

ASIAN INSULATORS PUBLIC COMPANY LIMITED

**INTERIM CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS**

JUNE 30, 2013

518/3 อาคารเมเนียเซ็นเตอร์ นอร์ธ 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 Maneeya 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

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders and Board of Directors of
Asian Insulators Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Asian Insulators Public Company Limited and subsidiaries as at June 30, 2013, and the related consolidated statements of comprehensive income for the three-month and six-month periods ended June 30, 2013, changes in shareholders' equity and cash flows for the six-month period ended June 30, 2013, and the condensed notes to the financial statements, and have also reviewed the separate financial statements of Asian Insulators Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34: Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

Except as mentioned in the next paragraph, I conducted my review in accordance with the Thai Standard on Review Engagements 2410: Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Basis for qualified conclusion

According to Note 9 to the interim financial statements, the financial statements of the associated company, PPC Asian Insulators Company Limited, for the six-month period ended June 30, 2013 which are applied to record the investment for using the equity method for the interim consolidated financial statements are based on the financial information prepared by its management without reviewing from its auditor. The interim consolidated financial statements as at June 30, 2013, included the investments amount of Baht 24.00 million and share of loss of the associate for the three-month and six-month periods ended June 30, 2013, amount of Baht 4.17 million and Baht 6.48 million, respectively. And I was unable to apply the other reviewing procedures to satisfy in such transaction.

h

Qualified conclusion

Except as mentioned in the preceding paragraph, based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34: Interim Financial Reporting.

Emphasis of matters

According to Note 3 to the interim financial statements, in 2013 the Company and subsidiaries have changed its accounting policy on income taxes. Thus, the statements of financial position as at December 31, 2012 and interim financial statements for the three-month and six-month periods ended June 30, 2012, shown herein as comparison have been restated from the effect of change accounting policy. I have audited the adjusted transactions for the statements of financial position as at December 31, 2012 and have reviewed the adjusted transactions for the interim financial statements for the three-month and six-month periods ended June 30, 2012. In my opinion, the adjusted transactions are appropriate and fairly adjusted.

Other matter

The consolidated statements of financial position of Asian Insulators Public Company Limited and its subsidiaries and the separate of Asian Insulators Public Company Limited as at December 31, 2012, shown herein as comparison were audited by another auditor from the same firm, with unqualified opinion according to the report dated February 20, 2013. The related statements of comprehensive income for the three-month and six-month periods ended June 30, 2012, changes in shareholders' equity and cash flows for the six-month period ended June 30, 2012, shown herein as comparison were reviewed by another auditor from the same firm, except for the record on investments in associated company for using the equity method for the interim consolidated financial statements are based on the financial information prepared by its management without reviewing from its auditor, nothing has come to the attention that causes him to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34: Interim Financial Reporting, with the report dated on August 8, 2012.


(Mr. Chaiyakorn Aunpitipongsa)

Certified Public Accountant Registration No. 3196

Dr. Virach & Associates Office Co., Ltd.

Bangkok: July 29, 2013

ASIAN INSULATORS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

		THOUSAND BAHT			
		CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
		As at	As at	As at	As at
		JUNE 30, 2013	DECEMBER 31, 2012	JUNE 30, 2013	DECEMBER 31, 2012
		UNAUDITED	AUDITED	UNAUDITED	AUDITED
Notes		REVIEWED	(RESTATED)	REVIEWED	(RESTATED)
Current Assets					
	Cash and cash equivalents	45,553	89,272	15,209	57,337
	Short-term investments	173,053	173,754	3,302	3,168
	Trade and other receivables	639,306	519,166	274,638	222,917
	Short-term loans to related parties	-	-	20,000	394,000
	Unbilled receivables	12,581	22,049	-	-
	Inventories	512,096	893,156	137,168	105,211
	Construction contract in progress	88	-	-	-
	Oil supplies	3,100	2,300	-	-
	Advance payment to subcontractors	7,434	1,305	-	-
	Other current assets				
	Refundable value added tax	1,740	806	-	-
	Withholding tax	7,544	8,077	172	-
	Others	1,495	114	754	24
	Total other current assets	10,779	8,997	926	24
	Non-current assets classified as held for sale	-	2	-	2
	Total Current Assets	1,403,990	1,710,001	451,243	782,659
Non-current Assets					
	Investments in associated company	24,004	30,485	26,400	26,400
	Investments in subsidiaries	-	-	1,134,370	957,766
	Other long-term investments				
	Fixed deposits with obligation	2,008	-	-	-
	Property, plant, vessel and equipment	1,935,067	1,921,059	725,773	716,305
	Intangible assets	7,803	8,762	7,756	8,708
	Deferred tax assets	42,839	45,037	24,855	4,224
	Other non-current assets				
	Deposit on assets	13,310	13,165	7,560	11,260
	Others	448	452	328	328
	Total other non-current assets	13,758	13,617	7,888	11,588
	Total Non-current Assets	2,025,479	2,018,960	1,927,042	1,724,991
	TOTAL ASSETS	3,429,469	3,728,961	2,378,285	2,507,650

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

ASIAN INSULATORS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

LIABILITIES AND SHAREHOLDERS' EQUITY

THOUSAND BAHT

	Notes	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
		As at	As at	As at	As at
		JUNE 30, 2013	DECEMBER 31, 2012	JUNE 30, 2013	DECEMBER 31, 2012
		UNAUDITED REVIEWED	AUDITED (RESTATED)	UNAUDITED REVIEWED	AUDITED (RESTATED)
Current Liabilities					
Bank overdrafts and short-term loans					
from financial institutions	12	1,380,329	1,662,998	555,000	400,000
Trade and other payables	13	216,530	202,113	82,429	55,101
Current portion of long-term loans	14	81,500	165,050	49,988	99,988
Advances received from construction		14,545	4,904	-	-
Retention payables		1,582	1,427	2,491	2,491
Accrued interest		1,700	2,574	1,033	672
Accrued income tax		668	5,496	-	5,496
Other current liabilities					
Undue value added tax		18,143	19,642	3,102	3,208
Undue sale tax		2,700	172	-	-
Others		1,416	1,906	509	1,409
Total other current liabilities		22,259	21,720	3,611	4,617
Total Current Liabilities		1,719,113	2,066,282	694,552	568,365
Non-current Liabilities					
Long-term loans from					
financial institutions	14	72,043	87,799	-	-
Provision for long-term employee benefits		34,189	30,017	23,644	21,186
Total Non-current Liabilities		106,232	117,816	23,644	21,186
TOTAL LIABILITIES		1,825,345	2,184,098	718,196	589,551

4

ASIAN INSULATORS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED)

	THOUSAND BAHT			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	As at	As at	As at	As at
	JUNE 30, 2013	DECEMBER 31, 2012	JUNE 30, 2013	DECEMBER 31, 2012
	UNAUDITED	AUDITED	UNAUDITED	AUDITED
	REVIEWED	(RESTATED)	REVIEWED	(RESTATED)
Shareholders' Equity				
Share capital				
Authorized share capital				
500,000,000 common stocks of Baht 1 par value	500,000	500,000	500,000	500,000
Issued and paid-up share capital				
500,000,000 common stocks at Baht 1 each	500,000	500,000	500,000	500,000
Additional paid-in capital				
Premium on common stocks	902,769	902,769	902,769	902,769
Retained earnings				
Appropriated				
Legal reserve	50,000	50,000	50,000	50,000
Unappropriated	138,456	85,732	207,320	465,330
Other components of shareholders' equity	(3,259)	-	-	-
Total Equity of the Parent	1,587,966	1,538,501	1,660,089	1,918,099
Non-controlling interests	16,158	6,362	-	-
Total Shareholders' Equity	1,604,124	1,544,863	1,660,089	1,918,099
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3,429,469	3,728,961	2,378,285	2,507,650

17

ASIAN INSULATORS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2013

THOUSAND BAHT

	Notes	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
		2013	2012 (RESTATED)	2013	2012 (RESTATED)
REVENUES					
Sales		1,318,376	1,132,843	234,748	135,719
Revenues from production contract		32,774	8,327	-	-
Construction contract		15,343	913	-	-
Vessel operating income		8,039	2,885	-	-
Other incomes					
Interest income		542	499	749	4,862
Unrealized gain (loss) on investments in Open-end Fund		921	719	(46)	(459)
Gain on disposal of Open-end Fund		207	666	100	619
Dividend income		-	-	-	2,995
Rental and services income rendered to related parties		655	758	1,526	1,634
Others		4,780	3,878	81	1,450
Total other incomes		7,105	6,520	2,410	11,101
Total Revenues		1,381,637	1,151,488	237,158	146,820
EXPENSES					
Cost of sales		1,124,373	1,034,732	129,305	79,846
Cost of production contract		15,253	4,913	-	-
Cost of construction contract		9,982	716	-	-
Cost of vessel operating		7,541	2,476	-	-
Cost of port service		5,800	3,143	-	-
Selling expenses		22,135	20,410	2,634	2,025
Administrative expenses		44,798	32,179	17,646	19,705
Directors' remuneration	15	1,504	693	819	693
Loss on disposal of investment in subsidiaries	10	-	-	231,336	-
Finance costs		16,008	15,400	5,351	3,793
Total Expenses		1,247,394	1,114,662	387,091	106,062
Share of loss from investments in associate		(4,170)	(1,245)	-	-
Profit (loss) before income tax expenses		130,073	35,581	(149,933)	40,758
Income tax revenues (expenses)	17	9,602	(5,708)	21,119	(3,973)
Profit (loss) for the periods		139,675	29,873	(128,814)	36,785

W

ASIAN INSULATORS PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2013

THOUSAND BAHT EXCEPT EARNINGS (LOSS) PER SHARE PRESENTED IN BAHT

	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2013	2012 (RESTATED)	2013	2012 (RESTATED)
Other comprehensive loss				
Difference on business combination under common control	(3,259)			
Other comprehensive loss for the periods	(3,259)	-	-	-
Total comprehensive income (loss) for the periods	136,416	29,873	(128,814)	36,785
Profit (Loss) Attributable to				
Equity holders of the parent	139,528	29,922	(128,814)	36,785
Non-controlling interests	147	(49)	-	-
	139,675	29,873	(128,814)	36,785
Total Comprehensive Income (Loss) Attributable to				
Equity holders of the parent	136,416	29,873	(128,814)	36,785
Non-controlling interests	-	-	-	-
	136,416	29,873	(128,814)	36,785
Earnings (loss) per Share of the Parent (Baht)				
Basic Earnings (Loss) per Share	0.28	0.06	(0.26)	0.07
Issued and paid-up 500,000,000 common stocks				

ASIAN INSULATORS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2013

		THOUSAND BAHT			
		CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
		2013	2012	2013	2012
			(RESTATED)		(RESTATED)
Notes					
REVENUES					
	Sales	2,567,462	2,267,125	404,130	339,254
	Revenues from production contract	55,000	19,961	-	-
	Construction contract	28,924	913	-	-
	Vessel operating income	22,067	9,918	-	-
	Other incomes				
	Interest income	542	520	5,096	9,342
	Unrealized gain on investments in Open-end Fund	2,066	2,422	34	40
	Gain on disposal of Open-end Fund	233	675	100	619
	Dividend income	-	-	-	2,995
	Rental and services income rendered to related parties	22.1 1,297	1,408	3,050	3,138
	Others	6,538	10,552	904	1,909
	Total other incomes	10,676	15,577	9,184	18,043
	Total Revenues	2,684,129	2,313,494	413,314	357,297
EXPENSES					
	Cost of sales	2,231,428	2,010,561	232,707	189,133
	Cost of production contract	24,853	11,318	-	-
	Cost of construction contract	20,930	716	-	-
	Cost of vessel operating	18,023	4,564	-	-
	Cost of port service	6,070	6,747	-	-
	Selling expenses	39,572	36,754	4,928	4,171
	Administrative expenses	69,293	80,313	36,703	34,663
	Directors' remuneration	15 2,071	1,260	1,386	1,260
	Loss on disposal of investment in subsidiaries	10 -	-	231,336	-
	Finance costs	33,566	31,328	9,909	6,971
	Total Expenses	16 2,445,806	2,183,561	516,969	236,198
	Share of loss from investments in associate	(6,481)	(3,400)	-	-
	Profit (loss) before income tax expenses	231,842	126,533	(103,655)	121,099
	Income tax revenues (expenses)	17 (3,085)	(17,848)	20,631	(6,035)
	Profit (loss) for the periods	228,757	108,685	(83,024)	115,064

h

ASIAN INSULATORS PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2013

	THOUSAND BAHT EXCEPT EARNINGS (LOSS) PER SHARE PRESENTED IN BAHT			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2013	2012 (RESTATED)	2013	2012 (RESTATED)
Other comprehensive loss				
Difference on business combination under common control	(3,259)	-	-	-
Other comprehensive loss for the periods	(3,259)	-	-	-
Total comprehensive income (loss) for the periods	225,498	108,685	(83,024)	115,064
Profit (Loss) Attributable to				
Equity holders of the parent	227,710	108,279	(83,024)	115,064
Non-controlling interests	1,047	406	-	-
	228,757	108,685	(83,024)	115,064
Total Comprehensive Income (Loss) Attributable to				
Equity holders of the parent	225,498	108,685	(83,024)	115,064
Non-controlling interests	-	-	-	-
	225,498	108,685	(83,024)	115,064
Earnings (Loss) per Share of the Parent (Baht)				
Basic Earnings (loss) per Share	0.46	0.22	(0.17)	0.23
Issued and paid-up 500,000,000 common stocks				17

ASIAN INSULATORS PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2013

CONSOLIDATED

	THOUSAND BAHT									
	Shareholders' equity of the parent									
	Retained earnings (deficits)			Other components of equity			Total equity of the parent	Non-controlling interests	Total shareholders' equity	Notes
	Issued and paid-up share capital	Premium on common stocks	Legal reserve	Unappropriated	Other comprehensive income	Difference on business combination under common control				
Year 2012										
Beginning balances as at January 1, 2012 -before restated	500,000	902,769	50,000	(32,362)	-	-	1,420,407	26,438	1,446,845	
Cumulative effect of the change in accounting policy				42,102	-	-	42,102	616	42,718	3
Restated balances	500,000	902,769	50,000	9,740	-	-	1,462,509	27,054	1,489,563	
Increase (decrease) in non-controlling interests										
- from share purchase from old shareholders								(39,300)	(39,300)	10
- from change in investments ratio of subsidiaries								18,510	18,510	
- subsidiary's dividends paid to non-controlling interests								(4)	(4)	
Total comprehensive income for the period			108,279	(74,999)	-	-	108,279	406	108,685	
Dividend payment							(74,999)	-	(74,999)	15
Ending balances as at June 30, 2012	500,000	902,769	50,000	43,020	-	-	1,495,789	6,666	1,502,455	

ca

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

ASIAN INSULATORS PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2013

CONSOLIDATED

	THOUSAND BAHT									
	Shareholders' equity of the parent									
	Retained earnings (deficits)			Other components of equity				Total equity of the parent	Non-controlling interests	Total shareholders' equity
	Issued and paid-up share capital	Premium on common stocks	Legal reserve	Unappropriated	Other comprehensive loss	Difference on business combination under common control				
	500,000	902,769	50,000	32,852	-	-	1,485,621	5,542	1,491,163	
Beginning balances as at January 1, 2013 -before restated										
Cumulative effect of the change in accounting policy	3			52,880	-	-	52,880	820	53,700	
Restated balances		500,000	902,769	50,000	85,732	-	1,538,501	6,362	1,544,863	
Increase in non-controlling interests										
- from increase in investment				-	-	-	-	4,246	4,246	
- from change in investments ratio of parent company				-	-	-	-	4,503	4,503	
Total comprehensive income (loss) for the period				227,710	(3,259)	(3,259)	224,451	1,047	225,498	
Dividend payment	15			(174,986)	-	-	(174,986)	-	(174,986)	
Ending balances as at June 30, 2013		500,000	902,769	50,000	138,456	(3,259)	1,587,966	16,158	1,604,124	

4

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

ASIAN INSULATORS PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2013

SEPARATE FINANCIAL STATEMENTS

THOUSAND BAHT

	Notes	Issued and paid-up share capital	Premium on common stocks	Retained earnings		Other components of equity	Total shareholders' equity
				Legal reserve	Unappropriated		
<u>Year 2012</u>							
Beginning balances as at January 1, 2012 - before restated		500,000	902,769	50,000	284,976	-	1,737,745
Cumulative effect of the change in accounting policy	3				4,064	-	4,064
Restated balances		500,000	902,769	50,000	289,040	-	1,741,809
Total comprehensive income for the period					115,064	-	115,064
Dividend payment	15				(74,999)	-	(74,999)
Ending balances as at June 30, 2012		500,000	902,769	50,000	329,105	-	1,781,874
<u>Year 2013</u>							
Beginning balances as at January 1, 2013 -before restated		500,000	902,769	50,000	461,106	-	1,913,875
Cumulative effect of the change in accounting policy	3				4,224	-	4,224
Restated balances		500,000	902,769	50,000	465,330	-	1,918,099
Total comprehensive loss for the period					(83,024)	-	(83,024)
Dividend payment	15				(174,986)	-	(174,986)
Ending balances as at June 30, 2013		500,000	902,769	50,000	207,320	-	1,660,089

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

ASIAN INSULATORS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (1/3)

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2013

	THOUSAND BAHT			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2013	2012	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES				
PROFIT (LOSS) BEFORE INCOME TAX EXPENSES	231,842	126,533	(103,655)	121,099
ADJUSTMENTS TO RECONCILE PROFIT (LOSS) BEFORE INCOME TAX TO NET CASH PROVIDED FROM (USED IN) OPERATION :				
Depreciation	62,652	49,748	33,745	16,702
Amortization of computer softwares	959	942	952	926
(Gain) loss on vessel and equipment disposal	(474)	2,138	(474)	(18)
Loss on unused equipment	-	11	-	-
Unrealized gain on investments in Open-end Fund	(2,066)	(2,422)	(34)	(40)
Doubtful debt	13	-	-	-
Reverse loss on diminution in inventory value	(8,594)	-	-	-
Share of loss from investments in associate	6,481	3,400	-	-
Dividend income	-	-	-	(2,995)
Loss on disposal of investment in subsidiaries	-	-	231,336	-
Transferred loss of non-controlling interests due to share purchase from old shareholders	4,503	18,510	-	-
Unrealized loss on exchange rates	401	660	75	21
Long-term employee benefit expenses	4,172	1,876	2,458	1,156
Interest income	(542)	(520)	(5,096)	(9,342)
Interest expenses	32,225	30,194	9,470	6,564
PROFIT FROM OPERATIONS BEFORE CHANGES IN OPERATING ASSETS AND LIABILITIES ITEMS	331,572	231,070	168,777	134,073
(INCREASE) DECREASE IN OPERATING ASSETS ITEMS				
Short-term investments	2,767	4,325	(100)	29,381
Trade and other receivables	(120,366)	(172,713)	(51,709)	41,095
Unbilled receivables	9,468	4,750	-	-
Inventories	389,654	201,295	(31,957)	(16,567)
Construction contract in progress	(88)	-	-	-
Oil supplies	(800)	(1,141)	-	-
Advance payment to subcontractors	(6,129)	(1,148)	-	-
Other current assets	(2,315)	2,580	(730)	2,104
Other non-current assets	4	47	-	45

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

11

ASIAN INSULATORS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (2/3)

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2013

THOUSAND BAHT

	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2013	2012	2013	2012
INCREASE (DECREASE) IN OPERATING LIABILITIES ITEMS				
Trade and other payables	973	46,423	19,364	8,454
Advance received from construction	9,641	6,924	-	-
Retention payables	155	4,679	-	5,904
Other current liabilities	539	(2,275)	(1,006)	(560)
Provision for long-term employee benefits	-	(979)	-	(708)
CASH PROVIDED FROM OPERATING ACTIVITIES	615,075	323,837	102,639	203,221
Income tax refunded	2,116	-	-	-
Income tax expenses paid	(7,298)	(7,359)	(5,668)	(5,993)
NET CASH PROVIDED FROM OPERATING ACTIVITIES	609,893	316,478	96,971	197,228
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease in short-term loans to related parties	-	-	374,000	20,000
Interest received	542	520	5,084	9,342
Increase in fixed deposits with obligation	(2,008)	-	-	-
Proceeds from non-current assets classified as held for sale	2	-	2	-
Dividend income from investments	-	-	-	2,995
Proceeds from disposal of investment in subsidiaries	-	-	431,814	-
Purchase of increase share capital in subsidiaries	-	-	(839,754)	-
Difference on business combination under common control	(3,259)	-	-	-
Payment for shares purchase in subsidiaries				
from old shareholders	-	(39,300)	-	(39,300)
Purchase of plant, vessel and equipment	(51,808)	(136,915)	(30,246)	(108,520)
Interest payment for plant construction				
and equipment installation	(267)	(4,880)	(18)	(3,361)
Proceeds from disposal of vessel and equipment	475	14,691	475	18
Increase in intangible assets	-	(682)	-	(659)
Payment deposit on assets	(5,750)	(610)	-	-
Payment payable from purchase of plant and equipment	(5,725)	(23,658)	(1,361)	(21,631)
NET CASH USED IN INVESTING ACTIVITIES	(67,798)	(190,834)	(60,004)	(141,116)

hr

ASIAN INSULATORS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (3/3)

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2013

	THOUSAND BAHT			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2013	2012	2013	2012
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(282,669)	26,585	155,000	50,000
Interest expenses paid	(33,099)	(35,070)	(9,109)	(7,338)
Payment for long-term loans from financial institutions	(99,306)	(115,856)	(50,000)	(50,000)
Dividend payment	(174,986)	(74,999)	(174,986)	(74,999)
Subsidiary dividend paid to non-controlling interests	-	(4)	-	-
Increase in non-controlling interests	4,246	-	-	-
NET CASH USED IN FINANCING ACTIVITIES	(585,814)	(199,344)	(79,095)	(82,337)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(43,719)	(73,700)	(42,128)	(26,225)
CASH AND CASH EQUIVALENTS AS AT JANUARY 1,	89,272	163,727	57,337	68,641
CASH AND CASH EQUIVALENTS AS AT JUNE 30,	45,553	90,027	15,209	42,416

ADDITIONAL DISCLOSURE ITEMS TO CASH FLOWS STATEMENTS

Non-cash flows items :

Assets payable for plant and equipment	18,981	19,304	9,250	19,117
Transferred deposit to plant and equipment	5,605	15,212	3,700	14,672

M

ASIAN INSULATORS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS

JUNE 30, 2013

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 associate and subsidiaries which operate business according to Notes 9 and 10 to the interim financial statements.

2. BASIS FOR PREPARATION OF INTERIM FINANCIAL STATEMENTS

2.1 These interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard No. 34: Interim Financial Reporting issued by the Federation of Accounting Professions and the Notification of the Office of the Securities and Exchange Commission. These interim financial statements should be read in conjunction with the financial statements for the year ended December 31, 2012.

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

COMPANIES	% HOLDING	
	JUNE 30, 2013	DECEMBER 31, 2012
<u>Associate</u>		
PPC Asian Insulators Company Limited	25.10	25.10
<u>Subsidiaries directly held by the Company</u>		
AI Engineering Services Company Limited	99.84	99.84
AI Energy Public Company Limited	98.79	98.00
AI Logistics Company Limited	-	97.94
AI Ports and Terminals Company Limited	-	99.00

COMPANIES	% HOLDING	
	JUNE 30, 2013	DECEMBER 31, 2012
<u>Subsidiaries held by AI Energy Public</u>		
<u>Company Limited</u>		
AI Logistics Company Limited	100.00	-
AI Ports and Terminals Company Limited	100.00	-

2.3 Inter-company balances and significant transactions between the Company and the subsidiaries have been eliminated from the consolidation.

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

2.5 In 2013, the Federation of Accounting Professions has issued the new accounting standards not yet effective as follow:

(a) Become effective to the financial statements for periods beginning on or after January 1, 2014.

- TFRIC 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities
- TFRIC 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- TFRIC 7 Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economics
- TFRIC 10 Interim Financial Reporting and Impairment

(b) Become effective to the financial statements for periods beginning on or after January 1, 2016.

- TFRS 4 Insurance Contracts

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 year 2013, the Company and subsidiaries have adopted accounting policy of deferred tax in accordance with Thai Accounting Standard No. 12: Income Taxes. To adopt this accounting policy, the Company and subsidiaries have to restate the financial statements, as if the Company and subsidiaries have recorded deferred tax assets or deferred tax liabilities. Therefore, the information of the consolidated and separate financial statements for the year ended December 31, 2012 and for the three-month and six-month periods ended June 30, 2012, shown herein as comparison was the information prepared under the new accounting policy. The effect of the change in accounting policy is as follows:

THOUSAND BAHT

PARTICULARS IN STATEMENTS OF FINANCIAL POSITION	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	January 1, 2013	January 1, 2012	January 1, 2013	January 1, 2012
Increase in investments in associated company	8,663	8,164	-	-
Increase in deferred tax assets	45,037	34,554	4,224	4,064
Increase in shareholders' equity	53,700	42,718	4,224	4,064
Increase in non-controlling interests	(820)	(616)	-	-
Increase in retained earnings of the parent	52,880	42,102	4,224	4,064

THOUSAND BAHT

PARTICULARS IN STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIOD END JUNE 30, 2012	CONSOLIDATED	SEPARATE FINANCIAL STATEMENTS
	Increase (decrease) in income tax (revenue) expense from deferred tax	1,638
Increase (decrease) profit for the period	(1,638)	185
Profit attributable to		
Increase (decrease) equity holders of the parent	(1,593)	185
Decrease non-controlling interests	(45)	-

PARTICULARS IN STATEMENTS OF COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIOD END JUNE 30, 2012	THOUSAND BAHT	
	CONSOLIDATED	SEPARATE FINANCIAL STATEMENTS
Increase (decrease) in income tax (revenue) expense from deferred tax	11,718	(95)
Increase (decrease) profit for the period	(11,718)	95
Profit attributable to		
Increase (decrease) equity holders of the parent	(11,465)	95
Decrease non-controlling interests	(253)	-

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting policies and methods of computation used in these interim financial statements are consistent with those applied in the financial statements for the year ended December 31, 2012, except for the change in the accounting policy due to the adoption of Thai Accounting Standard No. 12: Income Taxes as follow:

Deferred tax assets/liabilities

Deferred tax assets/liabilities are recognized for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes as at the statements of financial position date. They will be realised in future period when the income is realised, or the expenses provided for are actually incurred and considered deductible for income tax purposes.

Deferred tax assets are recognized for deductible temporary differences or addtible tax are deferred tax liabilities if it is highly probable that the Company will generate sufficient taxable profits from its future operations to utilise these assets.

At each statements of financial position date, the Company reviews and reduces the carrying amount of deferred tax assets/liabilities to the extent that it is no longer probable that sufficient taxable profit be available to allow all or part of the deferred tax asset or deferred tax liabilities to be utilised.

Income tax expenses

Income tax expenses from profit/loss for the period consist of current income tax and deferred tax. Income tax expenses recognized in income statement unless part of transaction recorded in shareholders' equity recorded directly to equity.

5. CASH AND CASH EQUIVALENTS

THOUSAND BAHT

PARTICULARS	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Cash	352	390	145	145
Savings account	41,202	88,657	14,247	57,025
Current account	3,999	225	817	167
Total cash and cash equivalents	45,553	89,272	15,209	57,337

6. SHORT-TERM INVESTMENTS

THOUSAND BAHT

PARTICULARS	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Investments in Open-end Fund-Debt securities	170,987	169,286	3,268	3,087
Add Allowance for investment adjustment	2,066	4,468	34	81
Investments in Open-end Fund - fair value	173,053	173,754	3,302	3,168

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 period were duly presented in the statements of comprehensive income.

7. TRADE AND OTHER RECEIVABLES

THOUSAND BAHT

PARTICULARS	CONSOLIDATED					
	June 30, 2013			December 31, 2012		
	State enterprises	Others	Total	State enterprises	Others	Total
Trade accounts receivable						
- Current	202,897	246,275	449,172	159,127	223,075	382,202
- Overdue within 3 months	48,668	114,731	163,399	2,347	113,008	115,355
- Over 3 to 6 months	-	-	-	125	-	125
- Over 6 to 12 months	296	3,554	3,850	-	-	-
- Over 12 months	-	3,766	3,766	-	3,753	3,753
Total trade accounts receivable	251,861	368,326	620,187	161,599	339,836	501,435
Less Allowance for doubtful accounts	-	(3,766)	(3,766)	-	(3,753)	(3,753)
Total trade accounts receivable	251,861	364,560	616,421	161,599	336,083	497,682
Retention receivables	3,507	-	3,507	5,072	-	5,072
Trade accounts receivable - net	255,368	364,560	619,928	166,671	336,083	502,754
Other receivables	-	19,378	19,378	-	16,412	16,412
Total trade and other receivables - net	255,368	383,938	639,306	166,671	352,495	519,166

THOUSAND BAHT

PARTICULARS	SEPARATE FINANCIAL STATEMENTS					
	June 30, 2013			December 31, 2012		
	State enterprises	Others	Total	State enterprises	Others	Total
Trade accounts receivable						
- Current	186,596	19,858	206,454	156,490	12,027	168,517
- Overdue within 3 months	28,809	27,418	56,227	2,347	41,757	44,104
- Over 3 to 6 months	-	-	-	125	-	125
- Over 6 to 12 months	296	-	296	-	-	-
Total trade accounts receivable	215,701	47,276	262,977	158,962	53,784	212,746
Other receivables	-	11,661	11,661	-	10,171	10,171
Total trade and other receivables	215,701	58,937	274,638	158,962	63,955	222,917

8. SHORT-TERM LOANS TO RELATED PARTIES

THOUSAND BAHT

SEPARATE FINANCIAL STATEMENTS	June 30, 2013			
	AI Logistics Co., Ltd.	AI Energy Public Co., Ltd.	AI Ports and Terminals Co., Ltd.	Total
Beginning principal balances	49,000	150,000	195,000	394,000
<u>Add:</u> Additional loans extended during the period	-	20,000	10,000	30,000
<u>Less:</u> Settlement during the period	(49,000)	(150,000)	(205,000)	(404,000)
Ending principal balances	-	20,000	-	20,000
Interest rates	4.50 %	3.55 - 4.25 %	4.50 %	3.55 - 4.50 %

In year 2013, the Company has settled loans from AI Logistics Company Limited amount of Baht 80 million, AI Energy Public Company Limited amount of Baht 150 million and AI Ports and Terminals Company Limited amount of Baht 205 million by investing in the share capital increase (see Note 10).

THOUSAND BAHT

SEPARATE FINANCIAL STATEMENTS	December 31, 2012			
	AI Logistics Co., Ltd.	AI Energy Co., Ltd.	AI Ports and Terminals Co., Ltd.	Total
Beginning principal balances	129,000	200,000	120,000	449,000
<u>Add:</u> Additional loans extended during the period	-	-	75,000	75,000
<u>Less:</u> Settlement during the period	(80,000)	(50,000)	-	(130,000)
Ending principal balances	49,000	150,000	195,000	394,000
Interest rates	4.50 %	4.25 %	4.50 %	4.25 - 4.50 %

In year 2012, the Company has settled loans from AI Logistics Company Limited amount of Baht 80 million by investing in the share capital increase (see Note 10).

9. INVESTMENTS IN ASSOCIATE

THOUSAND BAHT

ASSOCIATE	% HOLDING		CONSOLIDATED BY EQUITY METHOD		SEPARATE FINANCIAL STATEMENTS BY COST METHOD	
	Jun. 30, 13	Dec. 31, 12	Jun. 30, 13	Dec. 31, 12	Jun. 30, 13	Dec. 31, 12
PPC Asian Insulators Company Limited	25.10	25.10	24,004	30,485	66,000	66,000
<u>Less</u> Provision for diminution in investment			-	-	(39,600)	(39,600)
Investment in Associate - net			24,004	30,485	26,400	26,400

THOUSAND BAHT

ASSOCIATE	NATURE OF BUSINESS	PAID-UP SHARE CAPITAL		DIVIDEND	
		Jun. 30, 13	Dec. 31, 12	Jun. 30, 13	Jun. 30, 12
PPC Asian Insulators Company Limited	Producing and distributing electronics insulators	263,000	263,000	-	-

The financial statements of PPC Asian Insulators Company Limited for the six-month periods ended June 30, 2013 and 2012, applied for recording the investments for using the equity method in the interim consolidated financial statements are based on the information prepared by its management without reviewing from the auditor. Due to it is not necessary for such associate's management to use those reviewed interim financial statements.

10. INVESTMENTS IN SUBSIDIARIES

THOUSAND BAHT

SUBSIDIARIES	% HOLDING		SEPARATE FINANCIAL STATEMENTS	
	Jun. 30, 13	Dec. 31, 12	Jun. 30, 13	Dec. 31, 12
AI Engineering Services Company Limited	99.84	99.84	197,000	197,000
AI Energy Public Company Limited	98.79	98.00	937,370	351,616
AI Logistics Company Limited	-	97.94	-	156,700
AI Ports and Terminals Company Limited	-	99.00	-	252,450
Total Investments in Subsidiaries			1,134,370	957,766

THOUSAND BAHT

SUBSIDIARIES	NATURE OF BUSINESS	PAID-UP SHARE CAPITAL		DIVIDEND	
		Jun. 30, 13	Dec. 31, 12	Jun. 30, 13	Jun. 30, 12
AI Engineering Services Company Limited	Undertake construction and install electrical transmission power sub-station	200,000	200,000	-	2,995
AI Energy Public Company Limited	Producing and distributing biodiesel, vegetable oil and other fuel oil	960,000	370,000	-	-
AI Logistics Company Limited	Local and overseas logistics for passenger, merchandise, parcel and other materials	-	160,000	-	-
AI Ports and Terminals Company Limited	Producing and distributing ice, servicing port and trading electrical equipment	-	255,000	-	-

In April 2013, the Company has restructured group of companies which is planned as follow :

THOUSAND BAHT

SUBSIDIARIES	COST AS AT JAN. 1, 13	INVESTMENT IN SUBSIDIARIES TO REPAY THE LOAN	PURCHASE OF INCREASE SHARES CAPITAL	SWAP SHARES	COST AS AT JUN. 30, 13
AI Energy Co., Ltd.	351,616	150,000	3,940	431,814	937,370
AI Logistics Co., Ltd.	156,700	49,000	-	(205,700)	-
AI Ports and Terminals Co., Ltd.	252,450	205,000	-	(457,450)	-
Total	760,766	404,000	3,940	(231,336)	937,370

The swap shares by sale common stocks of AI Logistics Company Limited and AI Ports and Terminals Company Limited to AI Energy Company Limited. The Company has recognized loss on disposal of investment in subsidiaries in the statement of comprehensive income for the separate financial statements amount of Baht 231.34 million.

In May 2013, AI Energy Company Limited has transformed from Company Limited to Public Company Limited and has changed the par value from initial Baht 10 to be Baht 1 par value. And increase the authorized share capital of 170,000,000 shares to be authorized share capital 1,130,000,000 shares at Baht 1 par value.

As at June 30, 2013, the Company has invested in AI Energy Public Company Limited total 948,354,060 shares to be 98.79% in shareholding proportion.

After restructuring, AI Energy Public Company Limited will have spin off plan to list on Market for Alternative Investment (MAI) with Initial Public Offering of 445,000,000 shares with the par value Baht 1 per share consist of :

1. Existing common stock of 275,000,000 shares owned by the Company
2. Newly issued common stock of 170,000,000 shares

Pre-emptive right of the Company's shareholders to subscribe for maximum of 250,000,000 shares of AI Energy Public Company Limited, or the Company's shareholders with two share can subscribe for one share of AI Energy Public Company Limited, representing 56.18% of Initial Public Offering.

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 consist of :

COMPANIES	% HOLDING		AMOUNT OF INCREASE
	OLD	NEW	SHARES PURCHASE
AI Logistics 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 Logistics 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%.

11. FIXED DEPOSITS WITH OBLIGATION

In 2013, the subsidiary has pledged deposit at bank as collateral for the issuance of bank guarantee for the work retention.

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

PARTICULARS	THOUSAND BAHT			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Bank overdrafts	5,329	85	-	-
Short-term loans from financial institutions	1,375,000	1,662,913	555,000	400,000
Total	1,380,329	1,662,998	555,000	400,000

13. TRADE AND OTHER PAYABLES

THOUSAND BAHT

PARTICULARS	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Trade accounts payable	149,277	176,806	52,241	47,628
Assets payable	18,981	5,725	9,250	1,361
Advance received from customers	13,918	4,461	7,592	2,033
Accrued expenses	34,354	15,121	13,346	4,079
Total trade and other payables	216,530	202,113	82,429	55,101

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

CREDIT LINE	REPAYMENT CONDITIONS	PRINCIPAL BALANCES (THOUSAND BAHT)	
		Jun. 30, 13	Dec. 31, 12
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 rate at 4.25 % per annum.	49,988	99,988
Long-term loans from financial institutions	Separate financial statements **	49,988	99,988
<u>Less</u> Current portion of long-term loans		(49,988)	(99,988)
Long-term loans from financial institutions-net	Separate financial statements	-	-
Baht 105 million started on November 22, 2007 by AI Logistics 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 rate at MLR-1.25 per annum.	-	5,250
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 rate at MLR-1.25 per annum.	-	6,250
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 rate at MLR-1.25 per annum.	-	13,000

CREDIT LINE	REPAYMENT CONDITIONS	PRINCIPAL BALANCES (THOUSAND BAHT)	
		Jun. 30, 13	Dec. 31, 12
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 rate at MLR per annum. - Interest rate swap contracts to be fixed rate at 7.64% per annum from February 2012 until February 2015.	45,980	53,240
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 rate at MLR per annum. - Interest rate swap contracts to be fixed rate at 7.64% per annum from February 2012 until February 2015.	22,029	25,539
Baht 200 million started on March 6, 2008 by AI Energy Public 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 rate at MLR-1.25 per annum.	-	9,050
Baht 13.75 million started on May 19, 2010 by AI Energy Public 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 rate 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.	7,674	8,658
Baht 56 million started on September 16, 2011 by AI Energy Public 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 rate 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.	27,872	31,874
Total long-term loans from financial institutions	Consolidated (include **)	153,543	252,849
Less Current portion of long-term loans		(81,500)	(165,050)
Long-term loans from financial institutions-net	Consolidated	72,043	87,799

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 and machinery of subsidiaries with jointly guaranteed by the Company.

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

15. DIVIDEND PAYMENT AND DIRECTORS' REMUNERATION

On April 10, 2013, the Ordinary General Shareholders' Meeting for 2013 was held and approved a resolution to pay dividend for 2013 from the BOI business operating result of year 2012 to the shareholders of 500 million shares at Baht 0.45 per share, amount Baht 225 million, of which the interim dividend was duly paid on September 7, 2012 at Baht 0.10 per share, amount Baht 50 million, and to pay additional dividend to the shareholders at Baht 0.35 per share, amount Baht 175 million. The dividend was paid on May 9, 2013. The Meeting also approved to pay the directors' remuneration for 2013 at the maximum of Baht 2.80 million.

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.

16. EXPENSES BY NATURE

THOUSAND BAHT

FOR THE SIX-MONTH PERIODS ENDED JUNE 30,	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2013	2012	2013	2012
(Increase) decrease in change of				
finished goods and work in progress	124,576	15,560	(23,917)	(1,674)
Raw materials and consumables used	1,853,593	1,456,467	162,449	132,666
Construction materials and subcontractors	20,469	254	-	-
Vessel operating expenses	9,592	354	-	-
Purchase of goods for sale	123,408	436,407	17,031	10,317
Management benefit expenses	12,444	13,525	9,013	9,956
Employee benefit expenses	84,447	66,606	47,214	37,905
Depreciation and amortization expenses	63,611	50,690	34,697	17,628
Finance costs	33,566	31,328	9,909	6,971
Loss on disposal of investment in subsidiaries	-	-	231,336	-
Reverse loss on diminution in				
inventory value	(8,594)	-	-	-
Other expenses	128,694	112,370	29,237	22,429
Total expenses	2,445,806	2,183,561	516,969	236,198

17. INCOME TAXES

Corporate income taxes of the Company and subsidiaries for the three-month and six-month periods ended June 30, 2013 and 2012 were calculated from the accounting profit (loss), 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 20 per cent for year 2013, and the rate of 23 per cent for year 2012.

The BOI business, the income tax computation was calculated according to the promotional privileges which are granted (see also Note 19).

Income taxes recognized in income statements consist:

FOR PERIODS ENDED JUNE 30,	THOUSAND BAHT			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2013	2012	2013	2012
<u>For the three-month periods</u>				
The corporate income tax for the periods	(489)	4,070	(842)	4,158
Amortisation and reversal of temporary differences assets/liabilities on temporary differences	(9,113)	1,638	(20,277)	(185)
Income tax expenses (revenues)	(9,602)	5,708	(21,119)	3,973
<u>For the six-month periods</u>				
The corporate income tax for the periods	887	6,130	-	6,130
Amortisation and reversal of temporary differences assets/liabilities on temporary differences	2,198	11,718	(20,631)	(95)
Income tax expenses (revenues)	3,085	17,848	(20,631)	6,035

As at June 30, 2013 and December 31, 2012, the deferred tax assets/liabilities arose from the following temporary differences:

THOUSAND BAHT

PARTICULARS	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	Jun. 30, 13	Dec. 31, 12	Jun. 30, 13	Dec. 31, 12
Accumulated temporary differences in the statements of income				
Unrealized gain on investments in Open-end Fund	(2,066)	(4,468)	(34)	(81)
Allowance for doubtful trade accounts receivable	3,766	3,753	-	-
Provision for diminution in inventories	-	8,594	-	-
Allowance for diminution in non-current assets classified as held for sale	-	16	-	16
Provision for long-term employee benefits	32,324	27,935	23,644	21,186
Tax deficits	180,170	189,354	100,664	-
Total	214,194	225,184	124,274	21,121
Deferred tax assets calculated from tax rate of 20%	42,839	45,037	24,855	4,224

18. FOREIGN CURRENCY TRANSACTIONS

18.1 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			
	June 30, 2013		December 31, 2012		June 30, 2013		December 31, 2012	
	Foreign currencies	Converted to Baht	Foreign currencies	Converted to Baht	Foreign currencies	Converted to Baht	Foreign currencies	Converted to Baht
Assets								
USD	2,366.94	73,343.67	8.51	259.29	8.86	274.40	8.33	254.04
VND	-	-	531.50	0.80	-	-	-	-
Total		73,343.67		260.09		274.40		254.04
Liabilities								
- Portion due within one year								
USD	607.48	18,994.54	246.20	7,577.49	363.98	11,380.74	183.36	5,643.36
SGD	-	-	146.50	3,667.50	-	-	-	-
EUR	43.50	1,779.44	41.50	1,695.70	41.50	1,697.62	41.50	1,695.70
Total		20,773.98		12,940.69		13,078.36		7,339.06

18.2 Subsidiary have 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
As at December 31, 2012 <u>AI Energy Public Co., Ltd.</u> Selling forward exchange contracts USD	1,846.00	56,638.05	30.6815 - 30.7506	Feb. 2013

19. 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 Energy Public Co., Ltd.	1922(1)/2553	Not yet implemented	Producing biodiesel	-
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

5. Important privileges which are granted :

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.

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.

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.

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.

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.

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 Logistics Company Limited has canceled the promotional certificates Nos. 1241(2)/2550, due to the Company has sold assets in the promotional certificates.

20. FINANCIAL INFORMATION BY SEGMENT

The information by segment is as follows :

THOUSAND BAHT

CONSOLIDATED	FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2013								Total
	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	
Revenues from sales and services	313,032	96,368	13,310	2,144,752	55,000	28,924	22,067	-	2,673,453
Cost of sales and services	(153,954)	(78,628)	(12,058)	(1,986,788)	(24,853)	(20,930)	(18,023)	(6,070)	(2,301,304)
Gross profit (loss) by segment	159,078	17,740	1,252	157,964	30,147	7,994	4,044	(6,070)	372,149
Non-allocation expenses									(110,936)
Profit from operation									261,213
Other income									10,676
Finance costs									(33,566)
Share of loss from investments in associate									(6,481)
Income tax expenses									(3,085)
Profit for the period									228,757
Profit attributable to Equity holders of the parent									227,710
Non-controlling interests									1,047
Property, plant, vessel and equipment-net	702,939	22,315	20,378	647,348		199	81,144	460,744	1,935,067

		FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2012								Total
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		260,487	78,767	13,821	1,914,050	19,961	913	9,918	-	2,297,917
Cost of sales and services		(121,814)	(66,626)	(11,185)	(1,810,936)	(11,318)	(716)	(4,564)	(6,747)	(2,033,906)
Gross profit (loss) by segment		138,673	12,141	2,636	103,114	8,643	197	5,354	(6,747)	264,011
Non-allocation expenses										(118,327)
Profit from operation										145,684
Other income										15,577
Finance costs										(31,328)
Share of loss from investments in associate										(3,400)
Income tax expenses										(17,848)
Profit for the period										108,685
Profit attributable to										
Equity holders of the parent										108,279
Non-controlling interests										406
Property, plant, vessel and equipment-net		732,280	4,781	20,325	636,210		112	97,491	474,557	1,965,756

21. COMMITMENT AND CONTINGENT LIABILITIES

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

PARTICULARS	MILLION BAHT			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Letters of guarantee issued by commercial banks	342.20	307.11	101.37	109.23

The subsidiaries have mortgaged land, plant, port and terminals with structure and the transfer right of beneficiary under insurance policy to commercial banks as commitment.

The Company is the guarantor of debt payment for bank overdrafts, short-term and long-term loans from financial institutions for subsidiaries amount of Baht 2,832 million, and two subsidiaries in the group have made inter-guarantee amount of Baht 410 million.

22. 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 9
2. Subsidiaries	
AI Engineering Services Company Limited	See also Note 10
AI Energy Public Company Limited	See also Note 10
AI Logistics Company Limited	See also Note 10
AI Ports and Terminals Company Limited	See also Note 10
3. Related companies	
Samart Palm Company Limited	Director is relative of the directors of the Company
Samart Palmoil Company Limited	Director is relative of the directors of the Company

The significant transactions with related parties are as follows:

22.1 Sales and services rendered, other income and expenses with related parties for the six-month periods ended June 30,

THOUSAND BAHT

PARTICULARS	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Sales of products and raw materials				
PPC Asian Insulators Co., Ltd.	1,562	1,723	1,562	1,678
AI Energy Public Co., Ltd.	-	-	7,400	7,400
AI Ports and Terminals Co., Ltd.	-	-	11,729	-
Sales of hybrid clay				
PPC Asian Insulators Co., Ltd.	69,600	66,346	69,600	66,346
Dividend income				
AI Engineering Services Co., Ltd.	-	-	-	2,995
Other income - rental				
PPC Asian Insulators Co., Ltd.	619	619	619	619
AI Engineering Services Co., Ltd.	-	-	228	228
AI Logistics Co., Ltd.	-	-	50	50
Other income - services				
PPC Asian Insulators Co., Ltd.	678	789	678	789
AI Engineering Services Co., Ltd.	-	-	378	337
AI Logistics Co., Ltd.	-	-	237	238
AI Energy Public Co., Ltd.	-	-	557	559
AI Ports and Terminals Co., Ltd.	-	-	303	318
Other income - interest income				
AI Logistics Co., Ltd.	-	-	598	2,895
AI Energy Public Co., Ltd.	-	-	1,741	3,237
AI Ports and Terminals Co., Ltd.	-	-	2,458	2,991
Purchases good				
Samart Palm Co., Ltd.	10,417	22,230	10,417	22,230
Samart Palmoil Co., Ltd.	8,746	17,720	8,746	17,720
Purchases of scrap clay				
PPC Asian Insulators Co., Ltd.	36,837	17,983	36,837	17,983
Purchase of consumed supply				
PPC Asian Insulators Co., Ltd.	1	21	1	21
AI Energy Public Co., Ltd.	-	-	22	35

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.

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

THOUSAND BAHT

PARTICULARS	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Trade accounts receivable				
PPC Asian Insulators Co., Ltd.	38,733	46,226	38,733	46,226
AI Ports and Terminals Co., Ltd.	-	-	6,928	1,306
Related parties receivable				
PPC Asian Insulators Co., Ltd.	8,237	8,232	8,237	8,232
AI Engineering Services Co., Ltd.	-	-	12	16
AI Logistics Co., Ltd.	-	-	3	3
Short - term loans to related parties				
AI Logistics Co., Ltd.	-	-	-	49,000
AI Energy Public Co., Ltd.	-	-	20,000	150,000
AI Ports and Terminals Co., Ltd.	-	-	-	195,000
Accrued interest				
AI Energy Public Co., Ltd.	-	-	12	-
Electrical system installation and supervising construction of factory				
AI Engineering Services Co., Ltd.	-	-	5,978	17,990
Sales of equipment				
AI Energy Public Co., Ltd.	-	-	-	40
AI Ports and Terminals Co., Ltd.	-	-	-	61
Trade accounts payable				
PPC Asian Insulators Co., Ltd.	20,050	27,893	20,050	27,893
Samart Palm Co., Ltd.	320	-	320	-
Samart Palmoil Co., Ltd.	319	-	319	-

THOUSAND BAHT

PARTICULARS	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Related parties payable				
AI Engineering Services Co., Ltd.	-	-	5,117	-
AI Energy Public Co., Ltd.	-	-	3,259	32
Retention payable				
AI Engineering Services Co., Ltd.	-	-	2,489	2,489

23. CAPITAL MANAGEMENT

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	
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Debt to equity ratio	1.14 : 1	1.41 : 1	0.43 : 1	0.31 : 1

24. LITIGATION

AI Energy Public Company Limited (Subsidiary) was sued by the Official Receiver of Phamola Company Limited for transferring back the trademark "Phamola" to the debtor's assets and pays the compensation amount of Baht 3.75 million with an interest rate of 7.50% per annum. On August 9, 2012, the Central Bankruptcy Court has ordered to dismiss the case. At present, the case is under consideration of the Supreme Court.

The management of subsidiary is confident that no significant losses will be incurred as a result therefore no provision for possible liabilities has been made in the financial statements.

25. FINANCIAL STATEMENTS APPROVAL

These interim financial statements are duly approved by the Company's directors on July 29, 2013.