

AAPICO Hitech Public Company Limited and its subsidiaries
Notes to consolidated interim financial statements
For the three-month period ended 31 March 2013

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 2012. There was no change in the structure of the Group during the current period.

1.3 Application of new accounting standards during the period

The Federation of Accounting Professions issued the following accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance, all of which are effective for fiscal years beginning on or after 1 January 2013.

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
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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 quarter 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 3 to the financial statements.

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 2012, except for the change in the accounting policies due to the adoption of TAS 12 *Income Taxes* as follow:

Income tax

(Unaudited but reviewed)

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.

2. New accounting standards issued during the period and not yet effective

The Federation of Accounting Professions has issued notifications, which have been published in the Royal Gazette during the current period, mandating the use of financial reporting standard, accounting standard interpretation and financial reporting standard interpretations as follows.

	<u>Effective date</u>
Financial Reporting Standard:	
TFRS 4 Insurance Contracts	1 January 2016
Accounting Standard Interpretation:	
TSIC 29 Service Concession Arrangements: Disclosures	1 January 2014

(Unaudited but reviewed)

Effective date

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 Economics</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

The management of the Company has assessed the effect of the above financial reporting standard, accounting standard interpretation and financial reporting standard interpretations and believes that they are not relevant to the business of the Company, except TFRIC 1, for which the management is still evaluating the first-year impact to the financial statements and has yet to reach a conclusion.

3. Cumulative effect of the change in accounting policies due to the adoption of new accounting standard

During the current period, the Company and its subsidiaries made the change described in Note 1.4 to the financial statements to its significant accounting policies, as a result of the adoption of TAS 12 *Income Taxes*. The cumulative effect of the change in the accounting policies has been separately presented in the statements of changes in shareholders' equity.

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	As at	As at	As at	As at	As at	As at
	31 March 2013	31 December 2012	1 January 2012	31 March 2013	31 December 2012	1 January 2012
Statement of financial position						
Increase in investment in associates	3,197	3,006	2,800	-	-	-
Increase in deferred tax assets	32,781	36,753	33,383	2,614	3,344	11,660
Increase in non-controlling interests of the subsidiaries	1,422	1,422	1,899	-	-	-
Increase in unappropriated retained earnings	34,556	38,337	34,284	2,614	3,344	11,660

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the three-month periods ended		For the three-month periods ended	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Statement of comprehensive income				
Profit or loss:				
Increase (decrease) in share of profit from investment in associates		191	(86)	-
Increase (decrease) in income tax		(2,033)	1,284	730
Increase (decrease) in profit attributable to non-controlling interest of the subsidiaries		160	(1,495)	-
Increase (decrease) in basic earnings per share (Baht)		2,064	125	(730)
Increase (decrease) in diluted earnings per share (Baht)		0.007	(0.004)	(0.003)

4. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March	31 December	31 March	31 December
	2013	2012	2013	2012
Cash	705	685	238	238
Bank deposits	241,675	206,376	32,586	25,608
Total	242,380	207,061	32,824	25,846

5. Related party transactions

During the three-month periods ended 31 March 2013 and 2012, 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 31 March				Transfer Pricing Policy
	Consolidated financial statements		Separate financial statements		
	2013	2012	2013	2012	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods and services	-	-	46	36	Cost plus margin, averaging around 10% - 30%
Interest income	-	-	38	47	4.8% - 5.4% p.a. (2012: 4.9% - 5.1% p.a.)
Purchases of goods and services	-	-	174	42	Cost plus margin, averaging around 5% - 35%
Purchases of machinery and equipment	-	-	2	4	Cost plus margin, averaging around 30% and 50%
Rental income	-	-	1	1	Close to rental rates for other building in the vicinity
Management fee income	-	-	2	1	Approximate cost
Other income	-	-	-	2	Approximate cost
Other expense	-	-	-	1	Approximate cost
<u>Transactions with associated companies</u>					
Sales of goods and services	12	19	-	-	Cost plus margin, averaging around 30% - 40%
Purchases of goods and services	15	20	10	2	Cost plus margin, averaging around 1% - 5% and 10% - 50%
Dividend income	106	122	106	122	As declared
<u>Transactions with related parties</u>					
Purchases of goods and services	136	125	-	-	Cost plus margin of 5% - 25%
Management fee expense	-	2	-	2	Approximate cost

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2013	31 December 2012	31 March 2013	31 December 2012
<u>Trade and other receivables - related parties (Note 6)</u>				
Subsidiaries	-	-	335,413	338,749
Associates	64,110	8,052	53,606	884
Related companies (common shareholder/director)	39	496	31	248
	<u>64,149</u>	<u>8,548</u>	<u>389,050</u>	<u>339,881</u>
<u>Trade and other payables - related parties</u>				
Subsidiaries	-	-	217,724	216,092
Associates	22,928	27,704	15,531	23,556
Related companies (common shareholder/director)	167,466	184,184	9,000	7,200
	<u>190,394</u>	<u>211,888</u>	<u>242,255</u>	<u>246,848</u>

Loans to related parties and loans from related parties

As at 31 March 2013 and 31 December 2012, 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 2012	Increase during the period	Decrease during the period	Unrealised gain (loss) on exchange	Balance as at 31 March 2013
Related by						
<u>Short-term loans to</u>						
Dee Mak SDN. BHD.	Common director	484	1,486	(1,325)	(26)	619
Total		<u>484</u>	<u>1,486</u>	<u>(1,325)</u>	<u>(26)</u>	<u>619</u>
<u>Short-term loans from</u>						
Directors		16,954	-	(66)	(869)	16,019
Total		<u>16,954</u>	<u>-</u>	<u>(66)</u>	<u>(869)</u>	<u>16,019</u>

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

(Unaudited but reviewed)

(Unit: Thousand Baht)

		Separate financial statements				
		Balance as at			Unrealised	Balance as at
		31 December	Increase during	Decrease during	gain (loss) on	31 March
Related by		2012	the period	the period	exchange	2013
<u>Short-term loans to</u>						
New Era Sales Company Limited	Subsidiary	9,600	-	-	-	9,600
Able Motors Company Limited	Subsidiary	12,000	-	-	-	12,000
Kunshan Chaitai-Xincheng Precision Forging Company Limited	Subsidiary	-	2,400	-	-	2,400
AAPICO Hitech Parts Company Limited	Subsidiary	180,000	-	-	-	180,000
AAPICO Hitech Tooling Company Limited	Subsidiary	18,000	-	-	-	18,000
AAPICO Forging Public Company Limited	Subsidiary	240,000	-	-	-	240,000
Total		459,600	2,400	-	-	462,000
<u>Long-term loans to</u>						
New Era Sales Company Limited	Subsidiary	201,400	-	-	-	201,400
Able Motors Company Limited	Subsidiary	105,000	35,000	(60,000)	-	80,000
AAPICO Forging Public Company Limited	Subsidiary	1,493,099	523,000	(300,500)	-	1,715,599
AAPICO Hitech Parts Company Limited	Subsidiary	478,662	185,650	(247,000)	-	417,312
AAPICO Hitech Tooling Company Limited	Subsidiary	55,031	22,320	(34,581)	-	42,770
Kunshan Chaitai-Xincheng Precision Forging Company Limited	Subsidiary	8,536	-	-	(367)	8,169
Katsuya (Thailand) Company	Subsidiary	3,710	-	(2,400)	-	1,310
AAPICO Structural Products Company Limited	Subsidiary	-	445,750	(445,750)	-	-
Total		2,345,438	1,211,720	(1,090,231)	(367)	2,466,560
<u>Short-term loans from</u>						
AAPICO Engineering Company Limited	Subsidiary	10,000	-	-	-	10,000
AAPICO Amata Company Limited	Subsidiary	87,050	155,600	(149,900)	-	92,750
AAPICO Structural Products Company Limited	Subsidiary	238,000	859,750	(767,000)	-	330,750
Total		335,050	1,015,350	(916,900)	-	433,500

Directors and management's benefits

During the three-month periods ended 31 March 2013 and 2012, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unaudited but reviewed)

(Unit: Million Baht)

	For the three-month period ended 31 March			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Short-term employee benefits	6.1	5.8	5.9	5.5
Total	6.1	5.8	5.9	5.5

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 17.4 to financial statements.

6. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March	31 December	31 March	31 December
	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	10,351	7,006	99,770	90,894
Past due 3 - 12 months	-	7	-	3,035
Past due more than 12 months	35	9	10	11
Total trade receivables - related parties	10,386	7,022	99,780	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	2,796,038	2,658,768	407,071	360,006
Past due 3 - 12 months	25,963	33,389	7,898	18,226
Past due more than 12 months	14,599	15,106	4,282	3,639
Total	2,836,600	2,707,263	419,251	381,871
Less: Allowance for doubtful accounts	(13,754)	(13,960)	(2,444)	(2,545)
Total trade receivables - unrelated parties, net	2,822,846	2,693,303	416,807	379,326
Total trade receivables - net	2,833,232	2,700,325	516,587	473,266

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March	31 December	31 March	31 December
	2013	2012	2013	2012
<u>Other receivables</u>				
Advances - related parties	285	1,526	38,899	40,500
Interest receivable - related parties	443	-	192,394	205,441
Dividend receivable from related party	52,752	-	52,752	-
Other receivables - related party	283	4	5,225	-
Advances	19,603	23,711	-	-
Accrued income	24,009	16,257	5,205	5,205
Other receivables - unrelated parties	40,161	59,101	5,193	2,917
Total other receivables	137,536	100,599	299,668	254,063
Total trade and other receivables - net	2,970,768	2,800,924	816,255	727,329

7. Inventories

As at 31 March 2013, certain subsidiaries have pledged finished goods of approximately Baht 228 million (31 December 2012: Baht 232 million) to secure short-term loans from banks.

8. 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			
			31 March	31 December	31 March	31 December	31 March	31 December		
			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	288,750	269,476		
Sanoh Industries (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	20	20	29,250	29,250	52,024	49,509		
MINTH AAPICO (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	40	40	151,400	151,400	173,749	162,692		
Thai Takagi Seiko Company Limited	Distribution of dies	Thailand	49	49	13,229	13,229	16,120	15,572		
Hyundai Motor (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	30	30	120,000	120,000	367,413	419,933		
Total					344,579	344,579	898,056	917,182		

(Unaudited but reviewed)

(Unit: Thousand Baht)

Company's name	Separate financial statements							
	Shareholding percentage		Cost		Allowance for impairment of investments		Carrying amounts based on cost method - net	
	31 March 2013	31 December 2012	31 March 2013	31 December 2012	31 March 2013	31 December 2012	31 March 2013	31 December 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
Total			<u>344,579</u>	<u>344,579</u>	<u>-</u>	<u>-</u>	<u>344,579</u>	<u>344,579</u>

During the three-month periods ended 31 March 2013 and 2012, 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 31 March			
	Consolidated financial statements		Separate financial statements	
	Share of profit from investments in associates		Dividend income	
	2013	2012	2013	2012
		(Restated)		
Able Sanoh Industries (1996) Company Limited	19,274	(3,006)	-	-
Sanoh Industries (Thailand) Company Limited	2,515	1,472	-	-
MINTH AAPICO (Thailand) Company Limited	11,057	18,053	-	-
Thai Takagi Seiko Company Limited	547	2,182	-	-
PAPAGO (Thailand) Company Limited	-	(114)	-	-
Hyundai Motor (Thailand) Company Limited	52,985	59,017	105,504	122,070
Total	<u>86,378</u>	<u>77,604</u>	<u>105,504</u>	<u>122,070</u>

(Unaudited but reviewed)

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.

In December 2012, the Company entered into the Joint Venture Agreement with Edscha Holding GmbH to establish Edscha-AAPICO Automotive Co., Ltd., with a registered capital of Baht 40 million. The Company will hold a 49% interest.

In March 2013, the Company entered into the Joint Venture Agreement with Sumino Kogyo Co., Ltd. to establish SUMINO AAPICO (Thailand) Co., Ltd., with a registered capital of Baht 200 million. The Company will hold a 49% interest.

9. 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 three-month periods ended 31 March	
	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December
	2013	2012	2013	December 2012	2013	2012	2013	2012
			(%)	(%)				
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 100 million	100	100	200,000	200,000	-	-
A Macion 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)		

(Unaudited but reviewed)

Net

3,661,337 3,661,337

(Unaudited but reviewed)

The financial statements for the three-month periods ended 31 March 2013 and 2012 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 31 March		Total revenues	
			For the three-month periods ended 31 March	
	2013	2012 (Restated)	2013	2012 (Restated)
Tenaga Setia Resources SDN. BHD.	226	102	404	98
Kunshan Chaitai-Xincheng Precision Forging Company Limited	-	1,072	-	189
AAPICO Shanghai Company Limited	-	72	-	1
New Era Sales (M) SDN. BHD.	332	317	255	58
Total	558	1,563	659	346

In January 2013, the Company entered into the Joint Venture Agreement with Lemtech Holding Group to register a new joint venture company in Thailand, with a registered capital of Baht 40 million. The Company will hold a 60% interest.

10. Other long-term investments

(Unit: Thousand Baht)

	Consolidated		Separate financial	
	financial statements		statements	
	31 March 2013	31 December 2012	31 March 2013	31 December 2012
Available-for-sale securities				
Marketable equity securities	160,666	160,666	-	-
Allowance for change in value	(67,573)	(32,917)	-	-
	93,093	127,749	-	-
Other investments				
Equity securities	31,125	31,125	3,000	3,000
Total	124,218	158,874	3,000	3,000

11. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2013 are summarized below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
	<hr/>	<hr/>
Net book value as at 1 January 2013	6,540,718	1,488,844
Acquisitions during period - at cost	159,441	35,482
Transfer during period	(27,501)	-
Capitalised interest	111	-
Disposals/write-off during period - net book value at disposal date/write-off date	(5,618)	(2,536)
Depreciation for the period	(177,224)	(36,402)
Allowance for impairment loss increase during the period	(27,743)	(24,885)
Exchange differences on translation of financial statements in foreign currency	(28,426)	-
Net book value as at 31 March 2013	<hr/> 6,433,758	<hr/> 1,460,503

Borrowing costs totaling approximately Baht 0.1 million and Baht 2.5 million were capitalised during the three-month periods ended 31 March 2013 and 2012, respectively.

As at 31 March 2013, the Group had machinery, motor vehicles and equipment under finance lease agreements with net book values amounting to Baht 118 million (31 December 2012: Baht 125 million).

A subsidiary has mortgaged building, with a total net book value as at 31 March 2013 of Baht 123 million (31 December 2012: Baht 131 million) as collateral for credit facilities granted by bank.

12. Leasehold right

A subsidiary has pledged its land leasehold right, with a total net book value as at 31 March 2013 of Baht 100 million (31 December 2012: Baht 107 million) as collateral for credit facilities granted by banks.

(Unaudited but reviewed)

13. Goodwill

(Unit: Million Baht)

	Balance as at	
	31 March 2013	31 December 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	(300)	(300)
Net	1,087	1,087

As at 31 December 2012, the Company has assessed and considered that the provision for impairment of goodwill of AAPICO Forging Public Company Limited of Baht 300 million was adequate. This amount was estimated 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 may differ from these estimates depending on the future economic environment.

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

As at 31 March 2013 and 31 December 2012, bank overdrafts and loans from banks are secured by the pledge of leasehold land and building thereon, 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.

(Unaudited but reviewed)

15. Income tax

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax expenses for the three-month periods ended 31 March 2013 and 2012 are made up as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2013	2012	2013	2012
		(Restated)		(Restated)
Current income tax:				
Interim corporate income tax charge	22,592	3,928	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(2,033)	1,284	730	645
Income tax expense reported in the statement of comprehensive income	20,559	5,212	730	645

16. 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, 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 of 53.8 million shares as discussed in Note 20, because these dividend shares were issued after the end of the reporting period but before the financial statements were authorised for issue, as if the shares comprising such stock dividends had been issued at the beginning of the earliest period reported.

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.

17. Commitment and contingent liabilities

17.1 Capital commitments

- a) As at 31 March 2013, the Group had capital commitments of approximately Baht 55 million, RMB 9 million, EUR 0.6 million and USD 3 million (31 December 2012: Baht 86 million, RMB 10 million, EUR 0.06 million and USD 3 million), totalling Baht 204 million (31 December 2012: Baht 233 million), relating to the purchase of land, the construction of factory buildings, and acquisition of machinery.
- b) As at 31 March 2013 and 31 December 2012, the Company had outstanding commitment of Baht 94 million in respect of uncalled portion of investments in its subsidiaries.

17.2 Operating lease and service commitments

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

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

	(Unit: Million Baht)	
	As at	As at
Payable within:	31 March 2013	31 December 2012
1 year	25	18
1 to 5 years	32	36
More than 5 years	8	13

17.3 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 three-month period ended 31 March 2013 amounted to approximately Baht 16 million (2012: Baht 5 million) were recognised as expenses.

17.4 Guarantee

- a) As at 31 March 2013, the Company had guaranteed bank credit facilities of its subsidiary companies amounting to RMB 93 million and USD 4 million (31 December 2012: RMB 93 million and USD 4 million).
- b) As at 31 March 2013, there were outstanding bank guarantees of approximately Baht 79 million, USD 0.2 million and RM 0.3 million (31 December 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 56 million, USD 0.2 million (31 December 2012: Baht 58 million, USD 0.2 million) to guarantee contractual performance, the Baht 23 million and RM 0.3 million (31 December 2012: Baht 22 million and RM 0.3 million) to guarantee electricity use, among others.

17.5 Interest rate swap agreements

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

As at 31 March 2013

<u>Notional amount</u>	<u>Interest Receipt Rate</u>	<u>Interest Payment Rate</u>	<u>Due date</u>
(Million Baht)	(per annum)	(per annum)	
301	FDR plus 3.3%	Fixed rate at 5.65%	30 December 2015
317	MLR minus 1.75%	Fixed rate at 5.33%	30 December 2015
329	MLR minus 1.75%	Fixed rate at 5.98%	30 December 2015

As at 31 December 2012

<u>Notional amount</u>	<u>Interest Receipt Rate</u>	<u>Interest Payment Rate</u>	<u>Due date</u>
(Million Baht)	(per annum)	(per annum)	
328	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 31 March 2013, the Company had unrealised loss from change in the fair value of interest rate swap agreements of approximately Baht 2.5 million (31 December 2012: unrealised gain of Baht 0.6 million).

17.6 Forward foreign exchange contracts

Foreign exchange contracts outstanding are summarised below.

As at 31 March 2013

<u>Foreign currency</u>	<u>Bought amount</u>	<u>Sold amount</u>	<u>Contractual exchange rate</u>		<u>Contractual maturity date</u>
			<u>Bought</u>	<u>Sold</u>	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
US dollar	-	0.9	-	29.55	March - August 2013
EUR	0.7	-	38.21 - 39.95	-	March - September 2013
Yen	165.6	-	0.34 - 0.39	-	May 2013

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>
			<u>Bought</u>	<u>Sold</u>	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
US dollar	-	3.6	-	31.15 - 31.22	October 2013
Yen	124.1	-	0.37 - 0.39	-	May 2013

(Unaudited but reviewed)

As at 31 March 2013, the Group had unrealised loss from change in the fair value of forward foreign exchange contracts of approximately Baht 11 million (31 December 2012: Baht 3.2 million).

18. Employee Joint Investment Program

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

19. 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. These operations are carried on geographical areas in Thailand, The People's Republic of China and Malaysia.

(Unaudited but reviewed)

The following tables present revenue and profit information regarding the Company and its subsidiaries' operating segments for the three-month periods ended 31 March 2013 and 2012, respectively.

(Unit: Million Baht)

	For the three-month period ended 31 March 2013				
	Manufacture of automobiles and assembly tools and parts segment	Sales of automobiles and the provision of automobiles repair service segment	Total segment	Adjustments and eliminations	Consolidated
Revenues					
Revenues from external customers					
Thailand	3,074	609	3,683	-	3,683
The People's Republic of China	221	-	221	-	221
Malaysia	-	639	639	-	639
Total revenues from external customers	3,295	1,248	4,543	-	4,543
Intersegment revenues	527	10	537	(537)	-
Total revenues	3,822	1,258	5,080	(537)	4,543
Results					
Segment profit	491	28	519	(230)	289
Share of income of associates					86
Finance cost					(71)
Profit before income tax expense					304
Income tax expense					(20)
Profit for the period					284

(Unaudited but reviewed)

(Unit: Million Baht)

	For the three-months ended 31 March 2012				
	Manufacture of automobiles and assembly tools and parts segment	Sales of automobiles and the provision of automobiles repair service segment	Total segment	Adjustments and eliminations	Consolidated
Revenues					
Revenues from external customers					
Thailand	2,280	381	2,661	-	2,661
The People's Republic of China	189	-	189	-	189
Malaysia	-	153	153	-	153
Total revenues from external customers	2,469	534	3,003	-	3,003
Intersegment revenues	198	5	203	(203)	-
Total revenues	2,667	539	3,206	(203)	3,003
Results					
Segment profit	156	5	161	(64)	97
Share of income of associates					77
Finance cost					(69)
Profit before income tax expense					105
Income tax expense					(5)
Profit for the period					100

20. Events after the reporting period

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

- a) A dividend payment from the earnings of second half of year 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 is thus Baht 0.20 per share in monetary terms, and so the total dividend is equivalent to Baht 0.45 per share. It is to be paid on 23 May 2013.
- b) 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.

(Unaudited but reviewed)

- c) 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 dividend shares.

21. Approval of interim financial statements

These interim financial statements were authorised for issue by the Board of Directors of the Company on 15 May 2013.