

AAPICO Hitech Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2013

1. General information

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

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

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

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of AAPICO Hitech Public Company Limited and the following subsidiaries (“the Group”):

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

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

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

Held by subsidiaries

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

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

- b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

- c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
 - d) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
 - e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
 - f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements, which present investments in subsidiaries, joint ventures and associates under the cost method, have been prepared solely for the benefit of the public.

3. **New accounting standards**

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

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

Accounting standards:

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

Financial Reporting Standard:

TFRS 8	Operating Segments
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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 period and restated the prior year's financial statements, presented as comparative information, as though the Company and its subsidiaries had initially recognised the tax effects as deferred tax assets or liabilities. The cumulative effect of this change in accounting policy has been presented in Note 4 to the financial statements.

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

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

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

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

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

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

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

(Unit: Thousand Baht)

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

(Unit: Thousand Baht)

	For the year ended		For the year ended		
	31 December 2013		31 December 2012		
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements	
Income statements					
Increase (decrease) in share of profit from investments in associates		(1,365)	-	206	-
Increase (decrease) in income tax		(28,048)	(2,454)	(3,371)	8,316
Decrease in profit attributable to non-controlling interest of the subsidiaries		669	-	477	-
Increase (decrease) in profit attributable to equity holders of the Company		27,352	2,454	4,054	(8,316)
Increase (decrease) in basic earnings per share (Baht)		0.09	0.01	0.01	(0.03)
Increase (decrease) in diluted earnings per share (Baht)		0.08	0.01	0.01	(0.03)

5. Significant accounting policies

5.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales of goods are valued after deducting discounts and allowance.

Rendering of services

Service revenue is recognised when services have been rendered taking into account the stage of completion.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividends

Dividends are recognised when the right to receive the dividends is established.

5.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

5.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

5.4 Inventories

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

Raw materials, spare parts and factory supplies are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

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

5.5 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- c) Investments in non-marketable equity securities, which the Group classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- d) Investments in joint ventures and associates are accounted for in the consolidated financial statements using the equity method.
- e) Investments in subsidiaries, joint ventures and associates are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.

In the event the Group reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

5.6 Property, plant and equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any). Depreciation of plant and equipment (except for some of factory equipment, on a production method and diminishing method) are calculated by reference to their costs on the straight-line basis over the following estimated useful lives: -

Buildings and building improvements	5 - 35 years
Machinery and factory equipment	3 - 20 years
Motor vehicles and office equipment	5 - 10 years

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

5.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

5.8 Intangible assets and amortisation

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

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

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

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

5.9 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

5.10 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

5.11 Long-term leases

Leases of assets which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the useful life of the asset.

Leases of assets which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

5.12 Foreign currencies

The consolidated and separate financial statements as presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements as measured using the functional currency of the entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

5.13 Impairment of assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment and other assets whenever events or changes in circumstances indicate that an asset may be impaired. The Group also carries out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

5.14 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

5.15 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

The Group and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Group. The fund's assets are held in a separate trust fund and the Group's contributions are recognised as expenses when incurred.

Defined benefit plans and other long-term employee benefits

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law and other employee benefit plans. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan. In addition, some companies provide other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in the income statement.

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

5.16 Interest rate swap contracts

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

5.17 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

6. Significant accounting judgments and estimates

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

Leases

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

Allowance for doubtful accounts

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

Impairment of equity investments

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

Property plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Goodwill and intangible assets

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

Provision for product warranty

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

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Litigation

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

7. Cash and cash equivalents

(Unit: Thousand Baht)

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

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

8. Related party transactions

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

(Unit: Million Baht)

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

(Unit: Million Baht)

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

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

(Unit: Thousand Baht)

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

Loans to related parties and loan from related parties

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

(Unit: Thousand Baht)

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

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

(Unit: Thousand Baht)

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

Directors and management's benefits

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

(Unit: Million Baht)

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

Guarantee obligations with related parties

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

9. Trade and other receivables

(Unit: Thousand Baht)

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

(Unit: Thousand Baht)

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

10. Inventories

(Unit: Thousand Baht)

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

(Unit: Thousand Baht)

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

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

11. Restricted bank deposits

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

12. Investments in associates

12.1 Details of associates

(Unit: Thousand Baht)

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

(Unit: Thousand Baht)

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

12.2 Share of profit/loss and dividend income

During the years, the Company has recognised its share of profit/loss from investments in associates in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

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

12.3 Summarised financial information of associates

Financial information of the associates is summarised belows:

(Unit: Million Baht)

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

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

13. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received
	2013	2012	2013	2012	2013	2012	during the year
			(%)	(%)			2013
New Era Sales Co., Ltd.	Baht 20 million	Baht 20 million	100	100	20,000	20,000	-
AAPICO Amata Co., Ltd.	Baht 800 million	Baht 800 million	100	100	1,164,139	1,164,139	-
Able Motors Co., Ltd.	Baht 20 million	Baht 20 million	100	100	19,999	19,999	-
AAPICO Engineering Co., Ltd.	Baht 10 million	Baht 10 million	100	100	10,000	10,000	-
Tenaga Setia Resources SDN. BHD.	RM 6 million	RM 6 million	49	49	31,393	31,393	-
Kunshan Chaitai-Xincheng Precision Forging Co., Ltd.	USD 6.1 million	USD 6.1 million	100	100	196,744	196,744	-
AAPICO ITS Co., Ltd.	Baht 100 million	Baht 100 million	60	60	62,175	62,175	-
AAPICO Hitech Parts Co., Ltd.	Baht 120 million	Baht 120 million	100	100	120,000	120,000	200,000
AAPICO Hitech Tooling Co., Ltd.	Baht 65 million	Baht 65 million	100	100	65,000	65,000	-
AAPICO Shanghai Co., Ltd.	USD 2 million	USD 2 million	100	100	80,682	80,682	-
AAPICO Investment Pte. Ltd.	SGD 6.97 million	SGD 6.97 million	100	100	167,950	167,950	-
AAPICO Mitsuike (Thailand) Co., Ltd.	Baht 8.25 million	Baht 8.25 million	51	51	4,208	4,208	-
AAPICO Forging Public Co., Ltd.	Baht 500 million	Baht 500 million	100	100	1,823,907	1,823,907	-
AAPICO Structural Products Co., Ltd.	Baht 200 million	Baht 200 million	100	100	200,000	200,000	500,000
A Maction Co., Ltd.	Baht 10 million	Baht 10 million	51	51	5,100	5,100	-
New Era Sales (M) SDN. BHD.	RM 1.5 million	RM 1.5 million	49	49	8,263	8,263	-
AAPICO Technology Co., Ltd.	Baht 0.25 million	Baht 0.25 million	51	51	128	128	-
AERP Co., Ltd.	Baht 1.25 million	Baht 1.25 million	88	88	1,100	1,100	-
Katsuya (Thailand) Co., Ltd.	Baht 28.5 million	Baht 28.5 million	76	76	15,675	15,675	-
Foton Passenger Vehicles Distribution (Thailand) Co., Ltd. (formerly known as "Dongfeng Commercial Vehicle Co., Ltd.")	Baht 25 million	Baht 25 million	97	97	24,250	24,250	-
AAPICO Lemtech (Thailand) Co., Ltd.	Baht 40 million	-	60	-	24,000	-	-
Total					4,044,713	4,020,713	700,000
Less: Allowance for impairment					(1,211,708)	(359,376)	
Net					2,833,005	3,661,337	

No dividend received from all above subsidiaries in 2012.

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

14. Investment in joint venture

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

(Unit: Thousand Baht)

As at 31 December 2013

Jointly controlled entity	Nature of business	Country of incorporation	Shareholding percentage	Carrying amount based on equity	
				method	Cost
			(%)		
AAPICO Sodecia (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	50	14,816	15,000

14.2 Share of profit/loss

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

14.3 Summarised financial information of joint venture

Financial information of the joint venture is summarised belows:

(Unit: Million Baht)

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

15. Other long-term investments

(Unit: Thousand Baht)

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

16. Property, plant and equipment

(Unit: Thousand Baht)

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

(Unit: Thousand Baht)

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

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

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

As at 31 December 2013, certain machinery and equipment items of the Group have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 3,142 million (2012: Baht 2,883 million) (Separate financial statements: Baht 184 million, 2012: Baht 124 million).

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

17. Leasehold right

(Unit: Thousand Baht)

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

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

(Unit: Thousand Baht)

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

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

18. Goodwill

(Unit: Million Baht)

	Consolidated financial statements	
	2013	2012
Goodwill from purchase of subsidiaries:		
AAPICO Amata Company Limited	230	230
AAPICO Forging Public Company Limited	1,152	1,152
Other companies	5	5
Total	1,387	1,387
Less: Allowance for impairment	(1,152)	(300)
Net	235	1,087

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

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

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

19. Other intangible assets

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

(Unit: Thousand Baht)

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

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

20. Income tax

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

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

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

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

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

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

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

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

21. Bank overdrafts and short-term loans from banks

(Unit: Thousand Baht)

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

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

22. Trade and other payables

(Unit: Thousand Baht)

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

23. Long-term loans

(Unit: Thousand Baht)

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

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

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

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

24. Liabilities under finance lease agreements

(Unit: Thousand Baht)

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

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

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

(Unit: Thousand Baht)

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

(Unit: Thousand Baht)

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

25. Provision for long-term employee benefits

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

(Unit: Thousand Baht)

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

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

(Unit: Thousand Baht)

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

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

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

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

Principal actuarial assumptions at the valuation date were as follows:

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

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

(Unit: Thousand Baht)

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

26. Provisions for product warranty

(Unit: Thousand Baht)

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

27. Preferred shares

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

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

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

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

28. Dividends

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

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

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

29. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

30. Employee Joint Investment Program

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

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

31. Expenses by nature

Significant expenses by nature are as follow:

(Unit: Thousand Baht)

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

32. Promotional privileges

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

The Company's operating revenues for the years are below shown divided according to promoted and non-promoted operations.

(Unit: Thousand Baht)

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

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

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

33. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year, after adjusting the number of ordinary shares in proportion to the change in the number of shares as a result of the distribution of stock dividend, as if the shares comprising such stock dividends had been issued at the beginning of the earliest period reported.

In 2012, the convertible preferred shares were excluded from determination of the number of potential ordinary shares since the value of the convertible preferred shares exceeded the fair value of the ordinary shares. However, in 2013, these preferred shares were converted to ordinary shares, even though the value of the convertible preferred shares exceeded the fair value of the ordinary shares. For this reason, diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all preference shares to ordinary shares. The calculation assumes that the conversion took place at the beginning of the year.

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

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

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

34. Provident fund

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

35. Commitment and contingent liabilities

35.1 Capital commitments

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

35.2 Operating leases and service commitments

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

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

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

35.3 Long-term service commitments

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

35.4 Guarantee

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

- b) As at 31 December 2013, two foreign subsidiaries had provided guarantees for bank credit facilities of another foreign subsidiary amounting to RM 14 million and RM 10 million, respectively.
- c) As at 31 December 2013, there were outstanding bank guarantees of approximately Baht 79 million, and RM 0.3 million (2012: Baht 80 million, USD 0.2 million and RM 0.3 million) issued by banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 55 million (2012: Baht 58 million and USD 0.2 million) to guarantee contractual performance and Baht 24 million and RM 0.3 million (2012: Baht 22 million and RM 0.3 million) to guarantee electricity use, among others.
- d) During the year 2013, the Company entered into an agreement related to the Supplier Financing Program, as a sponsor, whereby it provides guarantees of credit lines of its suppliers used to purchase raw materials and goods, up to a limited of Baht 200 million. As at 31 December 2013, the Company had no guarantee liabilities under this agreement.

36. Litigation

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

37. Segment information

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

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

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

(Unit: Million Baht)

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

(Unit: Thousand Baht)

For the year ended 31 December 2012

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

Geographic information

Revenue from external customers is based on country of domicile.

(Unit: Million Baht)

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

(Unit: Million Baht)

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

Major customers

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

38. Financial instruments

38.1 Financial risk management

The Group's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investments, trade and other receivables, loans, investments, trade and other payables, overdrafts, short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risks primarily with respect to trade and other receivables and loans. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. However, certain subsidiaries are exposed to concentrations of credit risk with respect to trade receivable because they have only main customer.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its cash at bank, loans, bank overdrafts and interest-carrying loans. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

Significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Million Baht)

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

(Million Baht)

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

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

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

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

Foreign currency risk

The Group's exposure to foreign currency risk arises mainly from purchase/sales of goods and purchases of machinery transactions that are denominated in foreign currencies. The Group uses derivative instruments, as and when it considers appropriate, to manage such risks.

Foreign exchange contracts outstanding are summarised below.

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

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
JPY	124.1	-	0.37 - 0.39	-	May 2013

38.2 Fair values of financial instruments

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

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

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

39. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2013, the Group's debt-to-equity ratio was 1.30:1 (2012: 1.80:1) and the Company's was 1:1 (2012: 1.18:1).

40. Events after the reporting period

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

41. Reclassification

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

(Unit: Thousand Baht)

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

(Unit: Thousand Baht)

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

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

42. Approval of financial statements

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