

ASIAN INSULATORS PUBLIC COMPANY LIMITED

**CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS**

DECEMBER 31, 2012

518/3 อาคารเมธิชาเซ็นเตอร์ นอร์ ชั้น 7
ถนนเพลินจิต แขวงลุมพินี
เขตปทุมวัน กรุงเทพฯ 10330
โทร./โทรสาร 0-2252-2860, 0-2255-2518
0-2254-1210, 0-2250-0634
0-2254-8386-7
โทรสาร อัดโนมัติ 0-2253-8730
อีเมล virach5183@yahoo.com
เว็บไซต์ http://www.vaaudit.com

V & A

บริษัท สำนักงาน ดร.วิรัช แอนด์ แอสโซซิเอตส์ จำกัด
DR.VIRACH & ASSOCIATES OFFICE CO., LTD.

CERTIFIED PUBLIC ACCOUNTANTS

518/3 Manceya Center North Building, 7th Floor
Ploenchit Road, Lumpinee District
Khet Patumwan, Bangkok 10330
Tel./Fax 66 (0) 2252-2860, 2255-2518
2254-1210, 2250-0634
2254-8386-7
Auto Fax 66 (0) 2253-8730
Email virach5183@yahoo.com
Website http://www.vaaudit.com

AUDITOR'S REPORT

To The Shareholders of Asian Insulators Public Company Limited

I have audited the accompanying consolidated financial statements of Asian Insulators Public Company Limited and subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2012, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Asian Insulators Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

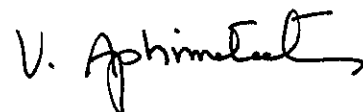
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the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

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

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Asian Insulators Public Company Limited and subsidiaries and of Asian Insulators Public Company Limited as at December 31, 2012, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.



(Dr. Virach Aphimeteetamrong)

ASIAN INSULATORS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2012

ASSETS

| | | BAHT | | | |
|------------------------------------------------|-------------------|----------------------|----------------------|-------------------------------|----------------------|
| | | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
| | Notes | 2012 | 2011 | 2012 | 2011 |
| Current Assets | | | | | |
| Cash and cash equivalents | 4.2 and 5 | 89,272,017 | 163,726,937 | 57,337,365 | 68,641,272 |
| Short-term investments | 4.3 and 6 | 173,753,792 | 185,191,457 | 3,167,646 | 32,468,202 |
| Trade and other receivables | 4.4 and 7 | 519,165,674 | 364,739,759 | 222,917,005 | 167,581,120 |
| Short-term loans to related parties | 8 | - | - | 394,000,000 | 449,000,000 |
| Unbilled receivables | 4.5 and 9 | 22,049,546 | 5,800,850 | - | - |
| Inventories | 4.6 and 10 | 893,156,336 | 693,308,413 | 105,211,454 | 107,514,717 |
| Oil supplies | 4.7 and 11 | 2,300,019 | 2,647,416 | - | - |
| Advance payment to subcontractors | | 1,305,214 | - | - | - |
| Other current assets | | | | | |
| Refundable value added tax | | 806,090 | 3,126,428 | - | 2,441,666 |
| Withholding tax | | 8,076,938 | 5,944,849 | - | - |
| Others | | 113,810 | 1,200,184 | 23,631 | 795,020 |
| Total other current assets | | 8,996,838 | 10,271,461 | 23,631 | 3,236,686 |
| Non-current assets classified as held for sale | 4.8 and 12 | 1,834 | 1,834 | 1,834 | 1,834 |
| Total Current Assets | | 1,710,001,270 | 1,425,688,127 | 782,658,935 | 828,443,831 |
| Non-current Assets | | | | | |
| Investments in associated company | 4.9 and 13 | 21,821,764 | 28,519,596 | 26,400,000 | 33,000,000 |
| Investments in subsidiaries | 4.9 and 14 | - | - | 957,766,025 | 838,466,025 |
| Property, plant, vessel and equipment | 4.10, 4.11 and 15 | 1,921,058,782 | 1,856,032,791 | 716,304,770 | 612,322,630 |
| Intangible assets | 4.12 and 16 | 8,762,536 | 9,933,098 | 8,707,887 | 9,873,278 |
| Other non-current assets | | | | | |
| Deposit on assets | | 13,164,537 | 16,452,829 | 11,260,036 | 15,912,829 |
| Others | | 451,998 | 513,598 | 327,592 | 386,192 |
| Total other non-current assets | | 13,616,535 | 16,966,427 | 11,587,628 | 16,299,021 |
| Total Non-current Assets | | 1,965,259,617 | 1,911,451,912 | 1,720,766,310 | 1,509,960,954 |
| TOTAL ASSETS | | 3,675,260,887 | 3,337,140,039 | 2,503,425,245 | 2,338,404,785 |

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Notes to the financial statements form an integral part of these statements.

ASIAN INSULATORS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2012

LIABILITIES AND SHAREHOLDERS' EQUITY

| | Notes | BAHT | | | |
|------------------------------------------------------------------|-------------|----------------------|----------------------|-------------------------------|--------------------|
| | | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
| | | 2012 | 2011 | 2012 | 2011 |
| Current Liabilities | | | | | |
| Bank overdrafts and short-term loans from financial institutions | 17 | 1,662,997,556 | 1,220,945,296 | 400,000,000 | 300,000,000 |
| Trade and other payables | 18 | 202,112,741 | 105,606,236 | 55,100,928 | 54,561,578 |
| Current portion of long-term loans | 19 | 165,049,810 | 231,712,000 | 99,987,810 | 100,000,000 |
| Advance received from construction | | 4,904,253 | 41,768 | - | - |
| Retention payables | | 1,426,709 | 17,676,531 | 2,490,752 | 14,960,845 |
| Accrued interest | | 2,574,152 | 8,875,848 | 672,044 | 2,313,805 |
| Accrued income tax | | 5,496,400 | 5,707,801 | 5,496,400 | 5,707,801 |
| Other current liabilities | | | | | |
| Undue value added tax | | 19,642,238 | 13,448,015 | 3,207,582 | - |
| Undue sale tax | | 172,452 | 2,126,662 | - | - |
| Others | | 1,906,245 | 3,270,072 | 1,409,165 | 2,755,171 |
| Total other current liabilities | | 21,720,935 | 18,844,749 | 4,616,747 | 2,755,171 |
| Total Current Liabilities | | 2,066,282,556 | 1,609,410,229 | 568,364,681 | 480,299,200 |
| Non-current Liabilities | | | | | |
| Long-term loans from financial institutions | 19 | 87,798,619 | 252,989,510 | - | 99,987,810 |
| Provision for long-term employee benefits | 4.13 and 20 | 30,017,129 | 27,894,996 | 21,185,804 | 20,372,516 |
| Total Non-current Liabilities | | 117,815,748 | 280,884,506 | 21,185,804 | 120,360,326 |
| TOTAL LIABILITIES | | 2,184,098,304 | 1,890,294,735 | 589,550,485 | 600,659,526 |

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ASIAN INSULATORS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2012

LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED)

| | Note | BAHT | | | |
|---------------------------------------------------|------|----------------------|----------------------|-------------------------------|----------------------|
| | | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
| | | 2012 | 2011 | 2012 | 2011 |
| Shareholders' Equity | | | | | |
| Share capital | | | | | |
| Authorized share capital | | | | | |
| 500,000,000 common stocks of Baht 1 par value | | 500,000,000 | 500,000,000 | 500,000,000 | 500,000,000 |
| Issued and paid-up share capital | | | | | |
| 500,000,000 common stocks at Baht 1 each | | 500,000,000 | 500,000,000 | 500,000,000 | 500,000,000 |
| Additional paid-in capital | | | | | |
| Premium on common stocks | | 902,769,092 | 902,769,092 | 902,769,092 | 902,769,092 |
| Retained earnings (deficits) | | | | | |
| Appropriated | | | | | |
| Legal reserve | 21 | 50,000,000 | 50,000,000 | 50,000,000 | 50,000,000 |
| Unappropriated | | 32,852,167 | (32,362,311) | 461,105,668 | 284,976,167 |
| Total Equity of the Parent | | 1,485,621,259 | 1,420,406,781 | 1,913,874,760 | 1,737,745,259 |
| Non-controlling interests | | 5,541,324 | 26,438,523 | - | - |
| Total Shareholders' Equity | | 1,491,162,583 | 1,446,845,304 | 1,913,874,760 | 1,737,745,259 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 3,675,260,887 | 3,337,140,039 | 2,503,425,245 | 2,338,404,785 |

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ASIAN INSULATORS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2012

| | | BAHT | | | |
|--------------------------------------------------------|-------|----------------------|----------------------|----------------------------------|--------------------|
| | | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
| | Notes | 2012 | 2011 | 2012 | 2011 |
| REVENUES | | | | | |
| Sales | | 4,237,505,065 | 2,822,047,846 | 854,733,877 | 623,540,768 |
| Revenues from production contract | | 18,164,803 | 64,762,575 | - | - |
| Construction contract | | 42,724,396 | 51,565,801 | - | - |
| Vessel operating income | | 28,583,749 | 54,346,407 | - | - |
| Port service | | - | 33,140 | - | - |
| Other incomes | | | | | |
| Interest income | | 768,831 | 585,135 | 18,529,384 | 19,282,744 |
| Dividend income | 14 | - | - | 2,995,179 | 2,995,179 |
| Unrealized gain on investments in Open-end Fund | | 4,467,866 | 3,095,762 | 80,537 | 61,262 |
| Gain on disposal of Open-end Fund | | 1,094,469 | 2,413,761 | 618,907 | 2,139,087 |
| Rental and services income rendered to related parties | 30.1 | 2,710,030 | 2,702,278 | 6,173,856 | 7,757,658 |
| Others | | 14,588,210 | 11,495,291 | 2,890,717 | 2,909,052 |
| Total other incomes | | 23,629,406 | 20,292,227 | 31,288,580 | 35,144,982 |
| Total Revenues | | 4,350,607,419 | 3,013,047,996 | 886,022,457 | 658,685,750 |
| EXPENSES | | | | | |
| Cost of sales | | 3,777,487,115 | 2,630,254,386 | 468,124,527 | 408,030,251 |
| Cost of production contract | | 15,126,350 | 38,504,698 | - | - |
| Cost of construction contract | | 34,959,634 | 40,484,209 | - | - |
| Cost of vessel operating | | 21,066,626 | 50,963,071 | - | - |
| Cost of port service | | 14,448,829 | 13,537,379 | - | - |
| Selling expenses | | 65,155,705 | 28,195,660 | 8,094,168 | 7,775,108 |
| Administrative expenses | | 145,257,099 | 108,188,631 | 70,115,784 | 61,827,426 |
| Directors' remuneration | 22 | 2,394,000 | 2,394,000 | 2,394,000 | 2,394,000 |
| Loss on diminution in investment | 13 | - | - | 6,600,000 | - |
| Finance costs | | 67,533,258 | 51,066,095 | 17,695,175 | 9,793,513 |
| Total Expenses | 23 | 4,143,428,616 | 2,963,588,129 | 573,023,654 | 489,820,298 |
| Share of profit (loss) from investments in associate | | (6,697,832) | 2,108,913 | - | - |
| Profit before income tax expenses | | 200,480,971 | 51,568,780 | 312,998,803 | 168,865,452 |
| Income tax expenses | 24 | (11,871,322) | (16,727,654) | (11,871,322) | (15,286,195) |
| Profit for the years | | 188,609,649 | 34,841,126 | 301,127,481 | 153,579,257 |
| Other comprehensive income for the years | | - | - | - | - |
| Total comprehensive income for the years | | 188,609,649 | 34,841,126 | 301,127,481 | 153,579,257 |
| Profit (Loss) Attributable to | | | | | |
| Equity holders of the parent | | 190,212,458 | 43,691,325 | 301,127,481 | 153,579,257 |
| Non-controlling interests | | (1,602,809) | (8,850,199) | - | - |
| | | 188,609,649 | 34,841,126 | 301,127,481 | 153,579,257 |
| Earnings per Share | | | | | |
| Basic Earnings per Share | 4.14 | 0.38 | 0.09 | 0.60 | 0.31 |
| Issued and paid-up 500,000,000 common stocks | | | | | |

Notes to the financial statements form an integral part of these statements.

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ASIAN INSULATORS PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2012

CONSOLIDATED

| | Notes | Shareholders' equity of the parent | | | | | | | Total equity of the parent | Non-controlling interests | Total shareholders' equity |
|------------------------------------------------------------|-------|------------------------------------|--------------------------|------------------------------|----------------|----------------------------|----------------------------|--------------|----------------------------|---------------------------|----------------------------|
| | | Issued and paid-up share capital | Premium on common stocks | Retained earnings (deficits) | | Other components of equity | Total equity of the parent | | | | |
| | | | | Legal reserve | Unappropriated | | | | | | |
| Beginning balances as at January 1, 2011 - before restated | | 500,000,000 | 902,769,092 | 50,000,000 | 77,780,974 | - | 1,530,550,066 | 35,594,990 | 1,566,145,056 | | |
| Cumulative effect of the change in accounting policy | 3 | | | | (28,834,610) | | (28,834,610) | (301,447) | (29,136,057) | | |
| Restated balances | | 500,000,000 | 902,769,092 | 50,000,000 | 48,946,364 | - | 1,501,715,456 | 35,293,543 | 1,537,008,999 | | |
| Decrease in non-controlling interests | | | | | | | | | | | |
| - subsidiary's dividends paid to non-controlling interests | | | | | | | | (4,821) | (4,821) | | |
| Total comprehensive income (loss) for the year 2011 | | | | | 43,691,325 | | 43,691,325 | (8,850,199) | 34,841,126 | | |
| Dividend payment | 22 | | | | (125,000,000) | | (125,000,000) | - | (125,000,000) | | |
| Ending balances as at December 31, 2011 | | 500,000,000 | 902,769,092 | 50,000,000 | (32,362,311) | - | 1,420,406,781 | 26,438,523 | 1,446,845,304 | | |
| Beginning balances as at January 1, 2012 | | 500,000,000 | 902,769,092 | 50,000,000 | (32,362,311) | - | 1,420,406,781 | 26,438,523 | 1,446,845,304 | | |
| Increase (decrease) in non-controlling interests | | | | | | | | | | | |
| - from share purchase from old shareholders | 14 | | | | | | | (39,300,000) | (39,300,000) | | |
| - from change in investments ratio of subsidiaries | | | | | | | | 20,010,431 | 20,010,431 | | |
| - subsidiary's dividends paid to non-controlling interests | | | | | | | | (4,821) | (4,821) | | |
| Total comprehensive income (loss) for the year 2012 | | | | | 190,212,458 | | 190,212,458 | (1,602,809) | 188,609,649 | | |
| Dividend payment | 22 | | | | (124,997,980) | | (124,997,980) | - | (124,997,980) | | |
| Ending balances as at December 31, 2012 | | 500,000,000 | 902,769,092 | 50,000,000 | 32,852,167 | - | 1,485,621,259 | 5,541,324 | 1,491,162,583 | | |

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Notes to the financial statements form an integral part of these statements.

ASIAN INSULATORS PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2012

SEPARATE FINANCIAL STATEMENTS

BAHT

| | Notes | Issued and paid-up share capital | Premium on common stocks | Retained earnings | | | Other components of equity | Total shareholders' equity |
|------------------------------------------------------------|-------|----------------------------------|--------------------------|-------------------|----------------|---|----------------------------|----------------------------|
| | | | | Legal reserve | Unappropriated | | | |
| Beginning balances as at January 1, 2011 - before restated | | 500,000,000 | 902,769,092 | 50,000,000 | 278,272,807 | - | 1,731,041,899 | |
| Cummulative effect of the change in accounting policy | 3 | | | | (21,875,897) | - | (21,875,897) | |
| Restated balances | | 500,000,000 | 902,769,092 | 50,000,000 | 256,396,910 | - | 1,709,166,002 | |
| Total comprehensive income for the year 2011 | | | | | 153,579,257 | - | 153,579,257 | |
| Dividend payment | 22 | | | | (125,000,000) | - | (125,000,000) | |
| Ending balances as at December 31, 2011 | | 500,000,000 | 902,769,092 | 50,000,000 | 284,976,167 | - | 1,737,745,259 | |
| Beginning balances as at January 1, 2012 | | 500,000,000 | 902,769,092 | 50,000,000 | 284,976,167 | - | 1,737,745,259 | |
| Total comprehensive income for the year 2012 | | | | | 301,127,481 | - | 301,127,481 | |
| Dividend payment | 22 | | | | (124,997,980) | - | (124,997,980) | |
| Ending balances as at December 31, 2012 | | 500,000,000 | 902,769,092 | 50,000,000 | 461,105,668 | - | 1,913,874,760 | |

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Notes to the financial statements form an integral part of these statements.

ASIAN INSULATORS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (1/3)

FOR THE YEAR ENDED DECEMBER 31, 2012

BAHT

| | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
|------------------------------------------------------------------------------------------------------------|--------------------------------------|---------------|-------------------------------|--------------|
| | 2012 | 2011 | 2012 | 2011 |
| | CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| PROFIT BEFORE INCOME TAX EXPENSES | 200,480,971 | 51,568,780 | 312,998,803 | 168,865,452 |
| ADJUSTMENTS TO RECONCILE PROFIT BEFORE INCOME TAX EXPENSES TO NET CASH PROVIDED FROM (USED IN) OPERATION : | | | | |
| Depreciation | 113,643,177 | 98,483,843 | 50,605,516 | 31,977,077 |
| Amortization of computer softwares | 1,918,111 | 1,865,495 | 1,890,441 | 1,833,425 |
| (Gain) loss on vessel and equipment disposal | 1,871,060 | (2,487,931) | (135,022) | (1,575,967) |
| Loss on unused equipment | 360,485 | 100,301 | - | - |
| Unrealized gain on investments in Open-end Fund | (4,467,866) | (3,095,762) | (80,537) | (61,262) |
| Doubtful debts | 686,233 | 295,046 | - | - |
| Bad debts | 454,237 | - | - | - |
| Loss from inventories destruction | 2,343,958 | - | 2,343,958 | - |
| Loss on diminution of inventories | 7,012,455 | 1,581,555 | - | - |
| Loss on diminution in investment | - | - | 6,600,000 | - |
| Share of (profit) loss from investments in associate | 6,697,832 | (2,108,913) | - | - |
| Dividend income | - | - | (2,995,179) | (2,995,179) |
| Tranferred loss of non-controlling interests due to share purchase from old shareholders | 20,010,431 | - | - | - |
| Loss on unused non-current assets classified as held for sale | - | 577,054 | - | - |
| Unrealized loss on exchange rates | 108,031 | 517,400 | 24,546 | 54,467 |
| Long-term employee benefit expenses | 3,290,156 | 5,911,940 | 1,611,311 | 4,038,152 |
| Interest income | (768,831) | (585,135) | (18,529,384) | (19,282,744) |
| Interest expenses | 65,135,288 | 48,696,653 | 16,826,004 | 8,862,934 |
| Amortization of withholding tax | 254 | 406 | - | - |
| Decrease in accrued income tax | - | (73,305) | - | - |
| PROFIT FROM OPERATIONS BEFORE CHANGES IN OPERATING ASSETS AND LIABILITIES ITEMS | 418,775,982 | 201,247,427 | 371,160,457 | 191,716,355 |
| (INCREASE) DECREASE IN OPERATING ASSETS ITEMS | | | | |
| Trade and other receivables | (155,566,385) | 4,223,850 | (55,335,885) | (26,123,959) |
| Short-term investments | 15,905,531 | 161,586,239 | 29,381,093 | 204,860,913 |
| Unbilled receivables | (16,248,696) | 15,503,163 | - | - |
| Inventories | (209,204,336) | (432,625,020) | (40,695) | (20,254,387) |

Notes to the financial statements form an integral part of these statements.

ASIAN INSULATORS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (2/3)

FOR THE YEAR ENDED DECEMBER 31, 2012

| | BAHT | | | |
|-----------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
| | CONSOLIDATED | | SEPARATE FINANCIAL | |
| | 2012 | 2011 | 2012 | 2011 |
| Construction contract in progress | - | 1,900,000 | - | - |
| Oil supplies | 347,397 | 431,039 | - | - |
| Advance payment to subcontractors | (1,305,214) | 1,759,640 | - | - |
| Other current assets | 3,406,712 | (3,443,403) | 3,213,055 | (2,878,561) |
| Other non-current assets | 61,600 | (20,100) | 58,600 | (29,100) |
| INCREASE (DECREASE) IN OPERATING LIABILITIES ITEMS | | | | |
| Trade and other payables | 121,543,907 | 11,504,086 | 20,785,106 | (701,698) |
| Unearned revenues from construction | 4,862,485 | (5,001,783) | - | - |
| Retention payables | (16,249,822) | 7,816,471 | (12,470,093) | 14,960,845 |
| Other current liabilities | 2,876,186 | 1,908,453 | 1,861,576 | (20,543) |
| Provision for long-term employee benefits | (1,168,023) | (6,747,515) | (798,023) | (5,541,533) |
| CASH PROVIDED FROM (USED IN) OPERATING ACTIVITIES | 168,037,324 | (39,957,453) | 357,815,191 | 355,988,332 |
| Income tax refunded | - | 3,589,179 | - | - |
| Income tax expenses paid | (14,215,066) | (23,100,374) | (12,082,723) | (17,701,170) |
| NET CASH PROVIDED FROM (USED IN) OPERATING ACTIVITIES | 153,822,258 | (59,468,648) | 345,732,468 | 338,287,162 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| (Increase) decrease in short-term loans to related parties | - | - | (25,000,000) | 25,000,000 |
| Interest received | 768,831 | 585,135 | 18,529,384 | 19,282,744 |
| Dividend income from investments in subsidiary | - | - | 2,995,179 | 2,995,179 |
| Payment for shares purchase in subsidiary from old shareholders | (39,300,000) | - | (39,300,000) | - |
| Purchase of property, plant, vessel and equipment | (172,248,840) | (445,615,357) | (135,188,572) | (333,643,542) |
| Interest payment for plant construction and equipment installation | (6,301,113) | (5,952,522) | (3,389,362) | (2,701,296) |
| Proceeds from disposal of vessel and equipment | 14,980,028 | 2,877,157 | 157,935 | 1,821,299 |
| Increase in intangible assets | (747,549) | (107,503) | (725,050) | (62,002) |
| Payment deposit on assets | (11,923,737) | (13,164,107) | (10,019,236) | (12,624,107) |
| Payment assets payable | (27,264,192) | (8,213,990) | (21,630,908) | (5,321,860) |
| NET CASH USED IN INVESTING ACTIVITIES | (242,036,572) | (469,591,187) | (213,570,630) | (305,253,585) |

Notes to the financial statements form an integral part of these statements.

ASIAN INSULATORS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (3/3)

FOR THE YEAR ENDED DECEMBER 31, 2012

| | BAHT | | | |
|-----------------------------------------------------------------------------------------|---------------------|--------------------|----------------------|-------------------|
| | CONSOLIDATED | | SEPARATE FINANCIAL | |
| | 2012 | 2011 | 2012 | 2011 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Increase (decrease) in bank overdrafts and short-term loans from financial institutions | 442,052,260 | 638,524,567 | 100,000,000 | (50,000,000) |
| Interest expenses paid | (71,436,984) | (41,564,139) | (18,467,765) | (7,664,205) |
| Increase in long-term loans from financial institutions | - | 241,206,810 | - | 199,327,810 |
| Payment for long-term loans from financial institutions | (231,853,081) | (121,749,000) | (100,000,000) | - |
| Dividend payment | (124,997,980) | (125,000,000) | (124,997,980) | (125,000,000) |
| Subsidiary dividend paid to non-controlling interests | (4,821) | (4,821) | - | - |
| NET CASH PROVIDED FROM (USED IN) FINANCING ACTIVITIES | 13,759,394 | 591,413,417 | (143,465,745) | 16,663,605 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (74,454,920) | 62,353,582 | (11,303,907) | 49,697,182 |
| CASH AND CASH EQUIVALENTS AS AT JANUARY 1, | 163,726,937 | 101,373,355 | 68,641,272 | 18,944,090 |
| CASH AND CASH EQUIVALENTS AS AT DECEMBER 31, | 89,272,017 | 163,726,937 | 57,337,365 | 68,641,272 |

ADDITIONAL DISCLOSURE ITEMS TO

CASH FLOWS STATEMENTS

Non-cash flows items consist of :

| | | | | |
|-------------------------------------------------------------------------------------------|------------|------------|------------|------------|
| Assets payable for plant and equipment | 2,118,759 | 28,710,707 | 1,360,606 | 21,630,908 |
| Tranferred inventories to equipment | - | 222,743 | - | 222,743 |
| Settlement of short-term loans from the capital increase of subsidiary | - | - | 80,000,000 | - |
| Tranferred deposit to plant and equipment | 15,212,029 | 18,138,113 | 14,672,029 | 13,622,113 |
| Decrease in investments in associate due to the changes in accounting policy of associate | - | 405,487 | - | - |

W

ASIAN INSULATORS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012

1. GENERAL INFORMATION

| | |
|-----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.1 Company status | A juristic person established under Thai law and listed on the Stock Exchange of Thailand. |
| 1.2 Company location | 254 Serithai Road, Kwaeng Kannayao, Khet Kannayao, Bangkok. |
| Factory location | 99 Moo 2, Asia Highway Road, Km. 70-71 Tambol Banmor, Amphur Promburi, Singburi Province. |
| 1.3 Type of business | 1. Producing and selling porcelain insulators and electrical equipment. 2. Invested in associated and subsidiary companies which operate business according to Notes 13 and 14 to the financial statements. |

2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

2.1 These consolidated and the separate financial statements are prepared in accordance with the Accounting Standards and Financial Reporting Standards determined by Federation of Accounting Professions under the Accounting Profession Act, B.E. 2547 (2004) and the Act, B.E. 2543 (2000) and the Notification of the Office of the Securities and Exchange Commission.

2.2 The consolidated financial statements included the financial statements of Asian Insulators Public Company Limited and its subsidiaries and its equity in associate as follows :

| COMPANIES | % HOLDING | |
|-----------------------------------------|-----------|-------|
| | 2012 | 2011 |
| <u>Associate</u> | | |
| PPC Asian Insulators Company Limited | 25.10 | 25.10 |
| <u>Subsidiaries</u> | | |
| AI Engineering Services Company Limited | 99.84 | 99.84 |
| AI Logistic Company Limited | 97.94 | 89.88 |
| AI Energy Company Limited | 98.00 | 93.14 |
| AI Ports and Terminals Company Limited | 99.00 | 92.53 |

- 2.3 Inter-company balances and significant transactions between the Company and the subsidiaries have been eliminated in the consolidation.
- 2.4 These financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.
- 2.5 New accounting standards not yet effective

The new accounting standards which are effective to the financial statements beginning on or after January 1, 2013 are as follows:

| | |
|-----------------------|---------------------------------------------------------------------------|
| TAS 12 | Income Taxes |
| TAS 20 (revised 2009) | Accounting for Government Grant and Disclosure of Government Assistance |
| TAS 21 (revised 2009) | The Effects of Changes in Foreign Exchange Rate |
| TFRS 8 | Operating Segments |
| SIC 10 | Government Assistance - No Specific Relation to Operating Activities |
| SIC 21 | Income Taxes - Recovery of Revalued Non-Depreciable Assets |
| SIC 25 | Income Taxes - Changes in the Tax Status of an Entity of its Shareholders |
| | Accounting Treatment Guidance for Transfers of Financial Assets |

Management of group companies believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except TAS 12 Income Taxes. The effect of changed in the past will be restated the financial statements. The management has estimated impact on the statements of financial position as at December 31, 2012, which will increase in consolidated assets amount of Baht 37.02 million, increase in retained earnings amount of Baht 36.52 million and increase in non-controlling interests amount of Baht 0.50 million and has impacted in the separate financial statements, increase in assets amount of Baht 4.22 million and increase in retained earnings amount of Baht 4.22 million.

The standards which are effective to the financial statements beginning on or after January 1, 2014 are as follows:

| | |
|---------|-----------------------------------------------------|
| SIC 29 | Service Concession Arrangements: Disclosures |
| TFRIC 4 | Determining whether an Arrangement contains a Lease |

| | |
|----------|---------------------------------|
| TFRIC 12 | Service Concession Arrangements |
| TFRIC 13 | Customer Loyalty Programmes |

Management of group companies is evaluating the impact of such accounting standards on the financial statements in the year when they are adopted.

3. CHANGE IN ACCOUNTING POLICY

In 2011, the Company and subsidiaries have used the new accounting standards in accordance with Thai Accounting Standard No. 19: Employee Benefits. To adopted this accounting policy, the Company and subsidiaries have chosen the perceived value of debt increase by adjusted to the beginning retained earnings of the period in the year 2011, for the consolidated financial statements in the equity holders of the parent amount of Baht 28.83 million, the non-controlling interests amount of Baht 0.30 million, and for the separate financial statements in amount of Baht 21.88 million.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Revenues and expenses recognition

The Company and subsidiaries recognize revenues from sales and services when the significant risks and rewards of ownership of the goods have passed to the buyer, and services are already rendered to customers.

Subsidiary recognizes revenues from construction contract under percentage of completion method. Current portion of additional income and other contracts with working period within one year are recognized in proportion to the completed construction and being billed for collection.

Subsidiary recognizes revenues from vessel operating on the proportion of time travelled compared with the total time to be taken of that trip.

Subsidiary recognizes revenues from loading of goods, revenue from warehousing and other services when those services are already rendered.

The Company and subsidiaries recognize other revenues and expenses on an accrual basis.

4.2 Cash and cash equivalents

Cash and cash equivalents are cash on hand and fixed deposit at the financial institutions due not more than 3 months from the date of acquisition with no obligation.

4.3 Short-term investments

Investments in Open-end Fund are considered as trading securities, stated at fair value. Cost of trading securities disposed during the year is calculated by the weighted average method.

4.4 Allowance for doubtful accounts

Subsidiaries set up allowance for doubtful accounts from the estimated loss which may be incurred where collection is doubtful.

4.5 Unbilled receivables

Unbilled receivables consist of the cost of materials and labour, cost of sub-contract, other services and expenses including both net profit or loss computed net from the amount collected from customers.

The contracts which have construction value more than amount billed to customers will be presented under current assets. For those contracts which have the amount billed more than the construction value will be presented as "Deferred construction revenue" under current liabilities.

4.6 Inventories

Finished goods and raw materials are stated at cost or net realizable value, whichever is the lower. Cost is determined by the weighted average method.

Goods in process are stated at average cost of raw materials plus wages and manufacturing expenses.

4.7 Oil supplies

Oil supplies stated at cost are calculated by the weighted average method.

4.8 Non-current assets classified as held for sale

Saleable assets are stated at book value or net fair value, whichever is the lower. The Company and its subsidiaries set up the provision for diminution in saleable assets by estimating from the realizable sale value.

4.9 Investments

Investments in associate mean that company in which the group company has shareholding and significant influence over the group company. That is, the parent company has power to participate in determining the financial and operating policies of the enterprise but not up to the level of governing such policies. Investments in associate are stated by equity method for the consolidation and by cost method after provision for diminution in investment for the separate financial statements.

Investments in subsidiaries mean those companies in which the parent company in the group companies, directly or indirectly, has power more than one half of the total voting rights or power to govern the financial and operating policies of subsidiaries. Investments in subsidiaries are stated by cost method for the separate financial statements.

4.10 Property, plant, vessel and equipment

Property, plant, vessel and equipment are stated at cost. Depreciation for land improvement, plant, vessel and equipment is calculated by the straight-line method based on the estimated useful life of following assets:

| PARTICULARS | YEARS |
|------------------------------------------------------------------------------------|-------|
| No depreciation is provided on land and assets under construction and installation | |
| Land improvement | 5 |
| Building and structures | 20 |
| Building improvement | 10 |
| Utility systems | 5 |
| Machinery and accessories | 5-10 |
| Vessel and improvement | 3-10 |
| Tools and instruments | 5 |
| Office furniture and equipment | 5-10 |
| Motor vehicles | 5 |

4.11 Borrowing cost

The Company recorded the interest on loan for machinery construction as part of machinery under installation until they are ready for utilization according to its objective.

Subsidiaries recorded the interest on loan for factory building construction and machinery purchasing as part of factory building under construction and machinery under installation until they are ready for utilization according to its objective.

4.12 Intangible assets

Intangible assets are computer system development expenses and deferred computer softwares to be amortized by the straight-line method within 5 - 10 years.

4.13 Employee benefits

Short-term employee benefits

The Company and subsidiaries recognized salaries, wages, bonuses and contributions to the social security fund as expenses when incurred.

Long-term employee benefits

The Company and subsidiaries provide a provident fund, which is a defined contribution plan, the assets of which are held in a separate trust fund and managed by the external fund manager. The provident fund is contributed by payments from employees and the Company and subsidiaries. Contributions to the provident fund are recorded to expense in the statements of comprehensive income in the incurred period.

The provision for employee retirement benefits is recognized as an expense of operations over the employee's service period. It is calculated by estimating the amount of future benefit earned by employees in return for service provided to the Company and subsidiaries in the current and future periods, with such benefit being discounted to determine the present value. The reference point for setting the discount rate is the yield rate of government bonds as at the reporting date. The calculation is performed by a qualified actuary using the Projected Unit Credit Method.

4.14 Basic earnings per share

Basic earnings per share is calculated by dividing the annual net profit by the number of weighted average common stocks held by outsiders during the years.

4.15 Foreign currency transactions

Foreign currency transactions are recorded in Baht at the rate ruling on the date of transactions. Outstanding foreign currency assets and liabilities at the end of the years are converted to Baht at the rate of exchange in effect on that date. Except the agreed rates of forward exchange contracts with the bank, will be recorded at fair value. Gains or losses on exchange rate are credited or charged to operations during the years.

4.16 Use of accounting judgments and estimates

In preparation of financial statements in accordance with generally accepted accounting standards requires management to use judgments on various estimates and assumptions that will affect the reported amounts of revenues, expenses, assets and liabilities including disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company and subsidiaries make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions of significant accounting relate primarily to allowance for doubtful accounts, provision for diminution in inventories, provision for diminution in investment, allowance for depreciation of plant, vessel and equipment, provision for long-term employee benefits. All other estimates mentioned above are further disclosed in the corresponding notes to the financial statements.

5. CASH AND CASH EQUIVALENTS

BAHT

| PARTICULARS | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
|---------------------------------|--------------|-------------|-------------------------------|------------|
| | 2012 | 2011 | 2012 | 2011 |
| Cash | 390,444 | 417,104 | 145,000 | 145,000 |
| Check in hand | - | 1,013,500 | - | - |
| Savings account | 88,656,850 | 162,123,944 | 57,025,372 | 68,366,661 |
| Current account | 224,723 | 172,389 | 166,993 | 129,611 |
| Total cash and cash equivalents | 89,272,017 | 163,726,937 | 57,337,365 | 68,641,272 |

6. SHORT-TERM INVESTMENTS

BAHT

| PARTICULARS | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
|----------------------------------------------|--------------|-------------|-------------------------------|------------|
| | 2012 | 2011 | 2012 | 2011 |
| Investments in Open-end Fund-Debt securities | 169,285,926 | 182,095,695 | 3,087,109 | 32,406,940 |
| <u>Add</u> Allowance for adjustment | 4,467,866 | 3,095,762 | 80,537 | 61,262 |
| Investments in Open-end Fund - fair value | 173,753,792 | 185,191,457 | 3,167,646 | 32,468,202 |

Investments in Open-end Fund are trading securities. The unrealized gain from difference between fair value and cost is shown as allowance for investment adjustment in Open-end Fund. Gains on investments in Open-end Fund incurred during the years were duly presented in the statements of comprehensive income.

7. TRADE AND OTHER RECEIVABLES

BAHT

| PARTICULARS | CONSOLIDATED | | | | | |
|---------------------------------------------|-------------------|-------------|-------------|-------------------|-------------|-------------|
| | 2012 | | | 2011 | | |
| | State enterprises | Others | Total | State enterprises | Others | Total |
| Trade accounts receivable | | | | | | |
| - Current | 159,126,719 | 223,074,956 | 382,201,675 | 115,694,457 | 166,433,475 | 282,127,932 |
| - Overdue within 3 months | 2,347,200 | 113,008,192 | 115,355,392 | 28,543,150 | 35,618,976 | 64,162,126 |
| - Over 3 to 6 months | 124,800 | - | 124,800 | - | 97,900 | 97,900 |
| - Over 6 to 12 months | - | - | - | - | 98,792 | 98,792 |
| - Over 12 months | - | 3,752,878 | 3,752,878 | - | 3,029,207 | 3,029,207 |
| Total trade accounts receivable | 161,598,719 | 339,836,026 | 501,434,745 | 144,237,607 | 205,278,350 | 349,515,957 |
| <u>Less</u> Allowance for doubtful accounts | - | (3,752,878) | (3,752,878) | - | (3,066,645) | (3,066,645) |
| Total trade accounts receivable | 161,598,719 | 336,083,148 | 497,681,867 | 144,237,607 | 202,211,705 | 346,449,312 |
| Retention receivables | 5,072,087 | - | 5,072,087 | 1,858,232 | - | 1,858,232 |
| Trade accounts receivable - net | 166,670,806 | 336,083,148 | 502,753,954 | 146,095,839 | 202,211,705 | 348,307,544 |
| Other receivables | - | 16,411,720 | 16,411,720 | - | 16,432,215 | 16,432,215 |
| Total trade and other receivables - net | 166,670,806 | 352,494,868 | 519,165,674 | 146,095,839 | 218,643,920 | 364,739,759 |

BAHT

| PARTICULARS | SEPARATE FINANCIAL STATEMENTS | | | | | |
|-----------------------------------|-------------------------------|------------|-------------|-------------------|------------|-------------|
| | 2012 | | | 2011 | | |
| | State enterprises | Others | Total | State enterprises | Others | Total |
| Trade accounts receivable | | | | | | |
| - Current | 156,490,667 | 12,026,762 | 168,517,429 | 95,337,049 | 16,048,817 | 111,385,866 |
| - Overdue within 3 months | 2,347,200 | 41,756,958 | 44,104,158 | 28,012,600 | 18,872,020 | 46,884,620 |
| - Over 3 to 6 months | 124,800 | - | 124,800 | - | - | - |
| Total trade accounts receivable | 158,962,667 | 53,783,720 | 212,746,387 | 123,349,649 | 34,920,837 | 158,270,486 |
| Other receivables | - | 10,170,618 | 10,170,618 | - | 9,310,634 | 9,310,634 |
| Total trade and other receivables | 158,962,667 | 63,954,338 | 222,917,005 | 123,349,649 | 44,231,471 | 167,581,120 |

8. SHORT-TERM LOANS TO RELATED PARTIES

BAHT

| PARTICULARS | 2012 | | | |
|-------------------------------------------------------|------------------------|---------------------|--------------------------------|---------------|
| | AI Logistics Co., Ltd. | AI Energy Co., Ltd. | AI Port and Terminal Co., Ltd. | Total |
| Beginning principal balances | 129,000,000 | 200,000,000 | 120,000,000 | 449,000,000 |
| <u>Add:</u> Additional loans extended during the year | - | - | 75,000,000 | 75,000,000 |
| <u>Less:</u> Settlement during the year | (80,000,000) | (50,000,000) | - | (130,000,000) |
| Ending principal balances | 49,000,000 | 150,000,000 | 195,000,000 | 394,000,000 |
| Interest income | 4,854,329 | 6,450,685 | 6,848,014 | 18,153,028 |
| Interest rates | 4.50 % | 4.25 % | 4.50 % | 4.25 - 4.50 % |

The Company has settled loans from AI Logistics Company Limited amount of Baht 80 million by investing in the share capital increase (see Note 14).

BAHT

| PARTICULARS | 2011 | | | |
|-------------------------------------------------------|------------------------|---------------------|--------------------------------|---------------|
| | AI Logistics Co., Ltd. | AI Energy Co., Ltd. | AI Port and Terminal Co., Ltd. | Total |
| Beginning principal balances | 119,000,000 | 295,000,000 | 60,000,000 | 474,000,000 |
| <u>Add:</u> Additional loans extended during the year | 10,000,000 | - | 60,000,000 | 70,000,000 |
| <u>Less:</u> Settlement during the year | - | (95,000,000) | - | (95,000,000) |
| Ending principal balances | 129,000,000 | 200,000,000 | 120,000,000 | 449,000,000 |
| Interest income | 4,884,479 | 10,727,084 | 3,425,959 | 19,037,522 |
| Interest rates | 2.90 - 4.50 % | 2.90 - 4.50 % | 2.90 - 4.50 % | 2.90 - 4.50 % |

9. UNBILLED RECEIVABLES

BAHT

| CONSOLIDATED | | |
|-------------------------------------------------------|--------------|---------------|
| PARTICULARS | 2012 | 2011 |
| Contract value | 143,855,210 | 181,418,719 |
| Recognition of income by the percentage of completion | 116,882,606 | 172,701,148 |
| <u>Less</u> Value of billing construction | (94,833,060) | (166,900,298) |
| Unbilled receivables | 22,049,546 | 5,800,850 |

10. INVENTORIES

BAHT

| PARTICULARS | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
|-----------------------------------------------------|--------------|-------------|-------------------------------|-------------|
| | 2012 | 2011 | 2012 | 2011 |
| Raw materials | 572,855,898 | 519,932,206 | 76,957,650 | 76,260,882 |
| Goods in process | 223,855,640 | 111,949,989 | 22,622,418 | 22,803,045 |
| Finished goods | 88,005,469 | 46,563,892 | 1,940,042 | 7,260,563 |
| Consumed supplies | 14,874,247 | 16,443,881 | 1,532,252 | 1,190,227 |
| Raw materials in transit | 2,159,092 | - | 2,159,092 | - |
| Total | 901,750,346 | 694,889,968 | 105,211,454 | 107,514,717 |
| <u>Less</u> Provision for diminution in inventories | (8,594,010) | (1,581,555) | - | - |
| Inventories - net | 893,156,336 | 693,308,413 | 105,211,454 | 107,514,717 |

11. OIL SUPPLIES

BAHT

| CONSOLIDATED | | |
|--------------|-----------|-----------|
| PARTICULARS | 2012 | 2011 |
| Bunker oil | 1,622,134 | 2,069,061 |
| Lubricants | 677,885 | 578,355 |
| Total | 2,300,019 | 2,647,416 |

12. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

| BAHT | | | | | |
|------------------------------------------------------|-------------|-------------|----------|--------|----------|
| CONSOLIDATED | 2010 | TRANSFER | 2011 | UNUSED | 2012 |
| Non-current assets classified as held for sale | 1,631,452 | (1,613,108) | 18,344 | - | 18,344 |
| <u>Less</u> Allowance for diminution in value | (1,052,564) | 1,036,054 | (16,510) | - | (16,510) |
| Non-current assets classified as held for sale - net | | | 1,834 | | 1,834 |

| BAHT | | | | | |
|------------------------------------------------------|----------|----------|----------|--------|----------|
| SEPARATE FINANCIAL STATEMENTS | 2010 | TRANSFER | 2011 | UNUSED | 2012 |
| Non-current assets classified as held for sale | 18,344 | - | 18,344 | - | 18,344 |
| <u>Less</u> Allowance for diminution in value | (16,510) | - | (16,510) | - | (16,510) |
| Non-current assets classified as held for sale - net | | | 1,834 | | 1,834 |

13. INVESTMENTS IN ASSOCIATE

| BAHT | | | | | | |
|----------------------------------------------------|-----------|-------|-------------------------------|------------|----------------------------------------------|--------------|
| ASSOCIATE | % HOLDING | | CONSOLIDATED BY EQUITY METHOD | | SEPARATE FINANCIAL STATEMENTS BY COST METHOD | |
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| PPC Asian Insulators Company Limited | 25.10 | 25.10 | 21,821,764 | 28,519,596 | 66,000,000 | 66,000,000 |
| <u>Less</u> Provision for diminution in investment | | | - | - | (39,600,000) | (33,000,000) |
| Investments in Associate - net | | | 21,821,764 | 28,519,596 | 26,400,000 | 33,000,000 |

| BAHT | | | | | |
|--------------------------------------|---------------------------------------------------|-----------------------|-------------|----------|------|
| ASSOCIATE | NATURE OF BUSINESS | PAID-UP SHARE CAPITAL | | DIVIDEND | |
| | | 2012 | 2011 | 2012 | 2011 |
| PPC Asian Insulators Company Limited | Producing and distributing electronics insulators | 263,000,000 | 263,000,000 | - | - |

In 2012, the Company has additionally recorded on provision for diminution in investment in PPC Asian Insulators Company Limited amount of Baht 6.60 million due to its substantial consecutive losses.

The financial statements of PPC Asian Insulators Company Limited for the years ended December 31, 2012 and 2011, applied for recording the investments for using the equity method in the consolidated financial statements are based on the financial information audited by other auditor.

14. INVESTMENTS IN SUBSIDIARIES

BAHT

| SUBSIDIARIES | % HOLDING | | SEPARATE FINANCIAL STATEMENTS | |
|-----------------------------------------|-----------|-------|-------------------------------|-------------|
| | 2012 | 2011 | 2012 | 2011 |
| AI Engineering Services Company Limited | 99.84 | 99.84 | 197,000,025 | 197,000,025 |
| AI Logistic Company Limited | 97.94 | 89.88 | 156,700,000 | 71,900,000 |
| AI Energy Company Limited | 98.00 | 93.14 | 351,616,000 | 333,616,000 |
| AI Ports and Terminals Company Limited | 99.00 | 92.53 | 252,450,000 | 235,950,000 |
| Total Investments in Subsidiaries | | | 957,766,025 | 838,466,025 |

BAHT

| SUBSIDIARIES | NATURE OF BUSINESS | PAID-UP SHARE CAPITAL | | DIVIDEND | |
|-----------------------------------------|-------------------------------------------------------------------------------------|-----------------------|-------------|-----------|-----------|
| | | 2012 | 2011 | 2012 | 2011 |
| AI Engineering Services Company Limited | Undertake construction and install electrical transmission power sub-station | 200,000,000 | 200,000,000 | 2,995,179 | 2,995,179 |
| AI Logistic Company Limited | Local and overseas logistics for passenger, merchandise, parcel and other materials | 160,000,000 | 80,000,000 | - | - |
| AI Energy Company Limited | Producing and distributing biodiesel, vegetable oil and other fuel oil | 370,000,000 | 370,000,000 | - | - |
| AI Ports and Terminals Company Limited | Producing and distributing ice and servicing port | 255,000,000 | 255,000,000 | - | - |

In February 2012, the Company has purchased the common stocks of three subsidiaries from old shareholders in par value, resulting the increase in shareholding proportion as follow :

THOUSAND BAHT

| COMPANIES | % HOLDING | | AMOUNT OF PAYMENT FOR SHARES PURCHASE |
|-------------------------------------------------------------------------|-----------|-------|---------------------------------------|
| | OLD | NEW | |
| AI Logistic Company Limited | 89.88 | 95.88 | 4,800 |
| AI Energy Company Limited | 93.14 | 98.00 | 18,000 |
| AI Ports and Terminals Company Limited | 92.53 | 99.00 | 16,500 |
| Total payment for shares purchase in subsidiaries from old shareholders | | | 39,300 |

Later in September 2012, AI Logistic Company Limited has increased the share capital in the amount of Baht 80 million at par value. The Company has invested the whole amount, resulting the increase in shareholding proportion to be 97.94%.

Consolidated financial statements for the years 2012 and 2011 included losses from investments in subsidiaries according to the Company's shareholding proportion amount of Baht 95.40 million and Baht 119.57 million, respectively.

15. PROPERTY, PLANT, VESSEL AND EQUIPMENT

| | | Land | Land improvement | Building and improvement | Utility system | Machinery, equipment and instrument | Vessel and improvement | Office furniture and equipment | Vehicles | Fixed assets under construction and installation | Total |
|-----------------------------------|--|-------------|------------------|--------------------------|----------------|-------------------------------------|------------------------|--------------------------------|-------------|--------------------------------------------------|---------------|
| BAHT | | | | | | | | | | | |
| CONSOLIDATED | | | | | | | | | | | |
| Cost | | | | | | | | | | | |
| As at January 1, 2011 | | 351,501,652 | 15,706,060 | 665,234,894 | 31,329,743 | 592,102,779 | 202,332,416 | 27,541,944 | 55,593,848 | 76,794,642 | 2,018,137,978 |
| Purchases | | 1,325,805 | 266,000 | 1,076,474 | 13,654 | 6,874,221 | 3,712,449 | 589,476 | 5,612,560 | 473,216,280 | 492,686,919 |
| Interest payment for fixed assets | | - | - | - | - | - | - | - | - | 5,952,522 | 5,952,522 |
| Sold and amortization | | - | - | - | (6,119,917) | (1,061,659) | - | (521,058) | (1,506,916) | - | (9,209,550) |
| Transfer to/from | | - | - | 44,865,100 | 16,153,797 | 1,213,516 | - | 275,000 | - | (62,507,413) | - |
| As at December 31, 2011 | | 352,827,457 | 15,972,060 | 711,176,468 | 41,377,277 | 599,128,857 | 206,044,865 | 27,885,362 | 59,699,492 | 493,456,031 | 2,507,567,869 |
| Purchases | | - | - | 2,424,645 | 988,350 | 13,354,642 | 5,436,341 | 1,376,091 | 5,298,049 | 160,701,510 | 189,579,628 |
| Interest payment for fixed assets | | - | - | - | - | - | - | - | - | 6,301,113 | 6,301,113 |
| Sold and amortization | | - | (900,000) | - | - | (2,966,657) | (30,841,863) | (116,150) | - | (14,000) | (34,838,670) |
| Transfer to/from | | - | - | 198,697,342 | 275,000 | 321,598,711 | - | 2,287,669 | 5,993,271 | (528,851,993) | - |
| As at December 31, 2012 | | 352,827,457 | 15,072,060 | 912,298,455 | 42,640,627 | 931,115,553 | 180,639,343 | 31,432,972 | 70,990,812 | 131,592,661 | 2,668,609,940 |
| Accumulated depreciation | | | | | | | | | | | |
| As at January 1, 2011 | | - | 15,685,666 | 123,495,906 | 25,231,855 | 281,433,609 | 67,186,897 | 21,828,767 | 26,908,559 | - | 561,771,259 |
| Depreciation for the year 2011 | | - | 31,963 | 31,103,880 | 1,392,348 | 40,476,659 | 20,241,375 | 2,432,317 | 2,805,301 | - | 98,483,843 |
| Sold and amortization | | - | - | - | (6,119,916) | (668,533) | - | (510,276) | (1,421,299) | - | (8,720,024) |
| As at December 31, 2011 | | - | 15,717,629 | 154,599,786 | 20,504,287 | 321,241,735 | 87,428,272 | 23,750,808 | 28,292,561 | - | 651,535,078 |
| Depreciation for the year 2012 | | - | 62,586 | 31,361,603 | 2,247,168 | 55,624,595 | 19,181,480 | 2,220,611 | 2,945,134 | - | 113,643,177 |
| Sold and amortization | | - | (899,999) | - | - | (2,747,072) | (13,880,419) | (99,607) | - | - | (17,627,097) |
| As at December 31, 2012 | | - | 14,880,216 | 185,961,389 | 22,751,455 | 374,119,258 | 92,729,333 | 25,871,812 | 31,237,695 | - | 747,551,158 |
| Net book value | | | | | | | | | | | |
| As at December 31, 2011 | | 352,827,457 | 254,431 | 556,576,682 | 20,872,990 | 277,887,122 | 118,616,593 | 4,134,554 | 31,406,931 | 493,456,031 | 1,856,032,791 |
| As at December 31, 2012 | | 352,827,457 | 191,844 | 726,337,066 | 19,889,172 | 556,996,295 | 87,910,010 | 5,561,160 | 39,753,117 | 131,592,661 | 1,921,058,782 |

| SEPARATE FINANCIAL STATEMENTS | Land | Land improvement | Building and improvement | Utility system | Machinery, equipment and instrument | Office furniture and equipment | Vehicles | Fixed assets under construction and installation | Total |
|-----------------------------------|------------|------------------|--------------------------|----------------|-------------------------------------|--------------------------------|------------|--------------------------------------------------|---------------|
| Cost | | | | | | | | | |
| As at January 1, 2011 | 60,799,263 | 15,706,060 | 210,512,697 | 20,054,370 | 275,600,463 | 20,865,228 | 16,621,270 | 2,633,279 | 622,792,630 |
| Purchases | 776,905 | 16,000 | - | - | 4,284,836 | 340,937 | 3,346 | 363,697,282 | 369,119,306 |
| Interest payment for fixed assets | - | - | - | - | - | - | - | 2,701,296 | 2,701,296 |
| Sold | - | - | - | (6,119,917) | (729,653) | (507,338) | - | - | (7,356,908) |
| Transfer to/from | - | - | - | 3,915,846 | 3,729 | - | - | (3,919,575) | - |
| As at December 31, 2011 | 61,576,168 | 15,722,060 | 210,512,697 | 17,850,299 | 279,159,375 | 20,698,827 | 16,624,616 | 365,112,282 | 987,256,324 |
| Purchases | - | - | - | 979,000 | 4,488,166 | 1,182,016 | 1,320 | 144,570,705 | 151,221,207 |
| Interest payment for fixed assets | - | - | - | - | - | - | - | 3,389,362 | 3,389,362 |
| Sold | - | (900,000) | - | - | (2,324,157) | (76,728) | - | (14,000) | (3,314,885) |
| Transfer to/from | - | - | 203,539,289 | - | 305,327,129 | 2,287,669 | - | (511,154,087) | - |
| As at December 31, 2012 | 61,576,168 | 14,822,060 | 414,051,986 | 18,829,299 | 586,650,513 | 24,091,784 | 16,625,936 | 1,904,262 | 1,138,552,008 |
| Accumulated depreciation | | | | | | | | | |
| As at January 1, 2011 | - | 15,685,666 | 82,981,329 | 19,782,145 | 203,345,144 | 18,313,121 | 9,960,788 | - | 350,068,193 |
| Depreciation for the year 2011 | - | 13,470 | 10,525,635 | 589,383 | 18,257,781 | 1,261,773 | 1,329,035 | - | 31,977,077 |
| Sold | - | - | - | (6,119,916) | (492,136) | (499,524) | - | - | (7,111,576) |
| As at December 31, 2011 | - | 15,699,136 | 93,506,964 | 14,251,612 | 221,110,789 | 19,075,370 | 11,289,823 | - | 374,933,694 |
| Depreciation for the year 2012 | - | 12,586 | 14,559,737 | 968,399 | 32,629,901 | 1,280,745 | 1,154,148 | - | 50,605,516 |
| Sold | - | (899,999) | - | - | (2,317,548) | (74,425) | - | - | (3,291,972) |
| As at December 31, 2012 | - | 14,811,723 | 108,066,701 | 15,220,011 | 251,423,142 | 20,281,690 | 12,443,971 | - | 422,247,238 |
| Net book value | | | | | | | | | |
| As at December 31, 2011 | 61,576,168 | 22,924 | 117,005,733 | 3,598,687 | 58,048,586 | 1,623,457 | 5,334,793 | 365,112,282 | 612,322,630 |
| As at December 31, 2012 | 61,576,168 | 10,337 | 305,985,285 | 3,609,288 | 335,227,371 | 3,810,094 | 4,181,965 | 1,904,262 | 716,304,770 |

Under the terms of the loan contract, the Company can not pledge its assets as collateral for other loan (Negative Pledge).

Subsidiaries have mortgaged land, plant, port and terminal with structure and some machinery with the commercial bank as collateral for bank overdrafts and for short and long-term loans from the financial institutions with various commitments as specified in the loan contract, for example: the transfer of beneficiary to the lender, etc.

As at December 31, 2012 and 2011, land, plant, port and terminal with structure and some machinery of subsidiaries which used as collateral for loans from financial institutions having estimated net book value amount of Baht 791.40 million and Baht 815.85 million, respectively.

16. INTANGIBLE ASSETS

| BAHT | | | | | |
|------------------------------------------------------------|--------------|-------------|--------------|-------------|--------------|
| CONSOLIDATED | 2010 | Increase | 2011 | Increase | 2012 |
| Deferred computer softwares | 23,509,770 | 107,503 | 23,617,273 | 747,549 | 24,364,822 |
| <u>Less</u> Accumulated amortization of computer softwares | (11,818,680) | (1,865,495) | (13,684,175) | (1,918,111) | (15,602,286) |
| Deferred computer softwares-net | | | 9,933,098 | | 8,762,536 |
| Amortization expenses for the years | | | 1,865,495 | | 1,918,111 |

| BAHT | | | | | |
|------------------------------------------------------------|--------------|-------------|--------------|-------------|--------------|
| SEPARATE FINANCIAL STATEMENTS | 2010 | Increase | 2011 | Increase | 2012 |
| Deferred computer softwares | 23,024,559 | 62,002 | 23,086,561 | 725,050 | 23,811,611 |
| <u>Less</u> Accumulated amortization of computer softwares | (11,379,858) | (1,833,425) | (13,213,283) | (1,890,441) | (15,103,724) |
| Deferred computer softwares-net | | | 9,873,278 | | 8,707,887 |
| Amortization expenses for the years | | | 1,833,425 | | 1,890,441 |

17. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

| BAHT | | | | |
|------------------------------------------------|---------------|---------------|-------------------------------|-------------|
| PARTICULARS | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
| | 2012 | 2011 | 2012 | 2011 |
| Bank overdrafts | 84,861 | 945,296 | - | - |
| Short - term loans from financial institutions | 1,662,912,695 | 1,220,000,000 | 400,000,000 | 300,000,000 |
| Total | 1,662,997,556 | 1,220,945,296 | 400,000,000 | 300,000,000 |

Bank overdrafts and short-term loans from financial institutions of subsidiaries are guaranteed by mortgaging land with structure of the subsidiaries (see Note 15), and jointly guaranteed by the Company.

18. TRADE AND OTHER PAYABLES

BAHT

| PARTICULARS | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
|---------------------------------|--------------|-------------|-------------------------------|------------|
| | 2012 | 2011 | 2012 | 2011 |
| Trade accounts payable | 176,805,650 | 70,173,910 | 47,628,493 | 28,410,238 |
| Assets payable | 5,724,725 | 23,658,226 | 1,360,606 | 21,630,908 |
| Advance received from customers | 4,460,688 | 1,636,670 | 2,033,164 | 1,368,400 |
| Accrued expenses | 15,121,678 | 10,137,430 | 4,078,665 | 3,152,032 |
| Total trade and other payables | 202,112,741 | 105,606,236 | 55,100,928 | 54,561,578 |

19. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS AND CURRENT PORTION

| CREDIT LINE | REPAYMENT CONDITIONS | PRINCIPAL BALANCES (BAHT) | |
|-----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|---------------|
| | | 2012 | 2011 |
| Baht 200 million started on August 9, 2010 by Asian Insulators Public Company Limited | - The principal will be repaid every three-month at minimum Baht 25.00 million with the first installment in March 2012 and will be finished within December 2013. - Monthly payment of interest at 4.25 % per annum. | 99,987,810 | 199,987,810 |
| Long-term loans from financial institutions | Separate financial statements ** | 99,987,810 | 199,987,810 |
| Less Current portion of long-term loans | | (99,987,810) | (100,000,000) |
| Long-term loans from financial institutions-net | Separate financial statements | - | 99,987,810 |
| Baht 105 million started on November 22, 2007 by AI Logistic Company Limited | - The principal will be repaid by monthly at minimum Baht 1.75 million with the first installment in April 2008 and will be finished within March 2013. - Monthly payment of interest at MLR-1.25 per annum. | 5,250,000 | 26,250,000 |
| Baht 75 million started on November 22, 2007 by AI Ports and Terminals Company Limited | - The principal will be repaid by monthly at minimum Baht 1.25 million with the first installment in April 2008 and will be finished within March 2013. - Monthly payment of interest at MLR-1.25 per annum. | 6,250,000 | 21,250,000 |
| Baht 120 million started on November 22, 2007 by AI Ports and Terminals Company Limited | - The principal will be repaid by monthly at minimum Baht 2.00 million with the first installment in April 2008 and will be finished within March 2013. - Monthly payment of interest at MLR-1.25 per annum. | 13,000,000 | 37,000,000 |

| CREDIT LINE | REPAYMENT CONDITIONS | PRINCIPAL BALANCES (BAHT) | |
|----------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|---------------|
| | | 2012 | 2011 |
| Baht 90 million started on April 4, 2009 by AI Ports and Terminals Company Limited | -The principal will be repaid by monthly under condition and amount as specified in the agreement with the first installment in September 2009 and will be finished within August 2016. -Monthly payment of interest at MLR per annum. -Interest rate swap contracts to be fixed rate at 7.64% per annum from February 2012 until February 2015. | 53,240,000 | 67,760,000 |
| Baht 45 million started on April 28, 2009 by AI Ports and Terminals Company Limited | -The principal will be repaid by monthly under condition and amount as specified in the agreement with the first installment in September 2009 and will be finished within August 2016. -Monthly payment of interest at MLR per annum. -Interest rate swap contracts to be fixed rate at 7.64% per annum from February 2012 until February 2015. | 25,538,919 | 32,700,000 |
| Baht 200 million started on March 6, 2008 by AI Energy Company Limited | -The principal will be repaid by monthly under condition and amount as specified in the agreement with the first installment in April 2008 and will be finished within March 2013. -Monthly payment of interest at MLR-1.25 per annum. | 9,050,000 | 49,250,000 |
| Baht 13.75 million started on May 19, 2010 by AI Energy Company Limited | -The principal will be repaid by monthly under condition and amount as specified in the agreement with the first installment in June 2010 and will be finished within May 2017. -Monthly payment of interest at MLR-1.25 per annum. -Interest rate swap contracts to be fixed rate at 6.39% per annum from February 2012 until February 2015. | 8,657,700 | 10,625,700 |
| Baht 56 million started on September 16, 2011 by AI Energy Company Limited | -The principal will be repaid by monthly under condition and amount as specified in the agreement with the first installment in October 2011 and will be finished within September 2018. -Monthly payment of interest at MLR-1.25 per annum. -Interest rate swap contracts to be fixed rate at 6.40% per annum from February 2012 until February 2015. | 31,874,000 | 39,878,000 |
| Long-term loans from financial institutions | Consolidated (Total **) | 252,848,429 | 484,701,510 |
| <u>Less</u> Current portion of long-term loans | | (165,049,810) | (231,712,000) |
| Long-term loans from financial institutions-net | Consolidated | 87,798,619 | 252,989,510 |

The significant conditions under loan contract of group companies and the financial institutions are summarized as follows :

The Company

- The Company will not create any obligation to the assets of the Company (Negative Pledge).
- The Company will maintain the ratio of debt to equity not exceeding 1 : 1, and maintain the debt coverage ratio at minimum ratio of 1.5 : 1.

Subsidiaries

- The loan contract enables the subsidiaries to settle some or total loan by prior written notation at minimum 15 working days before the settlement date with the fee of prepayment at the rate 2 per cent of the settlement amount.
- The subsidiaries will not decrease their authorized capital or merging with other juristic persons, or setting up or investing in other juristic persons for substitute operation, or joint operation with other juristic persons for whatever reason, unless obtaining a prior written notation of approval from the lender.
- No dividend payment, whether interim or annual, or any compensation benefits to the shareholders, in case of debt to equity ratio exceeding 2 : 1.
- The subsidiaries agreed to transfer their rights, duty and any benefits according to the agreement including various relative collaterals according to the agreement to the creditors by providing the letter of consent for them.
- The subsidiaries will maintain the ratio of debt to equity not exceeding 2 : 1, and maintain the debt coverage ratio at minimum ratio of 1.2 : 1.

Long-term loans of subsidiaries have collateral by mortgaged land, plant, port and terminal with structure of subsidiaries (see Note 15), with jointly guaranteed by the Company.

Long-term loans due within one year were shown under current liabilities.

20. PROVISION FOR LONG-TERM EMPLOYEE BENEFITS

BAHT

| PARTICULARS | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
|---------------------------------------------------------------------|--------------|-------------|-------------------------------|-------------|
| | 2012 | 2011 | 2012 | 2011 |
| <u>Defined benefit obligation</u> | | | | |
| Balance as at January 1, | 27,894,996 | - | 20,372,516 | - |
| The perceived value of debt from applying the new accounting policy | - | 28,730,571 | - | 21,875,897 |
| Current service cost | 3,963,433 | 3,786,168 | 1,836,231 | 1,661,991 |
| Interest cost | 1,144,277 | 991,123 | 810,569 | 730,655 |
| Benefit paid during the year | (1,168,023) | (6,747,515) | (798,623) | (5,541,533) |
| Difference from provisions | (1,817,554) | 1,134,649 | (1,035,489) | 1,645,506 |
| Balance as at December 31, | 30,017,129 | 27,894,996 | 21,185,804 | 20,372,516 |

The principle assumptions used in determining the employee benefit liabilities are shown as follows:

| PARTICULARS | CONSOLIDATED | SEPARATE FINANCIAL STATEMENTS |
|-----------------------------|-------------------------|-------------------------------|
| Discount rate | 3.34 - 3.71 % per annum | 3.34 % per annum |
| Future salary increase rate | 1.50 - 5.00 % per annum | 1.50 - 3.00 % per annum |
| Average staff turnover rate | 5 % per annum | 5 % per annum |

21. LEGAL RESERVE

The Company has set up legal reserve which duly met 10% of authorized share capital, to be in compliance with the Public Company Act. This reserve is forbidden for dividend payment.

22. DIVIDEND PAYMENT AND DIRECTORS' REMUNERATION

On August 10, 2012, the Board of Directors' Meeting No. 3/2012 was held and had a resolution to pay interim dividend from the BOI business to the shareholders of 500 million shares at Baht 0.10 per share, amount Baht 50 million. The interim dividend was paid on September 7, 2012.

On April 4, 2012, the Ordinary General Shareholders' Meeting for 2012 was held and approved a resolution to pay dividend for 2012 from the BOI business operating result of year 2011 to the shareholders of 500 million shares at Baht 0.25 per share, amount Baht 125 million, of which the interim dividend was duly paid on September 7, 2011 at Baht 0.10 per share, amount Baht 50 million, and to pay additional dividend to the shareholders at Baht 0.15 per share, amount Baht 75 million. The dividend was paid on May 2, 2012. The Meeting also approved to pay the directors' remuneration for 2012 at the maximum of Baht 2.80 million.

On April 7, 2011, the Ordinary General Shareholders' Meeting for 2011 was held and approved a resolution to pay dividend for 2011 from the BOI business operating result of year 2010 to the shareholders of 500 million shares at Baht 0.25 per share, amount Baht 125 million, of which the interim dividend was duly paid on September 2, 2010 at Baht 0.10 per share, amount Baht 50 million, and to pay additional dividend to the shareholders at Baht 0.15 per share, amount Baht 75 million. The dividend was paid on May 6, 2011. The Meeting also approved to pay the directors' remuneration for 2011 at the maximum of Baht 2.80 million.

23. EXPENSES BY NATURE

BAHT

| FOR THE YEARS ENDED DECEMBER 31, | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
|----------------------------------------------------------------------|----------------------|----------------------|-------------------------------|--------------------|
| | 2012 | 2011 | 2011 | 2011 |
| (Increase) decrease in change of finishes goods and work in progress | (153,347,228) | (51,711,858) | 5,501,148 | (4,804,237) |
| Work performed by the entity and capitalised | - | (222,743) | - | (222,743) |
| Raw materials and consumables used | 3,053,668,912 | 2,466,020,468 | 320,282,416 | 308,515,684 |
| Construction materials and subcontractors | 33,372,463 | 38,324,981 | - | - |
| Vessel operating expenses | 9,035,376 | 13,323,172 | - | - |
| Purchase of goods for sale | 637,751,315 | 43,871,583 | 21,269,441 | 18,827,189 |
| Director and management benefit expenses | 24,812,273 | 26,244,929 | 19,872,192 | 19,500,895 |
| Employee benefit expenses | 141,494,405 | 136,710,697 | 79,807,533 | 70,041,901 |
| Depreciation and amortization expenses | 115,561,288 | 100,349,338 | 52,495,957 | 33,810,502 |
| Finance costs | 67,533,258 | 51,066,095 | 17,695,175 | 9,793,513 |
| Loss from inventory destruction | 2,343,958 | - | 2,343,958 | - |
| Loss on diminution of inventories | 7,012,455 | 1,581,555 | - | - |
| Loss on diminution in investment | - | - | 6,600,000 | - |
| Loss on unused assets | 360,485 | 677,355 | - | - |
| Other expenses | 203,829,656 | 137,352,557 | 47,155,834 | 34,357,594 |
| Total expenses | 4,143,428,616 | 2,963,588,129 | 573,023,654 | 489,820,298 |

24. INCOME TAX

Corporate income taxes of the Company and its subsidiaries for the years ended December 31, 2012 and 2011 have been calculated from the accounting profit, adjusted with other revenues and some expenses which are exempted from income tax or being disallowable expenses in tax computation purposes.

The non-BOI business, the income tax computation of the Company and subsidiaries were calculated at the rate of 23 per cent for year 2012, and the rate of 30 per cent for year 2011.

The BOI business, the income tax computation of the Company and subsidiaries was calculated according to the promotional privileges which are granted (see also Note 26).

25. FOREIGN CURRENCY TRANSACTIONS

25.1 As at December 31, 2012 and 2011, the Company and subsidiaries have outstanding assets and liabilities denominated in foreign currencies which are not covered by any hedging as follows :

UNIT : THOUSAND

| PARTICULARS | CONSOLIDATED | | | | SEPARATE FINANCIAL STATEMENTS | | | |
|-------------------------------|--------------------|-------------------|--------------------|-------------------|-------------------------------|-------------------|------------------|-------------------|
| | 2012 | | 2011 | | 2012 | | 2011 | |
| | Foreign currencies | Converted to Baht | Foreign currencies | Converted to Baht | Foreign currencies | Converted to Baht | Foreign currency | Converted to Baht |
| <u>Assets</u> | | | | | | | | |
| USD | 8.51 | 259.29 | 85.17 | 2,687.15 | 8.33 | 254.04 | 3.96 | 124.81 |
| VND | 531.50 | 0.80 | 531.50 | 0.80 | - | - | - | - |
| Total | | 260.09 | | 2,687.95 | | 124.81 | | 124.81 |
| <u>Liabilities</u> | | | | | | | | |
| - Portion due within one year | | | | | | | | |
| USD | 246.20 | 7,577.49 | 237.89 | 7,572.50 | 183.36 | 5,643.36 | 108.80 | 3,463.31 |
| SGD | 146.50 | 3,667.50 | 293.00 | 7,211.93 | - | - | - | - |
| EUR | 41.50 | 1,695.70 | 88.18 | 3,645.29 | 41.50 | 1,695.70 | 88.18 | 3,645.29 |
| Total | | 12,940.69 | | 18,429.72 | | 7,339.06 | | 7,108.60 |

25.2 As at December 31, 2012, the subsidiary has entered into Selling Forward Exchange Contracts with the local commercial bank for hedging against any risk in exchange rates fluctuation which may affect to amount of Baht as follows :

UNIT : THOUSAND

| PARTICULARS | CONSOLIDATED | | | |
|------------------------------------|------------------|-------------------|---------------------------------|----------------|
| | Foreign currency | Fair value (Baht) | Estimated exchange rates (Baht) | Delivery dates |
| <u>Year 2012</u> | | | | |
| Selling forward exchange contracts | | | | |
| USD | 1,846.00 | 56,638.05 | 30.6815 - 30.7506 | Feb. 2013 |

26. PROMOTIONAL PRIVILEGES

By virtue of the Investment Promotion Act, B.E. 2520 (1977), the Company and three subsidiaries were granted promotional certificates as follows:

| Companies | 1. Promotional certificates Nos. | 2. Effective dates | 3. To promote investment in business of | 4. Expiry dates according to items 5.1 and 5.2 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|---------------------|-----------------------------------------|------------------------------------------------|
| Asian Insulators Plc. | 1025/2541 | January 24, 2001 | Producing porcelain insulators | January 23, 2009 |
| | 1115(2)/2548 | February 28, 2005 | Producing finished hybrid clay | February 27, 2013 |
| | 1116(2)/2549 | January 30, 2009 | Producing porcelain insulators | January 29, 2017 |
| | 1478(2)/2553 | June 12, 2012 | Producing porcelain insulators | June 11, 2020 |
| AI Logistics Co., Ltd. | 2029(2)/2549 | June 27, 2006 | Ship transportation | June 26, 2014 |
| | 1434(2)/2550 | June 11, 2007 | Ship transportation | June 10, 2015 |
| AI Ports and Terminals Co., Ltd. | 1373(2)/2552 | July 1, 2009 | Ports and terminals service | June 30, 2017 |
| | 1374(2)/2552 | August 7, 2009 | Ports and terminals service | August 6, 2017 |
| AI Energy Co., Ltd. | 1922(1)/2553 | Not yet implemented | Producing biodiesel | - |
| <p>5. Important privileges which are granted :</p> <p>5.1 Exemption from corporate income tax on net profit of promotional operation for 8 years. Whereby the promotional certificates No. 1115(2)/2548, 1116(2)/2549, 2029(2)/2549, 1434(2)/2550, 1373(2)/2552 and 1374(2)/2552 have limited amount for corporate income tax exemption at maximum of Baht 11.01 million, Baht 75.18 million, Baht 66.26 million, Baht 107.00 million, Baht 303.49 million and Baht 200.00 million, respectively.</p> <p>5.2 Exemption from income tax on dividend from promoted business which was exempted from corporate income tax as 5.1 through out the promotional period of all promotional certificates.</p> <p>5.3 Allowance for reduction the corporate income tax from promotional net profit at 50% of normal rate since the exemption is expired as 5.1 for 5 years especially for promotional certificate No. 1025/2541 and 1922(1)/2553.</p> <p>5.4 Allowance for double deduction of annual expenses of public utilities (electricity, water supply and transportation), commencing from the generating revenues date for 10 years of promotional certificate No. 1025/2541 and 1922(1)/2553.</p> <p>5.5 Allowance to deduct the annual loss incurred during the income tax exemption period as 5.1 from the net profit since the expiry dates within 5 years, by which can be deducted from net profit of any year or several years of all promotional certificates.</p> | | | | |

As a promoted industry, the Company and subsidiaries must strictly comply with certain terms and conditions stipulated in the promotional certificates.

In March 2012, AI Logistic Company Limited has canceled the promotional certificates Nos. 1241(2)/2550, due to the Company has sold assets in the promotional certificates.

In 2012 and 2011, the Company and subsidiaries have sales, vessel operating, port and terminal service revenues from local and overseas which are granted the promotional certificates as follows :

BAHT

| PARTICULARS | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
|------------------|--------------|-------------|-------------------------------|-------------|
| | 2012 | 2011 | 2012 | 2011 |
| Local revenues | 861,467,557 | 636,367,583 | 825,759,163 | 595,991,410 |
| Foreign revenues | 53,033,749 | 55,358,275 | - | 1,538,496 |
| Total | 914,501,306 | 691,725,858 | 825,759,163 | 597,529,906 |

27. PROVIDENT FUND

The Company and its subsidiaries have set up a provident fund for the employees under the Provident Fund Act, B.E. 2530 (1987), in order to be their welfare as well as security whenever resignation or retirement as defined by the Company's regulation, with partly contribute by its employees and another part by the Company at the rate 3 - 7 % on their salaries. The Company has also appointed Finansa Asset Management Company Limited to manage such fund.

The Company and subsidiaries' contributions for the employees provident fund and recorded as expenses in the statements of comprehensive income for the years ended December 31, 2012 and 2011 are as follows :

BAHT

| PARTICULARS | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
|-----------------------------------------|--------------|-----------|-------------------------------|-----------|
| | 2012 | 2011 | 2012 | 2011 |
| Asian Insulators Public Company Limited | 1,662,941 | 1,808,545 | 1,662,941 | 1,808,545 |
| AI Engineering Services Company Limited | 187,735 | 276,624 | | |
| AI Logistic Company Limited | 26,466 | 23,025 | | |
| Total | 1,877,142 | 2,108,194 | | |

28. FINANCIAL INFORMATION BY SEGMENT

The information by segment is as follows :

| | THOUSAND BAHT | | | | | | | | |
|------------------------------------------------------------|--------------------------------------------|-----------------------|------------------|----------------------------------------------------|----------------------------------|--------------------------|------------------|---------------|-------------|
| | FOR THE YEAR ENDED DECEMBER 31, 2012 | | | | | | | | |
| CONSOLIDATED | Sale of porcelain insulators and component | Sale of raw materials | Sale of ice cube | Sale of biodiesel and vegetable oil and by product | Production contract of biodiesel | Construction undertaking | Vessel operating | Port services | Total |
| Revenues from sales and services | 700,145 | 158,973 | 28,710 | 3,349,677 | 18,165 | 42,724 | 28,584 | - | 4,326,978 |
| Cost of sales and services | (328,256) | (133,794) | (23,152) | (3,292,284) | (15,126) | (34,960) | (21,067) | (14,449) | (3,863,088) |
| Gross profit (loss) by segment | 371,889 | 25,179 | 5,558 | 57,393 | 3,039 | 7,764 | 7,517 | (14,449) | 463,890 |
| Non-allocation expenses | | | | | | | | | (212,807) |
| Profit from operation | | | | | | | | | 251,083 |
| Other income | | | | | | | | | 23,629 |
| Finance costs | | | | | | | | | (67,533) |
| Share of profit from investments in associate | | | | | | | | | (6,698) |
| Income tax expenses | | | | | | | | | (11,871) |
| Profit for the year | | | | | | | | | 188,610 |
| Profit (loss) attributable to Equity holders of the parent | | | | | | | | | 190,213 |
| Non-controlling interests | | | | | | | | | (1,603) |
| Property, plant, vessel and equipment -net | 712,180 | 4,000 | 20,093 | 629,876 | 138 | 88,346 | 466,426 | 1,921,059 | |

THOUSAND BAHT

| | | FOR THE YEAR ENDED DECEMBER 31, 2011 | | | | | | | | |
|-----------------------------------------------|--|-----------------------------------------------------|--------------------------|---------------------|----------------------------------------------------------------|----------------------------------------|-----------------------------|---------------------|------------------|-------------|
| CONSOLIDATED | | Sale of porcelain insulators and component | Sale of raw materials | Sale of ice cube | Sale of biodiesel and vegetable oil and by product | Production contract of biodiesel | Construction undertaking | Vessel operating | Port services | Total |
| Revenues from sales and services | | 368,199 | 256,200 | 25,716 | 2,171,933 | 64,763 | 51,566 | 54,346 | 33 | 2,992,756 |
| Cost of sales and services | | (194,536) | (213,133) | (20,506) | (2,202,080) | (38,505) | (40,484) | (50,963) | (13,537) | (2,773,744) |
| Gross profit (loss) by segment | | 173,663 | 43,067 | 5,210 | (30,147) | 26,258 | 11,082 | 3,383 | (13,504) | 219,012 |
| Non-allocation expenses | | | | | | | | | | (138,778) |
| Profit from operation | | | | | | | | | | 80,234 |
| Other income | | | | | | | | | | 20,292 |
| Finance costs | | | | | | | | | | (51,066) |
| Share of profit from investments in associate | | | | | | | | | | 2,109 |
| Income tax expenses | | | | | | | | | | (16,728) |
| Profit for the year | | | | | | | | | | 34,841 |
| Profit (loss) attributable to | | | | | | | | | | |
| Equity holders of the parent | | | | | | | | | | 43,691 |
| Non-controlling interests | | | | | | | | | | (8,850) |
| Property, plant, vessel and equipment -net | | 600,301 | 5,534 | 19,838 | 624,921 | | 148 | 119,472 | 485,819 | 1,856,033 |

29. COMMITMENT AND CONTINGENT LIABILITIES

29.1 The Company and its subsidiaries have commitment and contingent liabilities as follows:

MILLION BAHT

| PARTICULARS | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
|------------------------------------------------|--------------|--------|-------------------------------|-------|
| | 2012 | 2011 | 2012 | 2011 |
| Letters of guarantee issued by commercial bank | 307.11 | 253.50 | 109.23 | 76.52 |
| Letters of credit | - | 33.54 | - | 33.54 |

29.2 As at December 31, 2012 and 2011, the Company and subsidiaries have capital commitment as follow:

MILLION BAHT

| PARTICULARS | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
|-----------------------------------------|--------------|--------|-------------------------------|--------|
| | 2012 | 2011 | 2012 | 2011 |
| The construction contract | - | 39.08 | - | 37.83 |
| The purchase of machinery and equipment | 35.21 | 80.70 | 30.10 | 80.17 |
| Total | 35.21 | 119.78 | 30.10 | 118.00 |

29.3 As at December 31, 2012 and 2011, subsidiary has outstanding commitments with major subcontractors and the purchase of construction equipment for construction work amount of Baht 19.14 million and Baht 11.98 million, respectively.

29.4 As at December 31, 2012 and 2011, the Company is the guarantor for bank overdrafts, short-term and long-term loans from financial institutions for subsidiaries (see Notes 17 and 19) totalling guarantee amount Baht 2,832 million and Baht 2,712 million, respectively, and two subsidiaries in the group have made inter-guarantee amount of Baht 410 million.

30. TRANSACTIONS WITH RELATED PARTIES

The Company has certain accounting transactions with related parties under the following relationship:

| RELATED PARTIES | RELATIONSHIP |
|------------------------------------------------------------|------------------|
| 1. Associate PPC Asian Insulators Company Limited | See also Note 13 |
| 2. Subsidiaries AI Engineering Services Company Limited | See also Note 14 |
| AI Logistic Company Limited | See also Note 14 |
| AI Energy Company Limited | See also Note 14 |
| AI Ports and Terminals Company Limited | See also Note 14 |

The significant transactions with related parties are as follows:

30.1 Sales or services and expenses rendered to related parties for the years ended December 31,

BAHT

| RELATED TRANSACTIONS IN STATEMENTS OF COMPREHENSIVE INCOME | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
|------------------------------------------------------------------|--------------|-------------|----------------------------------|-------------|
| | 2012 | 2011 | 2012 | 2011 |
| Sales of products and raw materials | | | | |
| PPC Asian Insulators Co., Ltd. | 3,875,614 | 5,666,403 | 3,806,027 | 5,577,520 |
| AI Engineering Services Co., Ltd. | - | - | 1,275,562 | 260,998 |
| AI Energy Co., Ltd. | - | - | 16,280,000 | 81,120 |
| AI Ports and Terminals Co., Ltd. | - | - | 3,071,000 | 15,400,000 |
| Sales of hybrid clay | | | | |
| PPC Asian Insulators Co., Ltd. | 153,697,235 | 236,137,956 | 153,697,235 | 236,137,956 |
| Dividend income | | | | |
| AI Engineering Services Co., Ltd. | - | - | 2,995,179 | 2,995,179 |
| Other income - rental | | | | |
| PPC Asian Insulators Co., Ltd. | 1,238,400 | 1,238,400 | 1,238,400 | 1,238,400 |
| AI Engineering Services Co., Ltd. | - | - | 456,000 | 456,000 |
| AI Logistic Co., Ltd. | - | - | 100,800 | 100,800 |
| Other income - services | | | | |
| PPC Asian Insulators Co., Ltd. | 1,471,630 | 1,463,878 | 1,471,630 | 1,463,878 |
| AI Engineering Services Co., Ltd. | - | - | 704,355 | 710,377 |
| AI Logistic Co., Ltd. | - | - | 466,213 | 461,382 |
| AI Energy Co., Ltd. | - | - | 1,114,965 | 2,672,141 |
| AI Ports and Terminals Co., Ltd. | - | - | 621,493 | 654,680 |
| Other income - interest income | | | | |
| AI Logistic Co., Ltd. | - | - | 4,854,329 | 4,884,479 |
| AI Energy Co., Ltd. | - | - | 6,450,685 | 10,727,084 |
| AI Ports and Terminals Co., Ltd. | - | - | 6,848,014 | 3,425,959 |
| Purchases of scrap clay | | | | |
| PPC Asian Insulators Co., Ltd. | 82,423,056 | 134,360,547 | 82,423,056 | 134,360,547 |
| Purchase of consumed supply | | | | |
| PPC Asian Insulators Co., Ltd. | 52,380 | 186,030 | 52,380 | 186,030 |
| AI Energy Co., Ltd. | - | - | 76,800 | 70,136 |

The inter-transactions are in accordance with general normal trading conditions or the mutual agreement.

Sale of hybrid clay and repurchase of scrap clay with PPC Asian Insulators Company Limited are under the mutual agreement as the Company has to repurchase the scrap clay under the agreed price and condition.

30.2 Balances of receivable, payable and accrued income from sales, purchase and service rendered to related parties

BAHT

| RELATED TRANSACTIONS IN STATEMENTS OF FINANCIAL POSITION | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
|-----------------------------------------------------------------------------------|--------------|------------|----------------------------------|-------------|
| | 2011 | 2010 | 2011 | 2010 |
| Trade accounts receivable | | | | |
| PPC Asian Insulators Co., Ltd. | 46,226,334 | 29,040,192 | 46,226,334 | 29,040,192 |
| AI Ports and Terminals Co., Ltd. | - | - | 1,306,470 | - |
| Related parties receivable | | | | |
| PPC Asian Insulators Co., Ltd. | 8,232,555 | 4,256,698 | 8,232,555 | 4,256,698 |
| AI Engineering Services Co., Ltd. | - | - | 15,967 | 9,971 |
| AI Logistic Co., Ltd. | - | - | 2,500 | 1,894 |
| Short - term loans to related parties | | | | |
| AI Logistic Co., Ltd. | - | - | 49,000,000 | 129,000,000 |
| AI Energy Co., Ltd. | - | - | 150,000,000 | 200,000,000 |
| AI Ports and Terminals Co., Ltd. | - | - | 195,000,000 | 120,000,000 |
| Electrical system installation and supervising construction of factory | | | | |
| AI Engineering Services Co., Ltd. | - | - | 17,990,192 | 33,344,847 |
| Sales of equipment | | | | |
| AI Ports and Terminals Co., Ltd. | - | - | 40,000 | - |
| AI Ports and Terminals Co., Ltd. | - | - | 60,800 | - |
| Accounts payable | | | | |
| PPC Asian Insulators Co., Ltd. | 27,893,371 | 16,663,708 | 27,893,371 | 16,663,708 |
| Related parties payable | | | | |
| AI Engineering Services Co., Ltd | - | - | - | 11,619,592 |
| AI Energy Co., Ltd. | - | - | 32,400 | 34,536 |
| Retention payable | | | | |
| AI Engineering Services Co., Ltd | - | - | 2,488,752 | 1,058,271 |

31. DISCLOSURE OF FINANCIAL INSTRUMENTS

The Company and subsidiaries have information relating to financial instruments both in and off statements of financial position as follows :

31.1 Accounting policies

Accounting policies are disclosed in Note 4 to the financial statements.

31.2 Risk from breach of contracts

- Due to the contracting party does not follow the requirement in the contract which caused damage to the Company and subsidiaries.
- The credit risk with respect to the concentration of trade accounts receivable consists of
 - Revenue of the Company and its subsidiaries resulting from sale, production contract, construction contract and vessel operation to few major customers but very high proportion.
 - Revenue of subsidiaries resulting from sale and services to the small business customers has no concentration of credit risk, because they have a large number of customers.
- For the financial assets shown in the statement of financial position, the book value of such assets is net from various provisions to be estimated fair value. Such provisions are assumed to be the highest value of risk incurred from breach of contracts.

31.3 Risk relating to interest rate of financial assets and liabilities

Risk from the fluctuation in interest rate may have negative effect to the Company and subsidiaries for the current and the following years. The Company expects that it can manage the contingent risk, due to the Company has set a plan and follow up the situation closely.

31.4 Risk from currency exchange rate

The Company and subsidiaries have risk from the fluctuation of foreign exchange rates, due to some debtors and creditors arisen from the trading in foreign currencies. The Company and subsidiaries will provide the forward exchange contract, in case of Baht currency is highly fluctuated and it is appropriate for the situation.

31.5 Fair value of financial instruments

The following methods and assumptions are used to estimate the fair value of the financial instruments.

- Financial assets shown at book value which are equal to the estimated fair value.
- Financial liabilities shown at book value which are equal to the estimated fair value. Loans carrying interest rates close to the market rate.

32. CAPITAL MANANGMENT

The objectives of the Company and its subsidiaries' capital management are to maintain their ability to continue as a going concern and to maintain appropriate capital structure. In addition, they have to maintain debt to equity ratio as stipulated in loan agreements.

The Company and its subsidiaries have debt to equity ratios as follow :

| PARTICULAR | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
|----------------------|--------------|----------|-------------------------------|----------|
| | 2012 | 2011 | 2012 | 2011 |
| Debt to equity ratio | 1.46 : 1 | 1.31 : 1 | 0.31 : 1 | 0.35 : 1 |

33. TAX DISPUTES

In 2009, the Company received notification from the Department of Revenue to clarify the issues in taking expenses from the promotional certificates in calculating income tax for the year 2004. The Company had submitted point of discussions and additional documents to the Revenue Department. Later in May 2010, the Company received summons under the Revenue Code from the Revenue Office to examine the above issues.

During year 2012, the Company has received notification of the final outcome of the aforementioned issues from the Revenue Office. No damage caused from such disputes.

34. FINANCIAL STATEMENTS APPROVAL

These financial statements have been duly approved by the Company's directors on February 20, 2013.