

AAPICO Hitech Public Company Limited and its subsidiaries

Notes to consolidated interim financial statements

For the three-month and nine-month periods ended 30 September 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 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 the 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.

1.5 Change in accounting estimate

During the current period, a subsidiary changed its depreciation method for certain factory equipment with a net book value of approximately Baht 360 million, from the straight-line method to the diminishing method over an estimated useful life of 5 years, in order to reflect changes in the economic benefit derived from that equipment. The subsidiary applied the change in accounting estimate prospectively. As a result of the change, the net book value of property, plant and equipment as at 30 September 2012 and profit for the nine-month period ended 30 September 2012 decreased by approximately Baht 64 million (earnings per share decreased by Baht 0.28 per share).

2. Related party transactions

During the three-month and nine-month periods ended 30 September 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 September				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	-	-	16	26	Cost plus margin, averaging around 1% - 20%
Interest income	-	-	38	41	4.4% - 4.6% p.a. (2011: 4.1% - 5.2% p.a.)
Purchases of goods and services	-	-	167	122	Cost plus margin, averaging around 10% - 30%

(Unaudited but reviewed)

(Unit: Million Baht)

	For the three-month periods ended 30 September				Transfer Pricing Policy
	Consolidated financial statements		Separate financial statements		
	2012	2011	2012	2011	
Purchases of machinery and equipment	-	-	9	66	Cost plus margin, averaging around 20% - 40%
Rental income	-	-	1	1	Close to rental rates for other building in the vicinity
Management fee income	-	-	-	1	Approximate cost
Dividend income	-	-	-	120	As declared
Other income	-	-	-	1	Approximate cost
<u>Transactions with associated companies</u>					
Sales of goods and services	8	19	-	-	Cost plus margin, averaging around 3% - 35% and cost minus around 20% - 30%
Purchases of goods and services	14	21	11	8	Cost plus margin, averaging around 1% - 3% and 30% - 55%
Rental income	1	-	-	-	Baht 258 per square metre
<u>Transactions with related parties</u>					
Purchases of goods and services	163	146	-	-	Cost plus margin of 4% - 20%
Management fee expense	1	2	1	2	Approximate cost
Royalty fee	8	5	-	-	1.8% - 4% on sales
Consultant fee	-	2	-	-	USD 400 per head per day

(Unit: Million Baht)

	For the nine-month periods ended 30 September				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	-	-	83	81	Cost plus margin, averaging around 1% - 20%
Interest income	-	-	132	113	4.4% - 5.1% p.a. (2011: 4% - 5.2% p.a.)
Interest expense	-	-	1	3	2% and 2.3% p.a.
Purchases of goods and services	-	-	345	247	Cost plus margin, averaging around 10% - 30%
Purchases of machinery and equipment	-	-	14	68	Cost plus margin, averaging around 20% - 40%
Rental income	-	-	2	2	Close to rental rates for other building in the vicinity
Management fee income	-	-	2	2	Approximate cost
Dividend income	-	-	-	590	As declared
Other income	-	-	3	3	Approximate cost
Other expense	-	-	1	-	Approximate cost

(Unaudited but reviewed)

(Unit: Million Baht)

	For the nine-month periods ended 30 September				Transfer Pricing Policy
	Consolidated financial statements		Separate financial statements		
	2012	2011	2012	2011	
Transactions with associated companies					
Sales of goods and services	43	37	-	1	Cost plus margin, averaging around 3% - 35% and cost minus around 20% - 35%
Purchases of goods and services	48	36	21	21	Cost plus margin, averaging around 1% - 3% and 30% - 55%
Rental income	1	1	-	-	Baht 258 per square metre
Dividend income	130	29	130	29	As declared
Interest income	1	2	1	2	5% - 6.9% p.a.
Transactions with related parties					
Sales of goods and services	-	1	-	-	Cost plus margin of 11%
Purchases of goods and services	442	442	-	-	Cost plus margin of 2% - 20%
Interest income	1	1	1	1	7.5% p.a.
Management fee expense	5	5	5	5	Approximate cost
Royalty fee	11	18	-	-	1.8% - 4% on sales
Consultant fee	-	5	-	-	USD 400 per head per day

As at 30 September 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 September 2012	31 December 2011	30 September 2012	31 December 2011
	Trade and other receivables - related parties (Note 4)			
Subsidiaries	-	-	321,342	298,533
Associates	38,588	30,436	19,085	15,683
Related companies (common shareholder/director)	369	116	365	117
	<u>38,957</u>	<u>30,552</u>	<u>340,792</u>	<u>314,333</u>
Trade and other payables - related parties (Note 12)				
Subsidiaries	-	-	197,466	67,513
Associates	20,041	3,880	16,064	7,875
Related companies (common shareholder/director)	196,095	296,041	1,839	2,400
	<u>216,136</u>	<u>299,921</u>	<u>215,369</u>	<u>77,788</u>

Loans to related parties and loans from related parties

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

(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 September
Related by		2011	the period	the period	exchange	2012
<u>Short-term loans to</u>						
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	-	4,369	(3,829)	206	746
Total		53,141	4,369	(56,970)	206	746
Less: Allowance for doubtful account		(28,141)	-	28,141	-	-
Total short-term loans to related parties, net		25,000	4,369	(28,829)	206	746
<u>Long-term loans to</u>						
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>Short-term loans from</u>						
Metal One (Thailand) Company Limited	Common director	2,149	-	(2,149)	-	-
Directors		15,791	1,187	-	(8)	16,970
Total		17,940	1,187	(2,149)	(8)	16,970

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 September
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	90,000	(90,000)	-	6,000
Kunshan Chaitai-Xincheng Precision Forging Company Limited	Subsidiary	6,000	-	-	-	6,000
AAPICO Hitech Parts Company Limited	Subsidiary	120,000	532,528	(532,528)	-	120,000
AAPICO Hitech Tooling Company Limited	Subsidiary	-	118,175	(58,175)	-	60,000
AAPICO Forging Public Company Limited	Subsidiary	24,000	718,000	(718,000)	-	24,000
MINTH AAPICO (Thailand) Company Limited	Associate	25,000	-	(25,000)	-	-
Total		193,000	1,458,703	(1,423,703)	-	228,000

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Related by	Separate financial statements				Balance as at 30 September 2012
		Balance as at 31 December 2011	Increase during the period	Decrease during the period	Unrealised gain (loss) on exchange	
		<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	75,000	-	-	148,000
AAPICO Forging Public Company Limited	Subsidiary	1,663,300	228,499	-	-	1,891,799
AAPICO Hitech Parts Company Limited	Subsidiary	520,090	71,572	-	-	591,662
AAPICO Hitech Tooling Company Limited	Subsidiary	-	22,531	-	-	22,531
Kunshan Chaitai-Xincheng Precision Forging Company Limited	Subsidiary	53,315	-	-	(1,616)	51,699
Katsuya (Thailand) Company Limited	Subsidiary	3,610	800	(700)	-	3,710
AAPICO Structural Products Company Limited	Subsidiary	699,000	1,324,000	(2,023,000)	-	-
Yamakawa Dies Manufacturing R&D Company Limited	Common director	11,178	-	(11,178)	-	-
Total		3,237,493	1,723,402	(2,035,878)	(1,616)	2,923,401
Less: Allowance for doubtful account		(11,178)	-	11,178	-	-
Total long-term loans to related parties, net		3,226,315	1,723,402	(2,024,700)	(1,616)	2,923,401
<u>Short-term loans from</u>						
AAPICO Engineering Company Limited	Subsidiary	10,000	-	-	-	10,000
AAPICO Amata Company Limited	Subsidiary	110,000	504,000	(538,550)	-	75,450
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	-	325,000	(247,000)	-	78,000
Total		167,887	832,000	(836,437)	-	163,450

Directors and management's benefits

During the three-month and nine-month periods ended 30 September 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 September			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Short-term employee benefits	5.82	5.75	5.50	5.75
Post-employment benefits	0.03	0.05	-	0.05
Total	5.85	5.80	5.50	5.80

(Unaudited but reviewed)

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Short-term employee benefits	17.46	17.26	16.49	17.26
Post-employment benefits	0.08	0.16	0.01	0.16
Total	17.54	17.42	16.50	17.42

Guarantee obligations with related parties

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

3. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September	31 December	30 September	31 December
	2012	2011	2012	2011
Cash	10,149	20,626	238	232
Bank deposits	306,543	218,331	107,273	17,877
Total	316,692	238,957	107,511	18,109

4. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September	31 December	30 September	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	5,776	14,992	38,624	52,352
Past due 3 - 12 months	6,119	-	12,187	157
Past due more than 12 months	7,487	-	157	1,391
Total trade receivables - related parties	19,382	14,992	50,968	53,900

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due and past due				
not over 3 months	2,316,254	917,939	359,623	84,942
Past due 3 - 12 months	168,884	12,197	104,323	5,548
Past due more than 12 months	21,437	38,579	3,045	24,937
Total	2,506,575	968,715	466,991	115,427
Less: Allowance for doubtful accounts	(18,040)	(14,401)	(2,651)	(3,027)
Total trade receivables - unrelated parties, net	2,488,535	954,314	464,340	112,400
Total trade receivables - net	2,507,917	969,306	515,308	166,300
<u>Other receivables - net</u>				
Receivables and advances - related parties	1,085	13	99,879	22,339
Interest receivable from related parties	357	861	171,812	223,408
Dividend receivable from related party	18,133	14,686	18,133	14,686
Advances	13,349	10,081	-	-
Accrued income	11,123	9,788	7,502	5,887
Others	101,489	198,097	2,895	1,328
Total other receivables	145,536	233,526	300,221	267,648
Total trade and other receivables - net	2,653,453	1,202,832	815,529	433,948

5. Inventories

As at 30 September 2012, certain subsidiaries have pledged finished goods of approximately Baht 167 million (31 December 2011: Baht 43 million) to secure short-term loans from banks.

(Unaudited but reviewed)

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 September 2012	31 December 2011	30 September 2012	31 December 2011	30 September 2012	31 December 2011
			(%)	(%)				
Able Sanoh Industries (1996) Company Limited	Manufacture and distribution of autoparts	Thailand	46	46	30,700	30,700	191,923	168,586
Sanoh Industries (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	20	20	29,250	29,250	42,964	47,470
MINTH AAPICO (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	40	40	151,400	151,400	152,741	124,419
Thai Takagi Seiko Company Limited	Distribution of dies	Thailand	49	49	13,229	13,229	15,880	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	379,855	369,539
Total					<u>344,579</u>	<u>352,079</u>	<u>783,363</u>	<u>728,544</u>

(Unit: Thousand Baht)

Company's name	Separate financial statements			
	Shareholding percentage		Cost	
	30 September 2012	31 December 2011	30 September 2012	31 December 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			<u>344,579</u>	<u>352,079</u>
Less: Allowance for impairment			<u>(5,982)</u>	<u>(5,982)</u>
Net			<u>338,597</u>	<u>346,097</u>

During the three-month and nine-month periods ended 30 September 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:

(Unaudited but reviewed)

(Unit: Thousand Baht)

Company's name	For the three-month periods ended 30 September			
	Consolidated financial statements		Separate financial statements	
	Share of profit from			
	investments in associates		Dividend income	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Able Sanoh Industries (1996) Company Limited	3,566	24,839	-	-
Sanoh Industries (Thailand) Company Limited	1,322	2,926	-	-
MINTH AAPICO (Thailand) Company Limited	8,698	17,766	-	-
Thai Takagi Seiko Company Limited	913	174	-	-
PAPAGO (Thailand) Company Limited	-	223	-	-
Hyundai Motor (Thailand) Company Limited	8,768	54,156	-	-
Total	<u>23,267</u>	<u>100,084</u>	<u>-</u>	<u>-</u>

(Unit: Thousand Baht)

Company's name	For the nine-month periods ended 30 September			
	Consolidated financial statements		Separate financial statements	
	Share of profit (loss) from			
	investments in associates		Dividend income	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Able Sanoh Industries (1996) Company Limited	23,335	63,123	-	29,372
Sanoh Industries (Thailand) Company Limited	3,357	7,208	7,864	-
MINTH AAPICO (Thailand) Company Limited	28,322	16,613	-	-
Thai Takagi Seiko Company Limited	5,434	1,224	-	-
PAPAGO (Thailand) Company Limited	(114)	617	-	-
Hyundai Motor (Thailand) Company Limited	132,388	162,470	122,070	-
Total	<u>192,722</u>	<u>251,255</u>	<u>129,934</u>	<u>29,372</u>

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:

(Unaudited but reviewed)

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost	
	30 September	31 December	30 September	31 December	30 September	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
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 nine-month periods ended 30 September 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 revenues					
	Total assets as at		For the three-month periods ended		For the nine-month periods ended	
	30 September	30 September	30 September	30 September	30 September	30 September
	2012	2011	2012	2011	2012	2011
Tenaga Setia Resources SDN. BHD.	147	108	386	312	758	921
Kunshan Chaitai-Xincheng Precision Forging Company Limited	1,055	822	216	211	630	632
AAPICO Shanghai Company Limited	79	83	1	1	2	3
New Era Sales (M) SDN. BHD.	344	307	276	175	544	476
Total	1,625	1,320	879	699	1,934	2,032

(Unaudited but reviewed)

8. Other long-term investments

(Unit: Thousand Baht)

	Consolidated		Separate financial	
	financial statements		statements	
	30 September	31 December	30 September	31 December
	2012	2011	2012	2011
Available-for-sale securities				
Marketable equity securities	160,666	160,666	-	-
Allowance for change in value	(8,708)	(78,316)	-	-
	<u>151,958</u>	<u>82,350</u>	<u>-</u>	<u>-</u>
Other investments				
Equity securities	3,471	-	3,000	-
Total	<u>155,429</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 nine-month period ended 30 September 2012 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial	financial
	statements	statements
Net book value as at 1 January 2012	6,578,408	1,410,813
Acquisitions during period - at cost	700,253	176,858
Transfer during period	20,283	5,370
Capitalised interest	8,662	1,554
Disposals during period - net book value at disposal date	(38,466)	(5,274)
Depreciation for the period	(527,056)	(87,617)
Exchange differences on translation of financial statements in foreign currency	(10,737)	-
Net book value as at 30 September 2012	<u>6,731,347</u>	<u>1,501,704</u>

Borrowing costs totaling approximately Baht 9 million and Baht 14 million were capitalised during the nine-month periods ended 30 September 2012 and 2011, respectively.

(Unaudited but reviewed)

As at 30 September 2012, the Group had machinery, motor vehicles and equipment under finance lease agreements with net book values amounting to Baht 133 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 September 2012 of Baht 133 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 September 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 September 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

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 was 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. During the current period, 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 will have no financial impact on the current and future performance of the Company.

(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	
	financial statements		statements	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
Trade payables - related parties	213,714	295,262	155,826	22,264
Trade payables - unrelated parties	2,452,891	1,075,045	559,387	314,874
Payables and advances from related parties	583	-	28,492	15,729
Share subscription payable - related parties	-	4,500	24,378	28,878
Accrued interest expenses - related parties	-	-	4,834	4,473
Retention payable	13,540	13,793	13,540	13,540
Other payables for purchase of machinery - related parties	-	4,044	-	4,044
Other payables for purchase of machinery - unrelated parties	228,625	329,702	38,836	176,659
Accrued expenses - related parties	1,839	4,659	1,839	2,400
Dividend payable	39,054	-	39,054	-
Others	276,606	169,983	35,537	15,440
Total trade and other payables	<u>3,226,852</u>	<u>1,896,988</u>	<u>901,723</u>	<u>598,301</u>

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

During the second quarter of the current year, 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 September 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 September 2012, the Company has drawn down Baht 393 million of the loan.

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

The loan agreements contain covenants relating to various matters as 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 certain debt to equity according to the agreements.

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 September 2012, the Group had capital commitments of approximately Baht 50 million, RMB 18 million, EUR 0.1 million and USD 0.1 million, totalling Baht 146 million, relating to the construction of factory buildings, and acquisition of machinery.
- b) As at 30 September 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 September 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	15
1 to 5 years	31
More than 5 years	12

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 nine-month period ended 30 September 2012 amounted to approximately Baht 19 million were recognised as expenses.

15.4 Guarantee

- a) As at 30 September 2012, the Company had guaranteed bank credit facilities of its subsidiary companies amounting to Baht 15 million, RMB 40 million and USD 4 million.
- b) As at 30 September 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 0.2 million to guarantee contractual performance and Baht 21 million to guarantee electricity use, among others.

15.5 Interest rate swap agreements

As at 30 September 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>
340	FDR plus 3.3%	Fixed rate at 5.65%	30 December 2015
350	MLR minus 1.75%	Fixed rate at 5.33%	30 December 2015
361	MLR minus 1.75%	Fixed rate at 5.98%	30 December 2015

As at 30 September 2012, the Company had unrealised gain from change in the fair value of interest rate swap agreements of approximately Baht 1 million.

15.6 Forward foreign exchange contracts

As at 30 September 2012, the Group had outstanding forward foreign exchange contracts for the sale of USD 2 million at the rates of Baht 30.98 - 31.87 per USD 1.

As at 30 September 2012, the Group had unrealised gain from change in the fair value of forward foreign exchange contracts of approximately Baht 0.1 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

	<u>Approved by</u>	<u>Total dividends (Thousand Baht)</u>	<u>Dividend per share (Baht)</u>
Final dividends for 2010	Annual General Meeting of the shareholders on 26 April 2011	56,463	0.21
Interim dividends for 2011	Board of Directors' Meeting on 15 August 2011	<u>43,020</u>	<u>0.16</u>
		<u>99,483</u>	<u>0.37</u>
Interim dividends for 2012	Board of Directors' Meeting on 14 August 2012	<u>131,206</u>	<u>0.49</u>

17. 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.

(Unaudited but reviewed)

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 nine-month periods ended 30 September 2012 and 2011 of the Group by segment.

(Unit: Million Baht)

Consolidated financial statements for the three-month periods ended 30 September								
	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	2,733	2,024	707	316	-	-	3,440	2,340
The People's Republic of China	209	210	-	-	-	-	209	210
Malaysia	-	1	654	481	-	-	654	482
Intersegment revenues	421	376	5	4	(426)	(380)	-	-
Total revenues	3,363	2,611	1,366	801	(426)	(380)	4,303	3,032
Segment income	202	199	80	45	1	(34)	283	210
Unallocated income and expenses:								
Other income							257	128
Selling expenses							(49)	(49)
Administrative expenses							(243)	(154)
Loss on impairment of assets							-	(3)
Share of income of associates							23	100
Finance cost							(77)	(57)
Corporate income tax							(22)	(37)
Profit for the period							172	138

(Unit: Million Baht)

Consolidated financial statements for the nine-month periods ended 30 September								
	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	7,822	5,391	1,512	1,060	-	-	9,334	6,451
The People's Republic of China	620	629	-	-	-	-	620	629
Malaysia	2	5	1,285	1,380	-	-	1,287	1,385
Intersegment revenues	1,045	859	16	25	(1,061)	(884)	-	-
Total revenues	9,489	6,884	2,813	2,465	(1,061)	(884)	11,241	8,465

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated financial statements for the nine-month periods ended 30 September

	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>
Segment income	587	484	185	139	(11)	(44)	761	579
Unallocated income and expenses:								
Other income							542	352
Selling expenses							(164)	(151)
Administrative expenses							(524)	(448)
Loss on impairment of assets							-	(36)
Share of income of associates							193	251
Finance cost							(220)	(170)
Corporate income tax							(38)	(96)
Profit for the period							<u>550</u>	<u>281</u>

19. Approval of interim financial statements

These interim financial statements were authorised for issue by the Board of Directors of the Company on 13 November 2012.