements contain covenants relating to various matters specified in the agreements, including restrictions on providing loans other than loans to intercompanies with approval from bank, and the maintenance of certain financial ratios that, among other things, require the Company to maintain a certain debt to equity ratio.

### **14. Earnings per share**

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

The convertible preferred shares are excluded from determination of the number of potential ordinary shares since the value of the convertible preferred shares exceeds the fair value of the ordinary shares.

(Unaudited but reviewed)

## 15. Commitment and contingent liabilities

### 15.1 Capital commitments

- a) As at 30 June 2012, the Group had capital commitments of approximately Baht 54 million, RMB 18 million, EUR 0.1 million and USD 0.1 million, totalling Baht 154 million, relating to the construction of factory buildings, and acquisition of machinery.
- b) As at 30 June 2012, the Company had outstanding commitment of Baht 94 million in respect of uncalled portion of investments in its subsidiaries.

### 15.2 Operating lease 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 agreement. The terms of the agreements are generally between 1 and 15 years.

As at 30 June 2012, future minimum lease and service payments required under these non-cancellable operating leases and service contracts were as follows.

	<u>Million Baht</u>
Payable within:	
1 year	18
1 to 5 years	37
More than 5 years	14

### 15.3 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 the six-month period ended 30 June 2012 amounted to approximately Baht 17 million were recognised as expenses.



#### 15.4 Guarantee

- a) As at 30 June 2012, the Company had guaranteed credit facilities of its subsidiary companies amounting to Baht 15 million, RMB 48 million and USD 16 million.
- b) As at 30 June 2012, there were outstanding bank guarantees of approximately Baht 71 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 50 million, USD 0.2 million and RM 0.3 million to guarantee contractual performance and Baht 21 million to guarantee electricity use, among others.

#### 15.5 Interest rate swap agreements

As at 30 June 2012, the Company has outstanding interest rate swap agreements with the banks as follows:

<u>Notional amount</u> (Million Baht)	<u>Interest Receipt Rate</u>	<u>Interest Payment Rate</u>	<u>Due date</u>
75	THBFIX plus 0.65%	Fixed rate at 4.77%	28 September 2012
352	FDR plus 3.3%	Fixed rate at 5.65%	30 December 2015
360	MLR minus 1.75%	Fixed rate at 5.33%	30 December 2015
371	MLR minus 1.75%	Fixed rate at 5.98%	30 December 2015

As at 30 June 2012, the Company had unrealised loss from change in the fair value of interest rate swap agreements of approximately Baht 2 million.

#### 15.6 Forward foreign exchange contracts

As at 30 June 2012, the Group had outstanding forward foreign exchange contracts as follows:

<u>Currency</u>	<u>Buying</u> (Million)	<u>Selling</u> (Million)	<u>Contractual exchange rate</u>	
			<u>Buying</u>	<u>Selling</u>
USD against Baht	0.3	0.5	30.38 - 30.75	31.03 - 31.92
EUR against Baht	-	0.2	-	39.58 - 41.36

As at 30 June 2012, the Group had unrealised gain from the change in the fair value of forward foreign exchange contracts of approximately Baht 0.4 million.

(Unaudited but reviewed)

## 15.7 Litigation

In late 2011 a subsidiary company which the Company has an equity interest of 60 percent was sued for approximately Baht 450 million for copyright infringement related to map data. The case is currently being heard by the court.

## 16. Dividend paid

(Unit: Baht)

	Approved by	Total dividends	Dividend per share
Final dividends for 2010	Annual General Meeting of the shareholders on 26 April 2011	<u>56,463,603</u>	<u>0.21</u>

## 17. Event after the reporting period

On 14 August 2012, a meeting of the Company's Board of Directors approved a resolution to pay an interim dividend at a rate of Baht 0.49 per share, or a total of Baht 131 million. This dividend will be paid in September 2012.

## 18. Segment information

The Group' business operations involve 2 principal segments: the manufacture of automobiles assembly tools and parts, and sales of automobiles and the provision of automobiles repair service. These operations are carried on geographic areas in Thailand, The People's Republic of China and Malaysia. Below is the consolidated financial information for the three-month and six-month periods ended 30 June 2012 and 2011 of the Group by segment.

(Unit: Million Baht)

Consolidated financial statements for the three-month periods ended 30 June

	Manufacture of automobiles assembly tools and parts segment		Sales of automobiles and the provision of automobiles repair service segment		Elimination of inter-segment revenue		Consolidation	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues from external customers								
Thailand	2,810	1,603	424	402	-	-	3,234	2,005
The People's Republic of China	223	225	-	-	-	-	223	225
Malaysia	1	4	477	368	-	-	478	372
Intersegment revenues	426	241	6	10	(432)	(251)	-	-
Total revenues	<u>3,460</u>	<u>2,073</u>	<u>907</u>	<u>780</u>	<u>(432)</u>	<u>(251)</u>	<u>3,935</u>	<u>2,602</u>

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated financial statements for the three-month periods ended 30 June								
	Manufacture of automobiles assembly tools and parts segment		Sales of automobiles and the provision of automobiles repair service segment		Elimination of inter-segment revenue		Consolidation	
	2012	2011	2012	2011	2012	2011	2012	2011
Segment income	197	109	60	45	(9)	(3)	248	151
Unallocated income and expenses:								
Other income							210	100
Selling expenses							(69)	(50)
Administrative expenses							(118)	(142)
Share of income of associates							92	76
Finance cost							(74)	(58)
Corporate income tax							(13)	(27)
Profit for the period							276	50

(Unit: Million Baht)

Consolidated financial statements for the six-month periods ended 30 June								
	Manufacture of automobiles assembly tools and parts segment		Sales of automobiles and the provision of automobiles repair service segment		Elimination of inter-segment revenue		Consolidation	
	2012	2011	2012	2011	2012	2011	2012	2011
Revenues from external customers								
Thailand	5,089	3,367	805	744	-	-	5,894	4,111
The People's Republic of China	411	419	-	-	-	-	411	419
Malaysia	2	4	631	899	-	-	633	903
Intersegment revenues	624	483	11	21	(635)	(504)	-	-
Total revenues	6,126	4,273	1,447	1,664	(635)	(504)	6,938	5,433
Segment income	385	285	105	94	(12)	(10)	478	369
Unallocated income and expenses:								
Other income							285	226
Selling expenses							(115)	(102)
Administrative expenses							(280)	(297)
Loss on impairment of assets							-	(33)
Share of income of associates							169	151
Finance cost							(143)	(113)
Corporate income tax							(17)	(59)
Profit for the period							377	142

## 19. Approval of interim financial statements

These interim financial statements were authorised for issue by the Board of Directors of the Company on 14 August 2012.