



ANNUAL REPORT 2011

AAPICO HITECH

AAPICO HITECH PUBLIC COMPANY LIMITED



VISION

The AAPICO Group's vision is to become a lean and happy world-class organization with 4 fundamental values of Happy Customers, Happy Employees, Happy Shareholders, and Happy Public.



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President's Message

2011 was a year marked by the fierce wrath of nature. In the annals of the AAPICO Group and for that matter, of the Kingdom of Thailand as well, 2011 was a most memorable year fraught with challenges to overcome the ravages of nature. In March, Japan was hit by one of the worst tsunamis which took the lives of over 30,000 people. Six months later, Thailand was hit by a massive protracted flood never seen before during the past fifty years. Our head office and factory at Hitech Industrial Estate was inundated to a depth of 2.2 meters. We were flooded for over forty days, from October 13th to November 25th. Due to excellent planning and the dedicated support of our associates, we were able to recover from the devastation and attained full production by the end of February 2012.

The two calamities, occurring over a span of seven to eight months within the year, had a significant and severe impact on the global car industry. Fortunately, the recovery was quick in both instances.

AAPICO Group's total revenue in 2011 was Baht 10,786 million, a drop from Baht 11,344 million in 2010. We faced a loss of Baht 390 million, mainly caused by the huge loss of Baht 664 million in the fourth quarter.

The car production in Thailand was 1.5 million vehicles in 2011 but is expected to touch 2 million units in 2012, half of which will be for the domestic market. Hence, 2012 will be a record year for the car industry in the kingdom of Thailand. Our China forging operations continue to do well. The forging plant and machining plant in Kunshan are being relocated to the new facility which is totally owned by AAPICO. This new facility will allow us to double our capacity and also make the operations more compact with forging and machining operated under one roof.

The Malaysian Honda dealership operations underperformed solely because of the lack of cars caused by the effects of the tsunami in Japan and the floods in Thailand.



“ There is sunshine and happiness in the car industry and I hope there will be no new calamities to disrupt the momentum that is building up.”

Overall, our Thailand's car dealerships of Ford and Mitsubishi improved. However, the parts manufacturing operations were affected by the floods and did not perform well.

The outlook in 2012 for the car industry is very bright. Hence, we are forecasted to do well due to this positive outlook of the car industry. We can expect about 20 percent growth. In early 2012, there was a dearth of vehicles which continues until even today; there is still a wait of 2 to 3 months to buy a new model of any brand.

At the end of 2011, we saw the successful launch of several models: Ford and Mazda pickup, Isuzu pickup GM pickup and Honda pickup. These new model launches took up all the available capacities of all our press shops.

There is sunshine and happiness in the car industry and I hope there will be no new calamities to disrupt the momentum that is building up.

Finally, I would like to extend my sincere appreciation to all employees, business associates and partners, valued customers, suppliers, bankers and shareholders who gave us their good support throughout the year



Yeap Swee Chuan
President and CEO



B Board of Directors



- 1) Mr. Yeap Swee Chuan
- 2) Mrs. Teo Lee Ngo
- 3) Mr. Shigeyuki Eto
- 4) Mr. Hiroto Murai
- 5) Mr. Pipat R. Punya

- 6) Mr. Supasak Chirasavinuprand
- 7) Mrs. Pornnipa Praditsuktavorn
- 8) Mr. John Parker
- 9) Mr. Kenneth Ng Shih Yek

President & CEO
 Executive Director
 Executive Director
 Director
 Independent Director
 and Chairman of Audit Committee
 Independent Director
 and member of Audit Committee
 Independent Director
 and member of Audit Committee
 Independent Director
 Independent Director



Seated from left

Mr. John Raymond Drew	Project Director, AAPICO Hitech Tooling
Mr. Shigeyuki Eto	Executive Director, AAPICO Hitech
Mr. Yeap Swee Chuan	President & CEO, AAPICO Hitech
Mrs. Teo Lee Ngo	Executive Director, AAPICO Hitech
Mr. Takashi Tajima	Plant Director, AAPICO Forging
Mr. Veera Buanwongse	Production Director, AAPICO Hitech

Standing from left

Mr. Kawee Wasarucharekul	GM, AAPICO Hitech
Mr. Sattha Peth-In	Asst. GM, AAPICO Hitech Parts
Ms. Koh Tang Kim	GM, New Era Sales (M) & Tenaga Setia Resources (M)
Mrs. Kannika Kartiwithcha	Asst. GM, AAPICO Hitech
Ms. Xin Yi Yeap	Executive Director, New Era Sales & Able Motors
Mr. Yugio Duad	GM, AAPICO ITS & AMACTION
Mr. Reongsuk Viphoonitisikul	GM, AAPICO Hitech



Seated from left

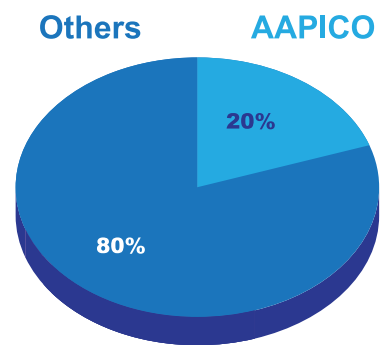
Mr. Shigeyuki Eto	Executive Director, AAPICO Hitech
Ms. Xin Rhu Yeap	COO, AAPICO Forging
Mr. Yeap Swee Chuan	President & CEO, AAPICO Hitech
Mrs. Teo Lee Ngo	Executive Director, AAPICO Hitech
Mr. Yong Pathuangsuks	COO, AAPICO Amata
Mr. Yoshiyuki Gohara	COO, AAPICO Plastics

Standing from left

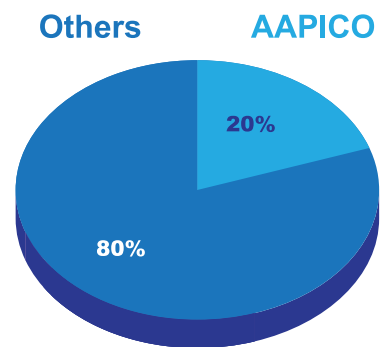
Ms. Arunee Jarutkanont	Accounting Manager, AAPICO Forging
Mr. Jeerapath Tantrarattana	GM, AAPICO Plastics Rayong
Mr. Prateep Chumsri	Asst. GM, AAPICO Forging
Mr. Chalee Nokbin	Asst. GM, AAPICO Amata
Ms. Sirivan Koo-amphorn	Senior GM, AAPICO Forging

Market Share of Single Products

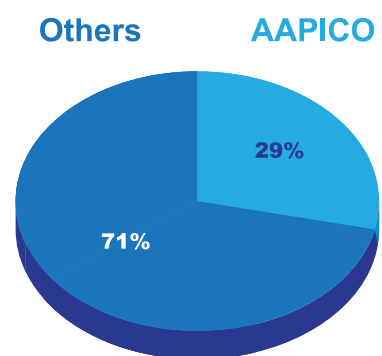
Chassis Frame



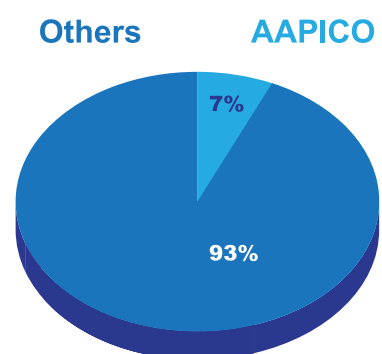
Steel Fuel Tank



Door Check



Plastic Fuel Tank



Financial Highlights

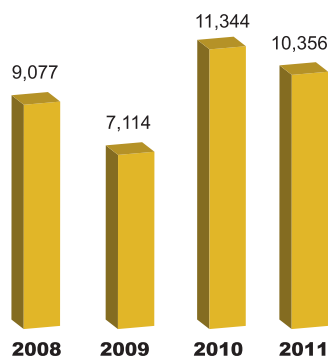


Consolidated Financial Statements

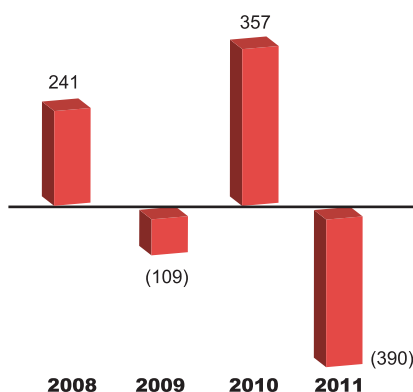
	2008	2009	2010	2011
Profit and Loss Statements (Million Baht)				
Sales and Service Income	9,077	7,114	11,344	10,356
Gross Profit (Loss)	665	358	830	764
EBITDA	783	427	1,138	397
EBIT	371	42	705	(59)
Net Profit (Loss)	241	(109)	357	(390)
Net Earning per share (Baht)	1.07	(0.48)	1.57	(1.72)
Balance Sheet (Million Baht)				
Total Assets	9,262	9,545	11,474	11,521
Total Liabilities	4,746	5,244	6,868	7,416
Shareholders' Equity	4,516	4,302	4,606	4,105
Financial Ratios				
Current Ratio (times)	0.73	0.54	0.88	0.67
Gross Profit Margin (%)	7.32%	5.03%	7.31%	7.38%
Net Profit Margin (%)	2.54%	(1.47%)	3.03%	(3.61%)
Return on Total Assets (%)	2.52%	(1.24%)	3.75%	(3.41%)
Return on Equity (%)	5.16%	(2.64%)	8.85%	(9.00%)
Debt to Equity (times) *	0.67	0.67	0.93	1.21
Time Interest Earned (times)	3.07	0.33	4.00	(0.25)
Dividend (% of Net Profit)	32.30%	N/A	35.44%	N/A**

Unit: Million Baht

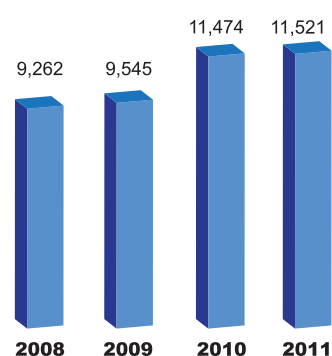
Sales and Service Income



Net Profit (Loss)



Total Assets



* Debt to Equity = (Bank overdrafts + Bank Loans)/Total Equity

** The Interim Dividend payment was made from the net profit of the first half 2011

Corporate Social Responsibility (CSR)



With firm commitment to operate business with full awareness of the environment, it is one of our core values to be socially responsible. Even when the Company was affected by the flood, the Company still insist to support many socially responsible projects. Among these include “Quality of Life” training, projects that encourage employees to participate in social activities. “Quality of life Club”, which includes sacrifice club, health club, Buddhism club, and committed saving club. All these activities emphasize on supporting the employees to be a good role model for their family and be an important part in developing the Thai society.

EDUCATIONAL SCHOLARSHIP

AAPICO Group recognizes the importance of education to the development of Thai society, as well as giving opportunity to children without the financial resources. AAPICO Group continuously provides education scholarships to AAPICO employees from primary to university level:



As of April 27th, 2011 AAPICO Hitech PLC has granted 22 scholarships.

Scholarship for employees' children



As of August 9th, 2011, on the occasion of Mother's Day, AAPICO Forging PLC granted 11 scholarships.

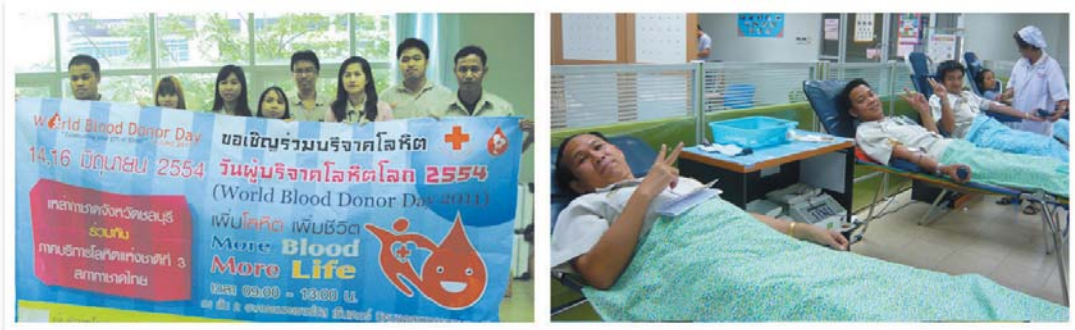


As of June 21st, 2011, AAPICO Amata Co., Ltd. granted 20 scholarships.

QUALITY OF LIFE PROGRAM

Other than educational scholarships, the Company emphasizes and encourages its employees to take part in socially responsible activities and programs through the “Quality of Life Club”, which has been established since 2009. The “Quality of Life Program” aims at improving the physical and mental health of the employees and encouraging employees to be generous and be a good person.

The Sacrifice Club – Activities that promote donation.



AAPICO Plastic PLC., Blood Donation | **AAPICO Forging PLC., Blood Donation.**
September 2nd, 2011.



AAPICO Amata Co., Ltd. donated to Border Patrol Police School in Kanchanaburi Province, August 14th, 2011. | **AAPICO Hitech PLC** donated to Katanyoo Foundation for a school in Chaiyabhum, January 7th, 2011.

AAPICO Hitech PLC and AAPICO Forging PLC. donated used calendars to Thailand foundation for the Blind, to be used as educational materials, January 30th, 2011.



AAPICO Group participated in the “Green Roof Project with Princess Pa Foundation by donating used beverage cartons to make roof tiles.



AAPICO Amata Co., Ltd. and **AAPICO Forging PLC.** donated money to Mr. Sombat Nanamchiew, an employee of AAPICO Forging PLC. whose house was burnt down.



QUALITY OF LIFE PROGRAM

Health Club - Activities that promote healthy and good lifestyle.

AAPICO Forging PLC. has launched the “Quit smoking for health” for 3 consecutive years since 2009.



AAPICO Amata Co., Ltd. set up a “Brand New You” Campaign and encouraged employees to exercise by playing “Hula hoops”.

Buddhism Club- Activities that promote Buddhism

AAPICO Plastic PLC. attended the annual merit making on Buddhist Lent Day at Wat Lard Wai on July 16th, 2011 and organized merit making for the company’s 32nd anniversary on August 1st, 2011.



AAPICO Amata Co., Ltd. organized the New Year merit making, January 29th, 2011.

AAPICO Hitech PLC. organized Buddhist Lent Day merit making, July 14th, 2011.



AAPICO Forging PLC. organized New Year merit making, January 14th, 2011 and Songkran Day.

QUALITY OF LIFE PROGRAM

Committed Saving Club – Activities that encourage good spending habit.



AAPICO Plastic PLC. with Community Development experts provided a small class on household accounting, April 22nd, 2011.



AAPICO Hitech PLC. with The Government Savings Bank gave advice on credit card usage, August 3rd, 2011.

QUALITY OF LIFE TRAINING



AAPICO Group has initiated the training course called “Quality of Life Training” with a qualified team of trainers and lecturers from Thailand Developer Club for 3 days, 2 nights. The course encourages the participants to remember and practice the fundamental of life, stay away from vices, encourage loving and understanding in the family and understand the real root cause of daily problems and work out the problems in a way that can improve their quality of life. In addition, this training emphasizes the importance of the development of self-discipline, teamwork and good leadership. The participants have become a strong contributor to our Quality of Life Clubs.

Since 2008 AAPICO Group has conducted in total of 12 training sessions with approximately 1,302 participants. The Company has a strong determination to continue this activity with the goal of having all our employees to participate.



Awards and Achievements

Prestigious Award in Best in Quality and Delivery for 2011



AAPICO Amata Co., Ltd. a subsidiary of AAPICO Hitech PLC. has been awarded with “Best Supplier in Quality and Delivery” Award from Isuzu Motors Thailand Co., Ltd. for its 4th consecutive year since 2008.



Presented by : Isuzu Motors Thailand Co., Ltd.

Date : May 25th, 2011 and May 30th, 2011

2nd Runner-Up for Zero Accident in the Workplace Award



AAPICO Plastic PLC., a subsidiary of AAPICO Hitech PLC., has received the Runner-Up for Zero Accident in the Workplace award with 1,894,517 hours of operation with zero accidents.



Presented by : Department of Labor Protection and Welfare, Ministry of Labor

On the occasion of : Annual Award Presentation for Zero Accident Campaign

Date : August 10th, 2011

Certified for Occupational Health and Working Environment Safety



AAPICO Plastic PLC., a subsidiary of AAPICO Hitech PLC., has received the certificate for the Best Occupational Health and Working Environment Safety, Provincial Level.

Presented by : Ministry of Labor

On the occasion of : 25th National Safety week

Date : July 7th, 2011

White Flag Hand Over Ceremony for “Drug-Free Industrial Estate Campaign”



AAPICO Plastic PLC., a subsidiary of AAPICO Hitech PLC., received the white flag for “Drug-Free Industrial Estate Campaign” to become one of the Drug Free Factories and fight against drug usage in the work place.

On the occasion of : Bangplee Award Presentation and Drug Free Campaign at Bitech Convention Hall

Date : July 28th, 2011

M Main Businesses



AAPICO HITECH PUBLIC COMPANY LIMITED [AH]

AAPICO Hitech PLC. was founded in 1996 and listed on the Stock Exchange of Thailand in 2002. The Company's main businesses are to design, produce, and install assembly jigs, stamping dies, and OEM auto parts, including floor parts, cross members, pillars, brackets, clips, fuel tanks, etc. The Company has invested in other businesses associated with the automotive industry including car dealerships, car navigation systems, etc. AAPICO Group comprises a total of 30 companies (21 in Thailand and 9 overseas).

AAPICO Hitech PLC. has paid-up capital of Baht 268.874 million. The main shareholders are Mr. Yeap Swee Chuan's Group holding 35.80% and Sojitz Corporation holding 15.75% of total outstanding shares. The Company is selling mainly to the leading automotive assemblers both locally and overseas.

OEM AUTO PARTS MANUFACTURING

AAPICO AMATA COMPANY LIMITED [AA]



AAPICO Amata Co., Ltd.'s main business is to produce pickup truck Chassis frames supplied to Isuzu Motors (Thailand) for the new and old Isuzu D-Max and General Motors for Chevrolet Colorado.

AAPICO Amata Co., Ltd. is wholly owned by AAPICO Hitech PLC. with paid-up capital of Baht 800 million.

AAPICO FORGING PUBLIC COMPANY LIMITED [AF]



AAPICO Forging PLC.'s main business is to manufacture automotive forged and machined parts including steering and suspension system, and hubs, ball joints, axle and engine parts.

AAPICO Forging Co., Ltd. is wholly owned by AAPICO Hitech PLC. with paid-up capital of Baht 500 million. The main customers are Auto Alliance Thailand, Dana Spicer, GKN Driveline, TRW Steering and Suspension, Yamaha, and MAGNA.

AAPICO HITECH PARTS COMPANY LIMITED [AHP]



AAPICO Hitech Parts Co., Ltd.'s main business is to manufacture OEM Press Parts for automotive car assemblers including floor parts, brackets, etc. The Company also produces hard disk drive components.

AAPICO Hitech Parts Co., Ltd. is wholly owned by AAPICO Hitech PLC. with paid-up capital of Baht 120 million. The main customer are Auto Alliance Thailand, Nissan, and Isuzu.

OEM AUTO PARTS MANUFACTURING

AAPICO MITSUIKE (THAILAND) COMPANY LIMITED [AMIT]



AAPICO Mitsuike Co., Ltd. was established initially to focus on engineering and marketing press parts for domestic sales to Nissan. Future expansion is also planned in line with expansion of manufacturing facility.

AAPICO Mitsuike Co., Ltd. is jointly owned by AAPICO Hitech PLC. and Mitsuike (Japan) with equity participation of 51% and 49% respectively. The company has paid-up capital of Baht 33 million.

AAPICO PLASTICS PUBLIC COMPANY LIMITED [AP]



AAPICO Plastics PLC.'s main business is to manufacture automotive plastics parts including automotive plastic fuel tanks.

AAPICO Plastics PLC. is wholly owned by AAPICO Hitech PLC. through holding, AAPICO Forging PLC. with paid-up capital of Baht 150 million. The main customers are Auto Alliance Thailand, GM, Yamaha, and Isuzu.

ABLE SANOH INDUSTRIES (1996) COMPANY LIMITED [ASICO]



Able Sanoh Industries Co., Ltd.'s main business is to make brake lines, fuel lines, and engine parts for automotive assemblers in Thailand.

Able Sanoh Industries Co., Ltd. is jointly owned by AAPICO Hitech PLC., Sanoh Industrial (Japan), and Sojitz Corporation (Japan) with shareholding percentage of 46%, 51% and 3% respectively and paid-up capital of Baht 117.7 million. The main customers are Auto Alliance Thailand, Honda, Mitsubishi, Nissan and Toyota.

OEM AUTO PARTS MANUFACTURING

AAPICO STRUCTURAL PRODUCTS COMPANY LIMITED [ASP]



AAPICO Structural Products Co., Ltd.'s main business is to produce automotive Chassis frames supplied to Isuzu Motors (Thailand) for Isuzu D-Max pickup truck.

AAPICO Structural Products Co., Ltd. is wholly owned by AAPICO Hitech PLC. with paid-up capital of Baht 200 million.

AAPICO SHANGHAI COMPANY LIMITED [AS] - China



AAPICO Shanghai Co., Ltd.'s main business is to manufacture automotive machined parts to support our production at Kunshan Chaitai-Xincheng Precision Forging Co., Ltd.

AAPICO Shanghai Co., Ltd. is wholly owned by AAPICO Hitech PLC. with paid-up capital of USD 2 million.

KUNSHAN CHAITAI-XINCENG PRECISION FORGING COMPANY LIMITED [KCX] - China



Kunshan Chaitai-Xincheng Precision Forging Co., Ltd.'s main business is to manufacture forged parts including connecting rods and gears to support car assemblers in China.

Kunshan Chaitai-Xincheng Precision Forging Co., Ltd. is wholly owned by AAPICO Hitech PLC. with paid-up capital of USD 6.1 million. The main customers are SGMW, Schneider, Chery, Wuxi Mingyu and Shandong Wenming.

OEM AUTO PARTS MANUFACTURING

MINTH AAPICO (THAILAND) COMPANY LIMITED [MA]



Minth AAPICO Co., Ltd.'s main business is to design, produce, and sell automotive components including door sash, trim parts, decorative parts and roof racks.

Minth AAPICO Co., Ltd.'s is jointly owned by AAPICO Hitech PLC. and SINOONE Holding, a wholly-owned unit of Minth Group Ltd. (China), with the shareholding of 40% and 60% respectively. The company has paid-up capital of Baht 378.5 million. The main customers are Auto Alliance Thailand and Ford India.

SANOH INDUSTRIES (THAILAND) COMPANY LIMITED [SI]



Sanoh Industries Co., Ltd.'s main business is the manufacture of Fulton brazed steel tubing sold to domestic customers as well as exported to ASEAN countries.

Sanoh Industries Co., Ltd. is held 20% by AAPICO Hitech PLC. with paid-up capital of Baht 146.25 million. The main customers are the major OEMs.

THAI TAKAGI SEIKO COMPANY LIMITED [TTSC]



Thai Takagi Seiko Co., Ltd.'s main business is to produce plastic parts for automotive customers, such as Thai Suzuki, Kawasaki and Keihin.

Thai Takagi Seiko Co., Ltd. is jointly owned by AAPICO Hitech PLC., Takagi Seiko Corporation. and Sojitz Management (Thailand) Co., Ltd. with shareholding percentage of 49%, 49% and 2% respectively. The company has paid-up capital of Baht 27 million.

ASSEMBLY JIGS

AAPICO HITECH TOOLING COMPANY LIMITED [AHT]



AAPICO Hitech Tooling Co., Ltd.'s main business is to design and manufacture assembly jigs, for both export and to support AAPICO Hitech PLC.'s operations. In the past 3 years AAPICO Hitech Tooling has supplied Jigs to Renault, Ford, BMW, Mercedes Benz, Mazda.

AAPICO Hitech Tooling Co., Ltd. is wholly owned by AAPICO Hitech PLC. with paid-up capital of Baht 65 million.

CAR DEALERSHIPS

ABLE MOTORS COMPANY LIMITED [AM]



Able Motors Co., Ltd. is a car dealer for Mitsubishi vehicles involving sales and after-sales service with showrooms and service centers located in Navanakorn and Ladprao.

Able Motor Co., Ltd. is wholly owned by AAPICO Hitech PLC. with paid-up capital of Baht 20 million.

NEW ERA SALES COMPANY LIMITED [NESC]



New Era Sales Co., Ltd. is a car dealer for Ford vehicles supporting both sales and after-sales service with total of 2 showrooms in Ramintra and Samutprakran Province.

New Era Sales Co., Ltd. is wholly owned by AAPICO Hitech PLC. with paid-up capital of Baht 20 million.

CAR DEALERSHIPS

NEW ERA SALES (M) SDN. BHD. [NESM] - Malaysia



New Era Sales (M) Sdn. Bhd. is a Honda dealership with a showroom and service center located in Kajang.

New Era Sales (M) Sdn. Bhd. is jointly owned by AAPICO Hitech PLC. and Tenaga Setia Resources Sdn. Bhd., with equity participation of 49% and 51% respectively. The company has paid-up capital of RM 1.5 million.

TENAGA SETIA RESOURCES SDN. BHD. [TSRS] - Malaysia



Tenaga Setia Resources Sdn. Bhd. is a Honda dealership with a showroom and service center located in Petaling Jaya.

Tenaga Setia Resources Sdn. Bhd. is jointly owned by AAPICO Hitech PLC. and Malaysian Investors with equity holding of 49% and 51% respectively. The company has paid-up capital of RM 6 million.

CAR DISTRIBUTOR

HYUNDAI MOTOR (THAILAND) COMPANY LIMITED [HM]



Hyundai Motor Co., Ltd. is a sole distributor responsible for manufacturing marketing, sales and after-sales service of both CKD and CBU model of Hyundai cars in Thailand.

Hyundai Motor Co., Ltd. is jointly owned by AAPIC Hitech PLC., Sojitz Corporation (Japan), and Sojitz Asia Pte with shareholding percentage of 30%, 55% and 15% respectively. The company has paid-up capital of Baht 550 million.

CAR NAVIGATION

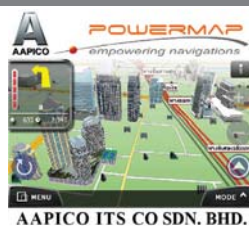
AAPICO ITS COMPANY LIMITED [AITS]



AAPICO ITS Co., Ltd.'s main business is to market, service, and sell POWERMAP Car Navigation system including both software and map.

AAPICO ITS Co., Ltd. is owned by AAPICO Hitech PLC. with 60% of shares. The company has paid up capital of Baht 100 million. The main customers are JVC, Priority, Zulex, etc.

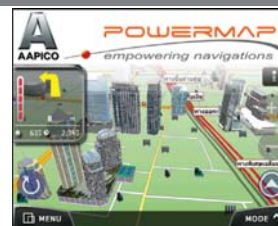
AAPICO ITS CO SDN. BHD. [AITSM]



AAPICO ITS CO Sdn. Bhd. was established in 2011 to expand POWERMAP Car Navigation into the Malaysian Market. POWERMAP has already made a significant impact on the market, despite only recently being launched in the Malaysian Market.

AAPICO ITS CO Sdn. Bhd. is owned by AAPICO ITS Co., Ltd. and other Malaysian investors with shareholding percentage of 49% and 51% respectively with paid-up capital of RM 250,000.

AMACTION COMPANY LIMITED [AMAC]



AMaction Co., Ltd.'s main business is to develop and manufacture software for Car Navigation system called "POWERMAP" which is supplied to AAPICO ITS Co., Ltd.

AMaction Co., Ltd. is jointly owned by AAPICO Hitech PLC. and Maction Technology (Taiwan) Inc. with equity participation of 51% and 49% respectively and paid-up capital of Baht 10 million.

CAR NAVIGATION		OTHERS	
PAPAGO THAILAND COMPANY LIMITED [PPG] Papago (Thailand) Co., Ltd.'s main business is to develop and manufacture Car Navigation software. Papago (Thailand) Co., Ltd. is jointly owned by AAPICO Hitech PLC. and Maction Technology (Taiwan) Inc. with equity percentage of 12% and 88% respectively. The company has paid-up capital of Baht 10 million.	AAPICO ENGINEERING COMPANY LIMITED [AE] AAPICO Engineering Co., Ltd. focused on CAE (Computer Aided Engineering), programming, engineering, consultancy, engineering design and engineering research & development. AAPICO Engineering Co., Ltd. is wholly owned by AAPICO Hitech PLC. with paid-up capital of Baht 100 million.	AAPICO ENGINEERING SDN.BHD. [AEM] - Malaysia AAPICO Engineering Sdn. Bhd. is set up for future business potential. Currently, it owns a piece of land in Malaysia to be used for building a new showroom for selling Honda cars. AAPICO Engineering Sdn. Bhd. is owned by New Era Sales (M) Sdn. Bhd. with shareholding of 49% and paid-up capital of RM 1 million.	
A ERP COMPANY LIMITED [AERP] A ERP Co., Ltd. is established to support the Oracle implementation for the AAPICO Group. A ERP Co., Ltd is 88% owned by AAPICO Hitech PLC. with paid-up capital of Baht 1.25 million.	AAPICO INVESTMENT PRIVATE LIMITED [AIPL] - Singapore AAPICO Investment Pte. Ltd. was established with the purpose of carrying on transactions related to merger and acquisition. AAPICO Investment Pte. Ltd. is wholly owned by AAPICO Hitech PLC. with paid-up capital of SGD 6.97 million.	ABLE ITS PRIVATE LIMITED [AITSPL] - Singapore Able ITS Co., Ltd. is a holding company for business operation in Singapore. Able ITS Co., Ltd. is wholly owned by AAPICO ITS Co., Ltd. with paid-up capital of SGD 310,000.	
AAPICO JACKSPEED COMPANY LIMITED [AJ] AAPICO Jackspeed Co., Ltd.'s main business is to manufacture sport bars for pick up trucks. AAPICO Jackspeed Co., Ltd. is jointly owned by AAPICO Hitech Parts Co., Ltd. and Jackspeed Corporation with equity participation of 60% and 40% respectively. The company has paid-up capital of Baht 20 million.	JACKSPEED CORPORATION LIMITED [JCL] - Singapore Jackspeed Corporation Ltd. is a company listed in the stock exchange of Singapore that manufacture leather seats and accessories for the automotive industry. Jackspeed Corporation Ltd. is 18% owned by AAPICO Investment Pte. Ltd. with paid-up capital of SGD 21.8 million.	KATSUYA (THAILAND) COMPANY LIMITED [KT] Katsuya (Thailand) Co., Ltd.'s main business is to manufacture surface treatment-water printing for plastic products and fabric flocking for automotive interior panels. Katsuya (Thailand) Co., Ltd. is jointly owned by AAPICO Hitech PLC. and a Singapore Investor with shareholding of 76% and 24% respectively. The company has paid-up capital of Baht 28.5 million.	

AAPICO Milestones

1985 • Registered Able Autoparts Industries Co., Ltd. (AAPICO). At the same time, started as the Ford Assembler and Distributor.

1986 • Started operations at leased factory located in Minburi, Bangkok.

1990 • Purchased own machines and moved to a leased factory at Rangsit, Pathumtani with 200 employees.

1995 • Signed Technical Agreement with Keylex Corporation of Japan to Manufacture fuel tanks for Ford and Mazda pickups.

1997 • Completed 1st AAPICO Factory on 15 rai of land in Hitech Industrial Estate, Ayuthaya.

• Established 1st Japanese joint venture with Sanoh (Japan) named Able Sanoh Industries (1996) Co., Ltd. on 10 rai of land in Hitech Industrial Estate, Ayuthaya.

2002 • Full operation, 545 employees, ISO 14001
• Listed on the Stock Exchange of Thailand (SET) on October 17th 2002.

2003 • Purchased Parish Structural Products company from Dana Corporation, USA and renamed it AAPICO Amata Co., Ltd.

2004 • Expanded to China by acquiring Kunshan Chaitai-Xincheng Precision Forging Co., Ltd., a forging and machining company.
• Issued RO (4.2 million shares at Baht. 80) and secondary PO (1.8 million shares at Baht 148) in November to raise Baht 600 million.
• Established a 30% joint venture with Fischer Tech, a plastic injection manufacturing company.

2005 • Established strategic global partnership with Sojitz Corporation – invested 15% equity in AAPICO Hitech PLC.

• Establish AAPICO Shanghai, a machining company in Shanghai, China.
• Achieved ISO/TS 16949:2002 certification

2006 • Acquired 60% of Able ITS Co., Ltd., a car navigation system company (later renamed AAPICO ITS)

• Established a new strategic joint venture in Thailand with Mitsuike Co., Ltd. of Japan, named AAPICO Mitsuike Co., Ltd.
• Invested in Jackspeed Co., Ltd., Singapore based listed company.
• Established AAPICO Hitech Parts Co., Ltd. on 15 rai of land in Hitech Industrial Estate, Ayuthaya.

2007 • Acquired of KPN PLC. and renamed it AAPICO Forging PLC and AAPICO Plastics PLC.

• Signed Technical Agreement with Edscha of Germany for technical collaboration to manufacture door-checks, hinges and parking brakes.
• Signed Technical Agreement with Kautex Textron GmbH & Co. of Germany to manufacture plastic fuel tanks.

2008 • Established Minth AAPICO Co., Ltd., a joint venture with Minth Corporation of China to manufacture door sash.

• Constructed 3 new factories on 100 rai of land in Amata City, Rayong (namely AAPICO Hitech Rayong, AAPICO Plastics Rayong, and Minth AAPICO (Thailand) Co., Ltd.)



2009 • Established AAPICO Structural Products Co., Ltd. on 40 rai of land in Amata Nakorn Industrial Estate, Chonburi.



2010 • Commenced operation of AAPICO Hitech PLC's second factory at Amata City Industrial Estate, Rayong Province.

• Established Thai Takagi Seiko Co., Ltd., a joint venture between AAPICO Hitech PLC., Takagi Seiko of Japan and Sojitz, to manufacture plastics parts
• Celebrated AAPICO Group's 25th Anniversary on November 8th, 2010 at Grand Hyatt Erawan Hotel Bangkok.
• Purchased a new piece of land in Kunshan, China with the size of 54.57 mu which is equivalent to 36,380 sq. meter

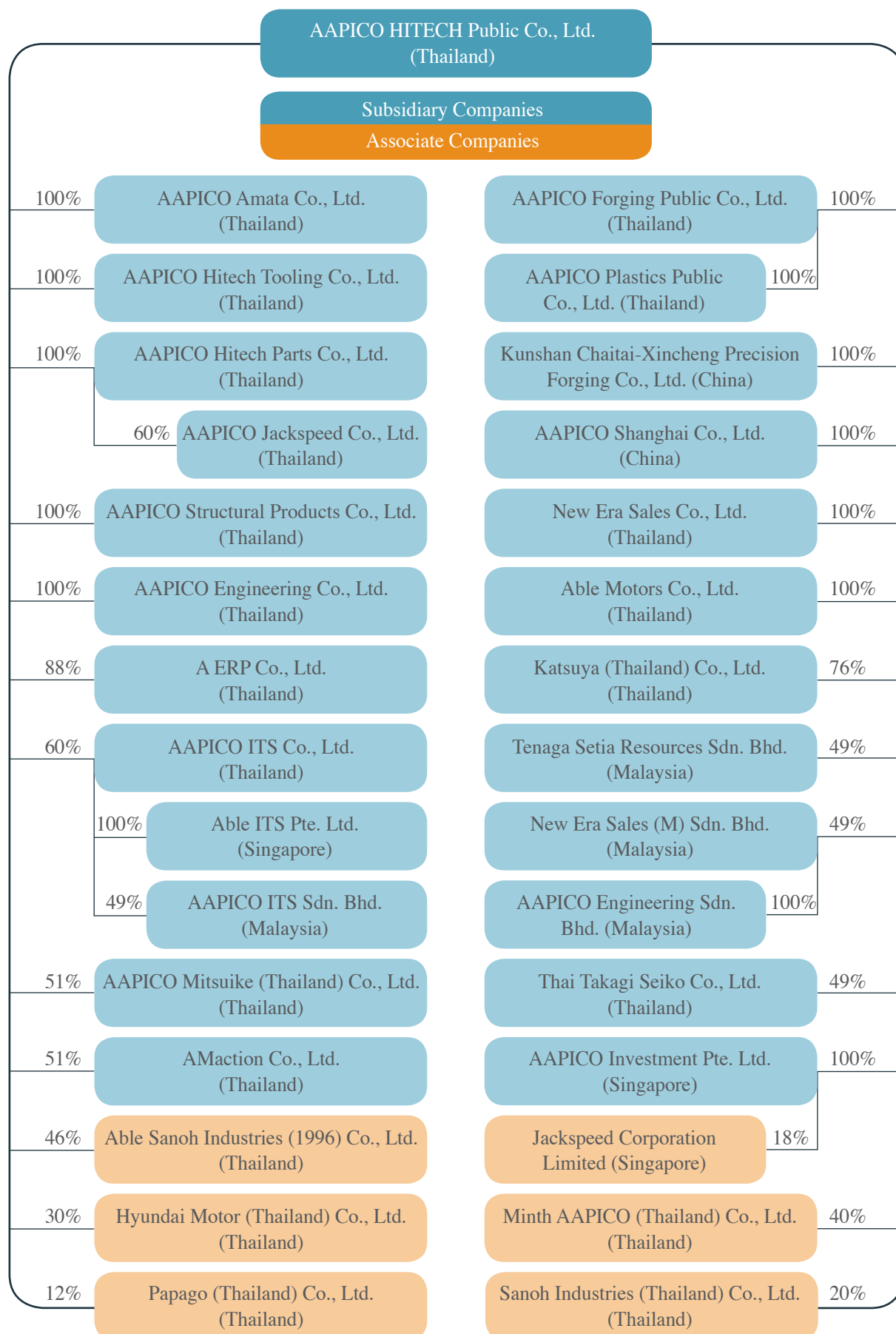


2011 • Acquired 49% of AAPICO ITS (Malaysia) Sdn. Bhd. to expand car navigation business in Malaysia.

• Completed the construction of 3S Honda Showrooms in Petaling Jaya and Kajang, Malaysia.



Company Holding Structure



R

Revenue Structure

BUSINESS

OEM Auto Parts



Manufacture the following parts

- Chassis Frames
- Stamping Parts
- Forging & Machining Parts
- Plastic Parts and Fuel Tank Systems

	2009	2010	2011
AA	1,878	2,772	2,242
ASP	-	73	211
AH	1,121	1,704	1,361
AHP	367	403	357
AF&AP	1,156	1,682	1,800
KCX&AS	563	755	865
Total	5,085	7,389	6,836

Car Dealership



Sales & after-sales service

- Ford
- Mitsubishi
- Honda

	2009	2010	2011
NESC	361	489	683
AM	138	369	572
NESM	303	736	562
TSR	1,282	1,493	1,051
Total	2,084	3,087	2,868

Jigs and Dies



Design and manufacture

- Jigs
- Dies

	2009	2010	2011
AH	145	53	253
AHT	16	397	46
Total	161	450	299

Car Navigation



Manufacture and develop

- Maps
- Car Navigation Software

	2009	2010	2011
AITs	31	36	34
AMAC	3	0.3	0
Total	34	36	34

Others



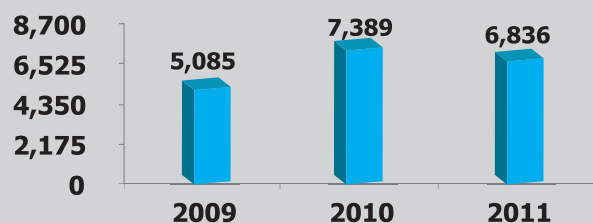
- Car Accessories
- Engineering

	2009	2010	2011
Others	2	380	400

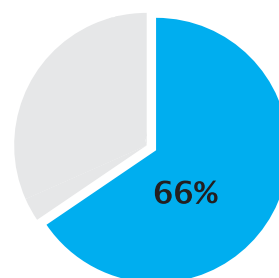
(Unit in Million Baht)

SALES TREND 2009-2011

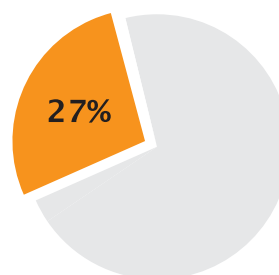
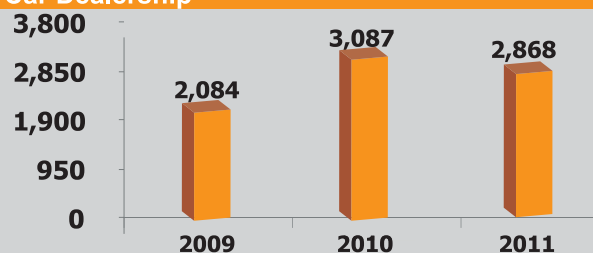
OEM Auto Parts



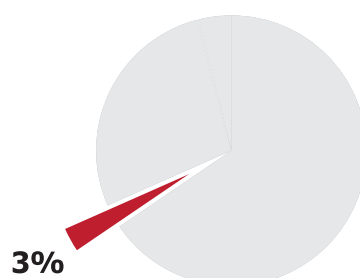
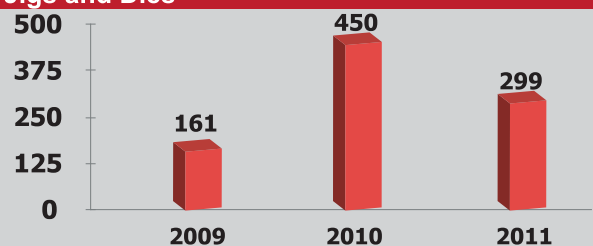
SALES CONTRIBUTION



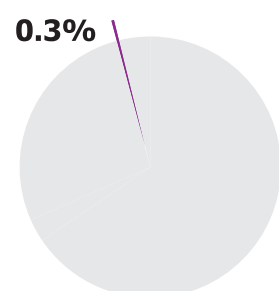
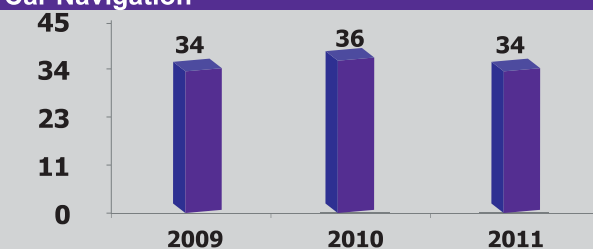
Car Dealership



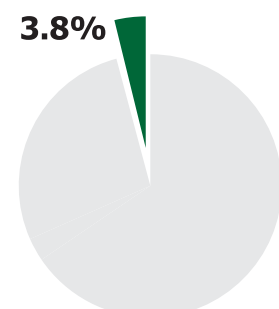
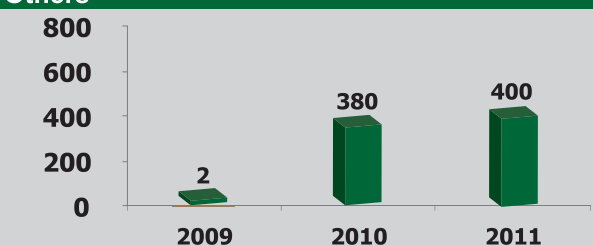
Jigs and Dies



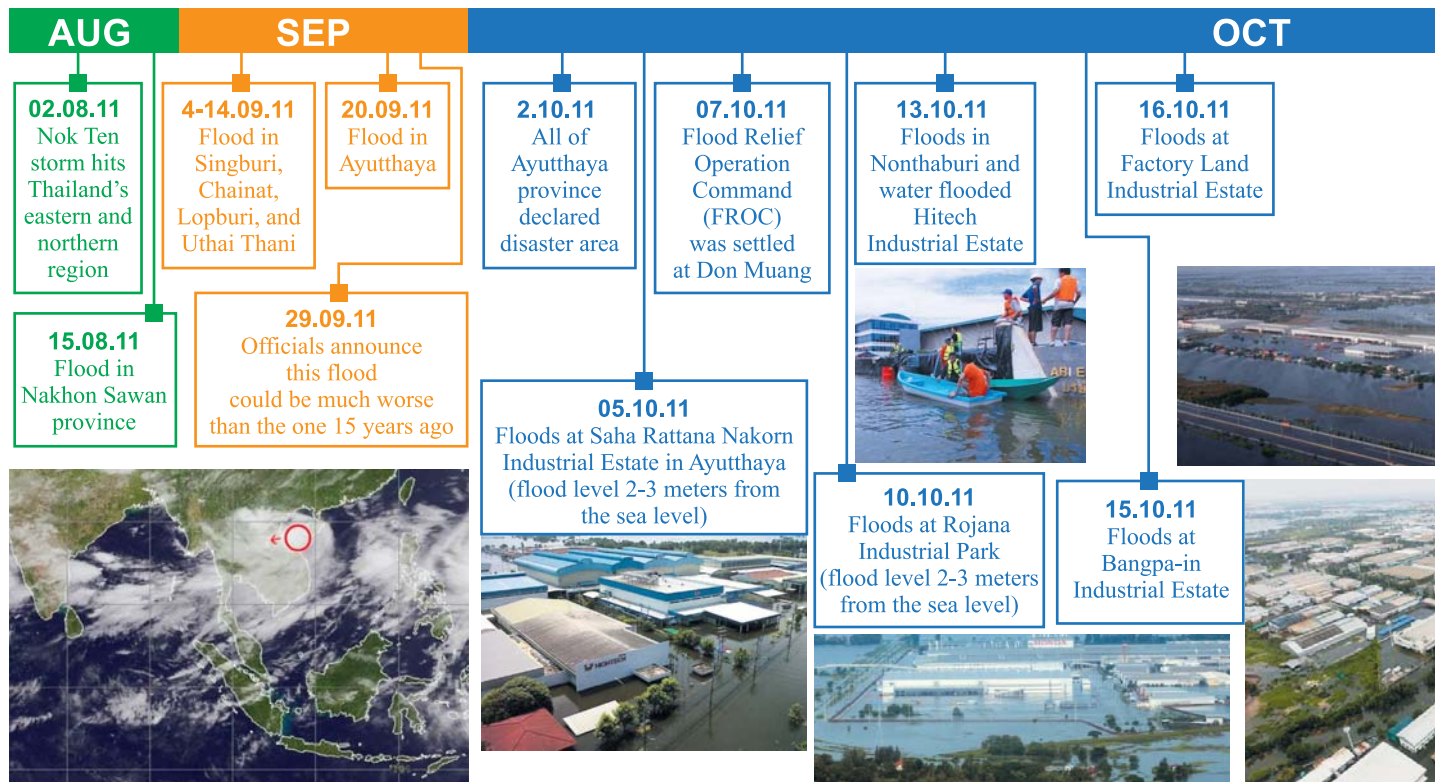
Car Navigation



Others

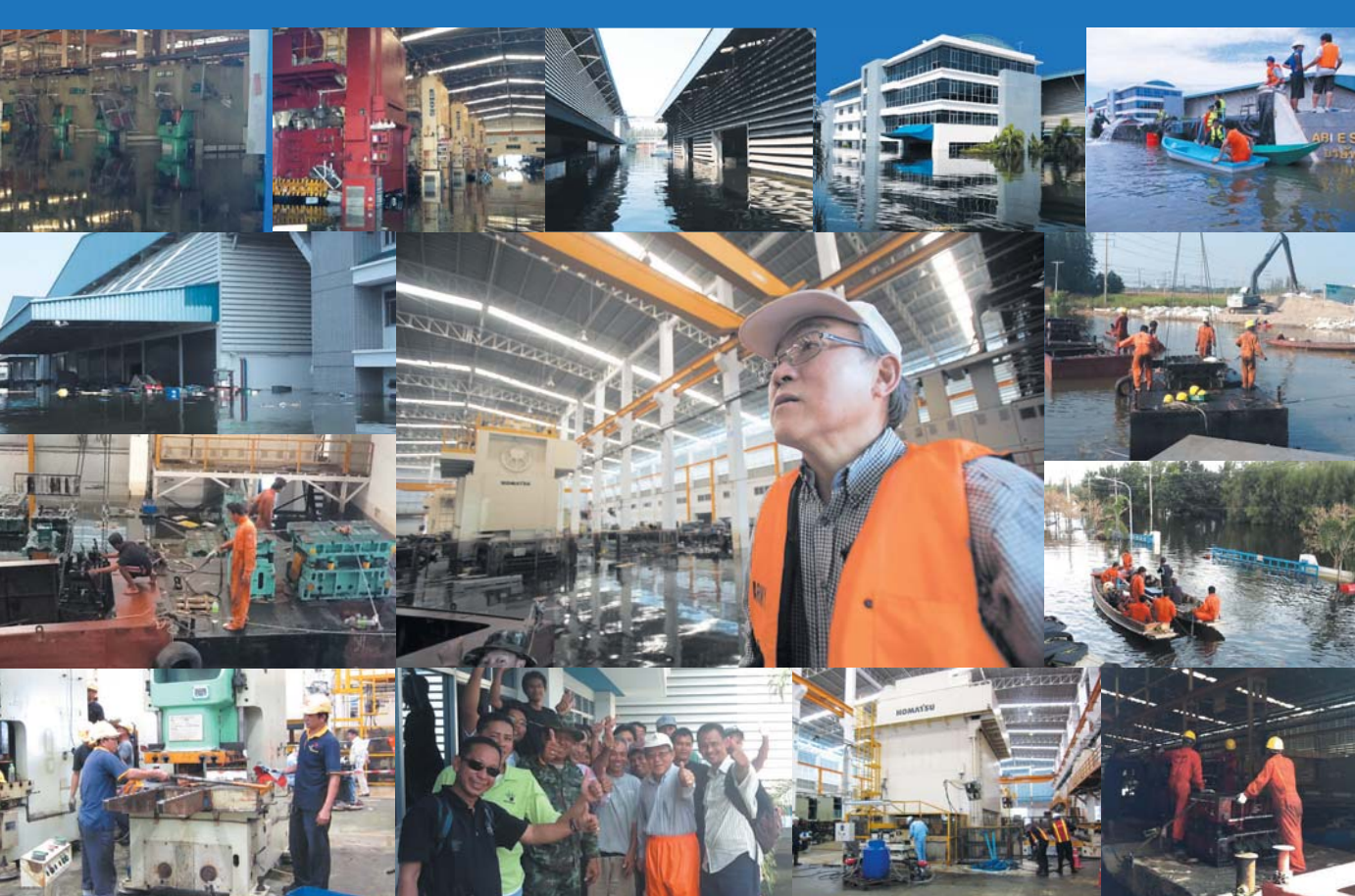
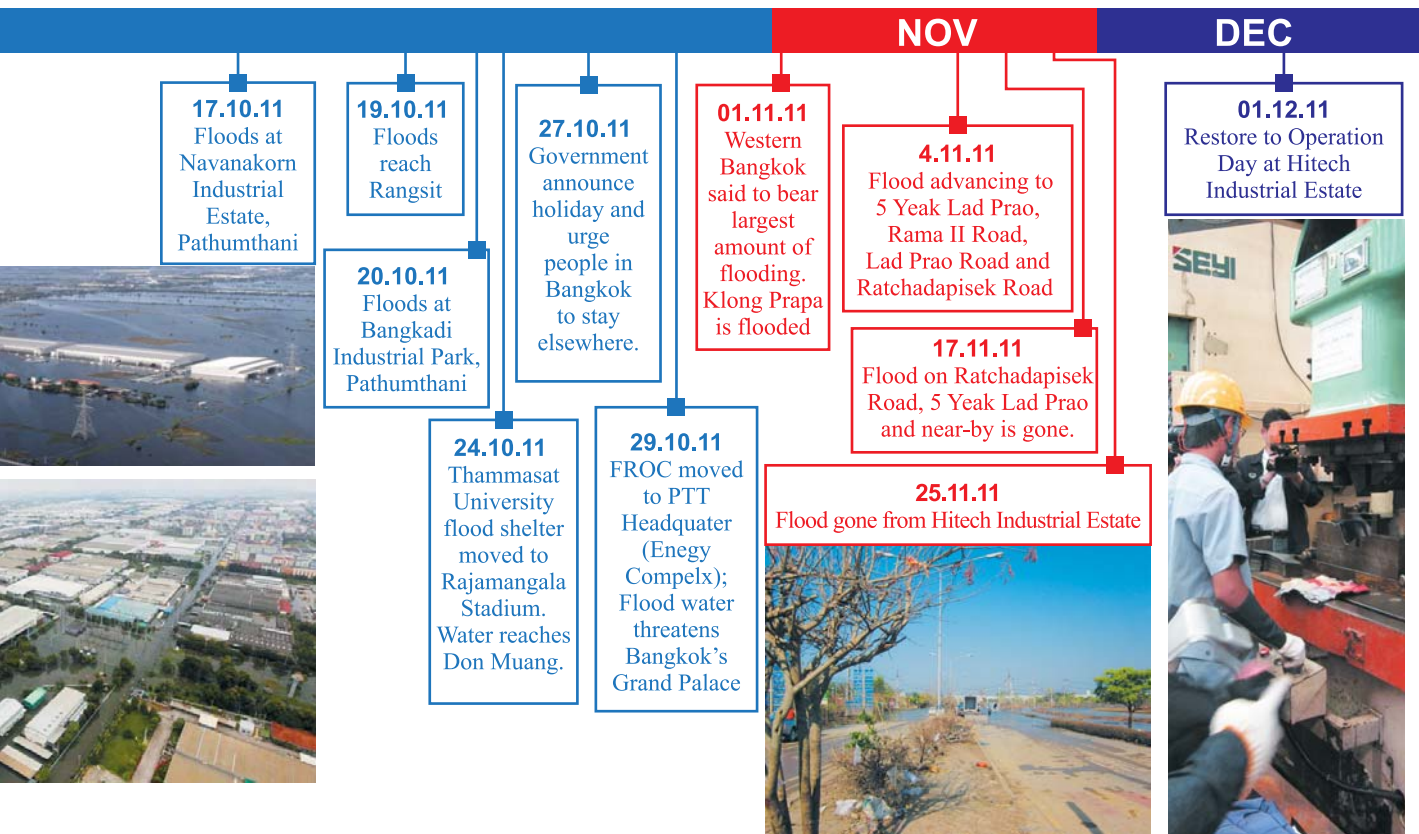


Big Flood Calendar of Events



- Oct 13th 2011** • Hitech Industrial estate was flooded. Operations suspended.
- Oct 14th 2011** • AAPICO Hitech fence collapsed and factory inundated to 2.2 meters of water
- Oct 17th 2011** • War room set up at central world. Some staff moved to Chonburi and Rayong Office. Navy seals came to assist using balloons to move small dies, put on pontoons and move to Rayong factory to start production.
- Oct 19th 2011** • Generators were installed in the factory and electricity jumped on to overhead cranes. The overhead cranes were used to lift large dies exceeding one ton on to pontoons and moved to highway where a crane lift the dies on to trucks to AAPICO chonburi and rayong factories to continue production. This mode of operations continued till 10th November and over 1,000 pieces of dies jigs and checking fixtures were removed.
- Oct 28th 2011** • First time water started to recede and water level dropped 0.2 meters and continued to recede.
- Nov 25th 2011** • The industrial estate was pumped dry and big cleaning and full "BACK TO OPERATIONS" started in earnest. Electricity, water supply resumed and repair and machine installation proceeded at frenetic pace. 24 hour operations maintained to support quick recovery
- Dec 19th 2011** • Official Homecoming. All employees called back to work at Hitech. Speed of recovery intensifies.
- Jan 30th 2012** • Recovery 50 percent completed
- Feb 28th 2012** • Production equipments and facilities fully recovered and full production can be achieved.





The Big Flood Story

RECOVERY

RECOVERY

Insurance companies led by AXA went to visit the AAPICO Hitech Factory before the water came down to estimate the Company's damage.



The Company worked closely with machine and equipment suppliers to get the machines repaired as soon as possible.



The Company planned and purchased all equipment by air freight if necessary.



LESSON LEARN

The Company is now working on the "Flood Risk Manual" to help assist everyone if the flood comes again.



Thais have strong fighting spirit, they never give up



Preparation

The Government and private sector will work together and build a new dyke around the Hitech Industrial Estate



BACK TO BUSINESS



The Company has been planning and restoring all the operating systems in the factory such as the electrical system, the air compression system, the IT system, the air ventilation system etc. It took the Company only 4 weeks to get all systems to full operations and to send orders to customers.

Mr. Yeap Swee Chuan, President and CEO of AAPICO Group welcome honored guests to the "Back to Operations Day" at AAPICO Hitech PLC. with HE Kittiratt na Ranong, Deputy Prime Minister and Minister for Commerce as the honored guest.

The Company's flood video was shown to all guests; it tells the story of how the water came into the factory and the industrial estate. Mr. Veera Buanvongse, Plant Director, gave a full recovery report, followed by a brief tour of the factory.

AAPICO Group Business

The main businesses of the Company and its affiliates may be categorized as follows:

Business Units		THAILAND	OVERSEAS
1 OEM Auto Parts Manufacturing	Brazed Steel Tubings	Sanoh Industries (Thailand) Co., Ltd.	
	Chassis Frames	AAPICO Amata Co., Ltd.	
		AAPICO Structural Products Co., Ltd.	
	Forged and Machined Parts	AAPICO Forging PLC.	AAPICO Shanghai Co., Ltd.
			Kunshan Chaitai-Xincheng Precision Forging Co., Ltd.
	Fuel Lines, Brake Lines, Engine Parts	Able Sanoh Industries (1996) Co., Ltd.	
	Metal Stamping Parts	AAPICO Hitech PLC.	
		AAPICO Hitech Parts Co., Ltd.	
		AAPICO Mitsuike (Thailand) Co., Ltd.	
	Plastic Parts and Plastic Fuel Tanks	AAPICO Plastics PLC.	
		Thai Takagi Seiko Co., Ltd.	
		Katsuya (Thailand) Co., Ltd.	
2 Design & Manufacture of Assembly Jigs		Minth AAPICO (Thailand) Co., Ltd.	
3 Design & Manufacture of Dies		AAPICO Hitech PLC.	
4 Car Dealership		Able Motors Co., Ltd.	Tenaga Setia Resources Sdn. Bhd.
		New Era Sales Co., Ltd.	New Era Sales (M) Sdn. Bhd.
		Hyundai Motor (Thailand) Co., Ltd.	
5 Car Navigation		AMaction Co., Ltd.	AAPICO ITS Sdn. Bhd.
		AAPICO ITS Co., Ltd.	
		Papago (Thailand) Co., Ltd.	
6 Others	Engineering Research & Development	AAPICO Engineering Co., Ltd.	
	Investment Activities, Merger & Acquisition		AAPICO Investment Pte. Ltd.
			AAPICO Engineering Sdn. Bhd.
			Able ITS Pte. Ltd.
	Manufacture of Accessories for Cars	AAPICO Jackspeed Co., Ltd.	Jackspeed Corporation Ltd.
	Oracle System	A ERP Co., Ltd.	

C Competition and Industrial Trends

In 2011, Thailand experienced its worst flooding in the past five decades and it inflicted tremendous damage on the automotive production industry. 26 provinces out of the 77 in Thailand were affected by the floods. Assembly plants and parts manufacturers' factories located mainly in and around Ayuthaya and Pathumthani provinces were not spared.

Most of the heavy flooding was found in the central provinces of Thailand, with Ayuthaya and Pathumthani, where 40 autopart suppliers supplying to most assembly plants in Thailand, were located.

The Honda assembly plant in Ayuthaya was the most heavily affected OEM with flood inundation right within its premises. All the other OEM assembly plants are located outside the flood affected areas such as Chachoengsao (Toyota and Isuzu), Samut Prakarn (Isuzu, Nissan and Toyota), Chonburi (Mitsubishi) and Rayong

(Auto Alliance Thailand and GM).

The flood had a severe impact on the auto parts makers and, in particular, disrupted the supply chain structure. This had a cascading effect on automotive assembly and production in Thailand. Almost 10 percent of total auto parts for local production come from the flood affected provinces. Toyota, Auto Alliance Thailand, Mitsubishi Motors and Nissan, although not located in the flooded area, are all dependent on auto parts makers in these flooded places.

Japanese OEMs such as Toyota, Honda, Mitsubishi, Isuzu, Nissan and American OEMs such as GM and Auto Alliance (Ford and Mazda) have assembly facilities in Thailand with a combined annual production capacity of approximately 2.675 million units. As a result of the flood, the average monthly estimated loss of production are as follows:

OEM	Plant location- Province	Severity of Impact	Production Status due to floods	Average Monthly Estimated Loss of Production (Unit of Cars)
Toyota	Chachoengsao	Medium	Halted-Supply Chain Disruption	30,000-35,000
Honda	Ayuthaya	High	Halted-Assembly plant flooded	10,000-15,000
Nissan	Samut Prakarn	Medium	Halted-Supply Chain Disruption	10,000-12,000
Mitsubishi	Chon Buri	Medium	Halted-Supply Chain Disruption	12,000-15,000
Auto Alliance Thailand (Ford, Mazda)	Rayong	Medium	Halted-Supply Chain Disruption	12,000-15,000
GM	Rayong	Medium	Halted-Supply Chain Disruption	10,000-15,000
Isuzu	Chachoengsao	Medium	Halted-Supply Chain Disruption	10,000-15,000
TOTAL				94,000-122,000

OEMs floods effects:

Supply Chain disruptions due to floods have been the main reason why many OEMs stopped their assembly lines. Some of the factors that are likely to be considered by OEM's in the future are:

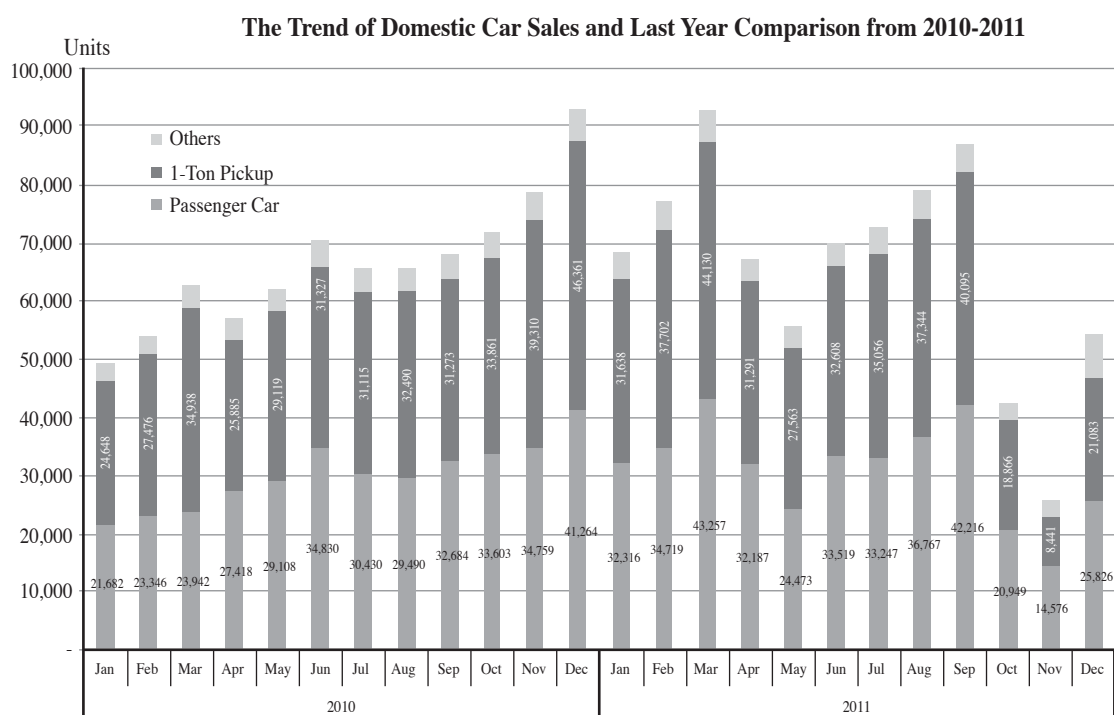
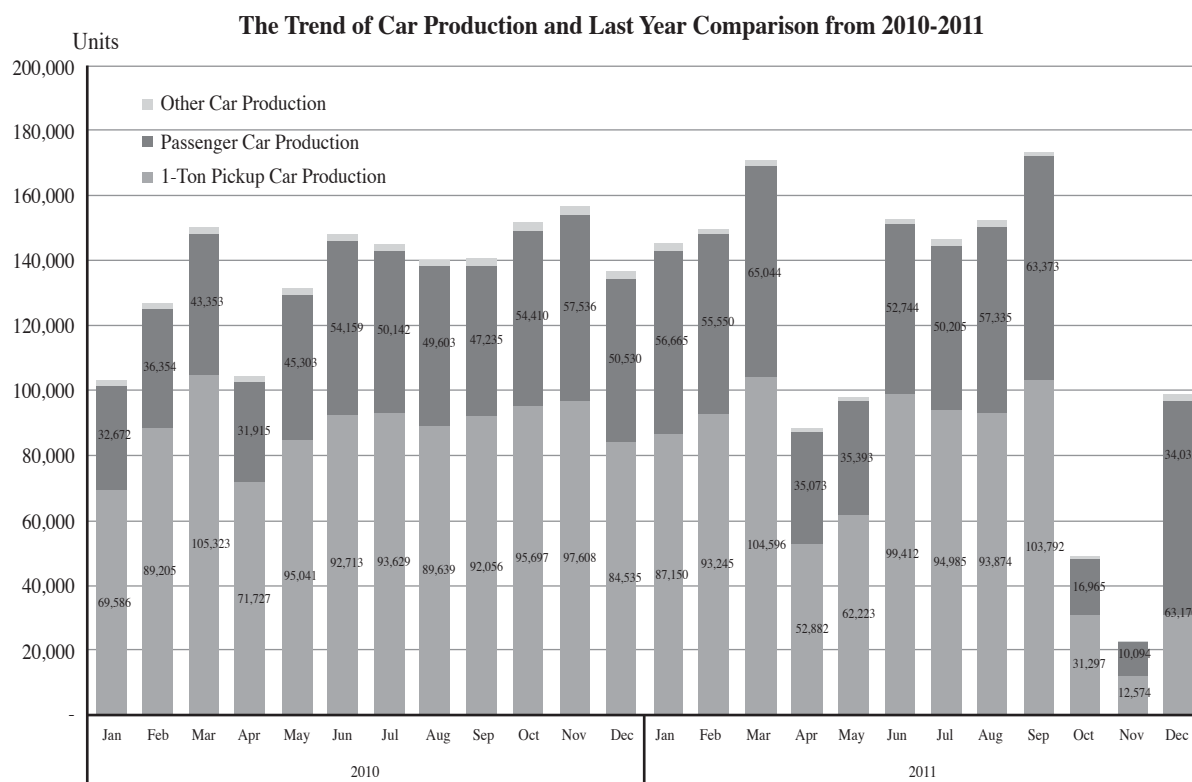
- Increase the stock-pile of auto parts and re-examine the process of JIT (Just In Time) so that OEM's

have enough stock for at least a month to provide for any disruptions in the auto parts supply.

- Multi-sourcing strategy that involves not only sourcing parts from different suppliers but also from different regions which will have a lesser impact if such a situation arises again.

- Climatic de-risking of supply chain that involves OEM's investments at geographic locations that will suffer the least impact from natural disasters. Japanese OEM's in India, especially Honda,

have already started increasing their localization content (80-90 percent) with the remaining auto parts likely to be supplied either from Japan or other ASEAN regions.



Thailand Automotive Annual Production Capacity

Thailand's automotive output in 2011 showed 11.40 percent drop from 2010 due to the tsunami and disastrous floods which forced closure of several assembly plants and created serious supply-chain disruptions. The total output in the year was 1.46 million units. The output dropped sharply in March when the tsunami hit Japan and in October and November when floods hit Ayuthaya where a number of automotive plants are located. Out of the total production output, 733,950 units were manufactured for export, which accounted for 50.35 percent. This showed a 17.97 percent drop from a year earlier. Domestic demand decreased slightly by 0.80 percent, as 794,081 vehicles were sold in 2011. However, engine exports were valued at Baht 26.7 billion, which was an increase of 23.41 percent from the previous year. Component export value dropped 1.90 percent year on year to Baht 140.57 billion.

2012 has begun with a bright outlook for the auto sector after its recent setback. This is reflected by the figures which show auto production in January 2012 hitting its highest level in the past 4 months since the flood crisis in October 2011. It indicated that most auto makers have resumed their production (except Honda) in order to handle the massive amount of domestic orders and export into other regions. The auto production outlook in February 2012 is projected not to be below 140,000 units, and is likely to keep increasing in the future as Honda's factory, with 240,000 units/year production capacity, will resume production by the end of March 2012. The auto production volume in the second quarter of 2012 is projected to be over 150,000 units/month, and is expected to rise to over 200,000 units/month

in the second half of 2012 when auto production system will have resumed full operation. This will be necessary to support the massive automotive demand, especially the domestic demand which has been fuelled by the government's policy (tax refund of Baht 100,000 for the first car purchase, effective since mid-September 2011 to December 2012). Moreover, there will also be launches of new auto models, such as pick-up trucks and eco-cars.

In 2012, the Thai auto industry will have an increasing production capacity (around 300,000 units) from the new factories of Suzuki, Mitsubishi and Ford. 2012's auto production forecast is maintained at around 2 million units, at a minimum, and growing by 37 percent year on year. Thailand's automotive industry is likely to achieve its annual production target of 3 million vehicles by 2015 if there are no further disruptions from natural disasters. Meanwhile, the sector is preparing to invest more than Baht 100 billion in auto-parts production in response to an estimate that the annual car output will exceed 3 million units by 2020. Of the total output, about a million cars will be for the domestic market and the remaining units for export markets such as Japan, North America and Europe. Many leading carmakers in Thailand are returning to full capacity after last year's floods disrupted production and the supply chains. Toyota's production capacity will be 850,000 cars in 2012, followed by Mitsubishi with 400,000. Mitsubishi will launch its eco-car, the Mirage in Thailand this year. The capacity of Auto Alliance Thailand, which manufactures Ford and Mazda vehicles will be 300,000 units, while Nissan and Honda have similar outputs of 240,000 each.

Factory	2012				New Investment	2015
	Passenger Car	Pick up Truck	Others	Total		
Toyota	250,000	450,000	-	700,000	200,000	900,000
Mitsubishi	150,000	250,000	-	400,000	100,000	500,000
Auto Alliance	150,000	150,000	-	300,000	-	300,000
Nissan	140,000	100,000	-	240,000	-	240,000
Honda	240,000	-	-	240,000	-	240,000
Isuzu	-	200,000	20,000	220,000	100,000	320,000
Ford	200,000	-	-	200,000	-	200,000
General Motor	40,000	120,000	-	160,000	-	160,000
Suzuki	135,000	-	-	135,000	65,000	200,000
Others	50,000	10,000	20,000	80,000	-	80,000
TOTAL	1,355,000	1,280,000	40,000	2,675,000	465,000	3,140,000

The market for auto makers in Thailand was driven by an increased demand for passenger cars, including eco-cars, which both Nissan and Honda are now marketing. Mitsubishi and Suzuki are expected to bring out their own models this year. Pickup-truck production has declined as a proportion of the whole from more than 70 percent to 62 percent in 2011. Small cars are taking some of the Pick up market share. Another factor is the growing consumption in ASEAN, particularly in Indonesia with its 200-million-strong populace.

The ASEAN Free Trade Area and the impending implementation of the ASEAN Economic Community (AEC) are also future contributing factors to the growth in Thailand's auto industry. The automotive industry in Thailand employs more than 520,000 workers. First-tier producers encompass about 635 companies, while the second and third-tier firms number about 1,700 companies. The top 10 automotive manufacturers in the world all have manufacturing facilities in Thailand.

Business Operation Goals and Future Projects

2011 was the most eventful year for the AAPICO Group. During the year, AAPICO launched a significant number of products for six brand-new models; these were new products which were introduced to the Thai automobile market for the very first time. This exciting initiative was marred by the overwhelming deluge of the most severe flood in the history of Thailand. The headquarters in Ayuthaya was inundated for forty days, and the water reached a height of 2.2 meter inside the premises. After a massive clean-up operation in December 2011, the Company completed a full recovery and resumed full operations within the following two months.

During its past 26 years of steady growth, the Company has seen incredible changes and rapid development in the automobile industry. In spite of the severe flooding in 2011, the industry has bounced back strongly in 2012. The Thai government continues to support and strives seriously to make Thailand become one of Asia's leading centers for the automotive industry as well as ensure that major manufacturers continue to regard this country as an attractive production base for exports.

As a strong believer of local skills, AAPICO has its beginning in the design and manufacture of automotive assembly jigs before it ventured further afield into the production of dies and OEM parts. Today, it is well recognized as a world-class supplier of such products while it continues to garner capabilities and technology from across the world. The Company will attain its dual goals of steady growth and seizing new opportunities to foster progress and leadership in the Thai automotive industry in ways that can benefit the nation and contribute to the success of global OEMs. This is in line with the Company's vision and can be achieved through the core philosophy of being a lean and happy global company with excellent corporate governance. AAPICO sets its goal by applying the SQCDM criteria:

S : Safety

- Safety always comes first

Q : Quality

- Quality built-in process; strive to achieve "0"PPM

C : Cost

- Competitive pricing at reasonably low cost

D : Delivery

- 100% Delivery at all times with JIT philosophy

E : Engineering

- Kaizen mind in Engineering

M : Management

- Competent, Transparent and Hands-on Management

Current customers view the Company as an excellent manufacturing company with sustainable SQCDM attributes. This endorses AAPICO Group's ultimate business objective, that is, to enhance its business relationships with all valuable customers.

Future Projects

After a year of ups and downs in 2011, the Thai automotive market is expected to rebound sharply in 2012. ASEAN nations are moving closer to establishing a complete ASEAN Economic Community (AEC) in 2015. The AEC has been designed to cater for the needs of member nations to meet their highly challenging future, especially in the automotive industry. The establishment of AEC+2 (which comprise China and India) would create a market of 30 million vehicles per year which is equivalent to 38 percent of the global market. In anticipation of this potentially great demand, the Company has been preparing its capacity, capability, manpower and supply chain to capture this vast growth.

- **AAPICO Hitech PLC. Branch Rayong (AHBR),**
The factory officially started full operation in the 4th Quarter 2011, is equipped with state-of-the-art press machines of various sizes and spare land of 50 Rai (80,000 square meters) for future expansion.

- **AAPICO Structural Products Co., Ltd. (ASP) (Chonburi)**

The factory was already in full production in the 4th Quarter 2011, and is fully equipped with world-class machines and 50 welding robots. It also has spare land of 30,000 square meters.

- **AAPICO Forging PLC. (AF)**

The Company has invested in the latest “state- of-the-art” new machines comprising EMAG machining line from Germany, and a new 1600 ton forging press machine. The company has also strengthened its forging capabilities by a major overhaul of the forging machines carried out by the original equipment producer called Smeral from the Czech Republic. In keeping with the increasing demand in the region and beyond, AAPICO Group will exert its utmost effort to look for business expansion, opportunities, and ventures in its overseas business development, particularly in China and Malaysia, to enhance the positioning of the Company as a global player.

- **Kunshan Chaitai-Xincheng Precision Forging Co., Ltd. (KCX),**

AAPICO’s first totally owned factory in China will be fully completed in the 1st Quarter 2012 and the first production will start in the 2nd Quarter 2012. The company is equipped with newly installed world class machines, such as 400 ton and 1600 ton forging press machines and connecting rod cracking machine. 2 brand new projects, namely, connecting rod for SAIC (Shanghai Automotive Industry

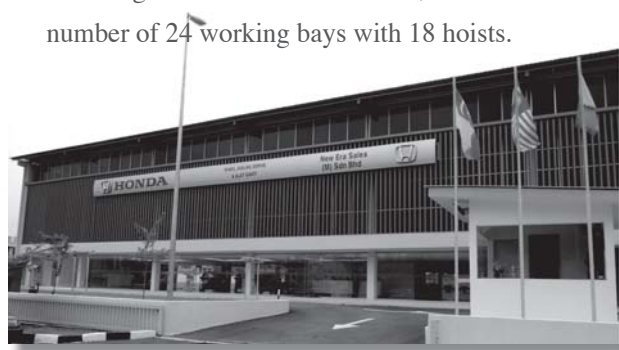


Kunshan Chaitai-Xincheng Precision Forging Co., Ltd.

Corporation) and forging parts for CFME (Changan Ford Mazda Engine), will soon start their production in 2012.

- **New Era Sales (M) Sdn. Bhd. and Tenaga Setia Resources Sdn. Bhd.**

For the dealership operations in Malaysia, 2011 was a very eventful year. Both New Era Sales (M) Sdn. Bhd. and Tenaga Setia Resources Sdn. Bhd moved into new 3S showroom in March and December 2011, respectively. New Era Sales (M) Sdn. Bhd. is located in the Kajang township in the state of Selangor. It is built according to the standards set by Honda Malaysia Sdn. Bhd. The showroom can showcase four new vehicles and the service center has ten working bays. Tenaga Setia Resources Sdn. Bhd. moved out from the old premise on December 19th, 2011 and started 3S operations at the new showroom on January 3rd, 2012. This is one of the largest Honda showrooms in Malaysia, incorporating sales, service, spare part and body repair in one building. In the service center, there are a total number of 24 working bays with 18 hoists.



New Era Sales (M) Sdn. Bhd.



Tenaga Setia Resources Sdn. Bhd.

Risk Factors

External Risk

1. Political Risk

- a. **Description:** Political uncertainty with the new government. The new Cabinet had recently approved the guidelines to refund taxes for first-time car buyers, a step which will certainly stimulate domestic car sales and the country's automotive industry.
- b. **Reason:** Government policies have a significant impact on the expansion and profitability of the automotive industry.
- c. **Possible outcome:** Although the recently elected government holds a majority vote in parliament, it is under pressure. The fluctuating political situation may bring changes which could pose a threat to the operational activities of the Company and decrease consumers' confidence in the nation's stability.
- d. **Likelihood:** In view of the current situation, the outcome is very difficult to predict. The uncertainty level remains high.
- e. **Risk Management system:** The Company tries to gain the best opportunities possible from government policies.

2. Economic Risk

- a. **Description:** There is a possibility that the economy may hit a downturn and negatively impact investment.
- b. **Reason:** The Company depends highly on the market forces of supply and demand in general.
- c. **Possible outcome:** A drop in the economy would severely reduce consumption of goods. The demand for cars would fall sharply as consumers postpone their need for newer models of cars as a result of the decline in income. Consequently, automakers in the market would reduce their orders, and the Company would lose sales.

- d. **Likelihood:** In the beginning of 2011, the global economy was hit by the great Tsunami, which deeply affected the automotive industry. In view of the unsettled issues in the European economy and the stagnant economy in the U.S., the economic situation remains unstable.
- e. **Risk Management system:** Top management is aware of all these possibilities, and has set up a close monitoring system which focuses on cost reduction and production efficiency. These measures would help minimize the bottom line effect. The AAPICO Group has a diversified portfolio of investment as well as subsidiaries in foreign countries, namely China and Malaysia. This diversification would help reduce the intensity of any possible impact.

3. Risk from uncertainty in raw material price fluctuation

- a. **Description:** Risk of change in the steel price
- b. **Reason:** Steel is the Company's main raw material used in its production processes. The steel price is highly volatile depending on the supply and demand in the worldwide market.
- c. **Possible outcome:** Our profitability will be directly affected by any raw material cost increase since it will have a direct impact on our value added; hence, our profitability will be reduced.
- d. **Likelihood:** The volatility of the steel price in the market is relatively high, and the trend is expected to continuously increase over time.
- e. **Risk Management system:** The Company has the policy to use centralized purchasing which is applied to 80% of material used. Centralized purchasing refers to a system in which our customers choose the material supplier for the Company, and then the Company purchases material at designated prices set by the customers.

If the price of material moves, the supplier adjusts the price (up or down) and customers compensate for such adjustment. By using this system AAPICO transfers the risk to the customers. Therefore, any fluctuation in steel price does not have a significant impact on the Company performance.

4. Exchange rate risk

- a. **Description:** Risk of fluctuation in the foreign currencies that might affect the Company's net profit.
- b. **Reason:** AAPICO Group has both income and expense in terms of foreign currency as follows:

Currency	Revenue (in thousands)	Expense (in thousands)	Usage
US Dollar (USD)	13,209.12 USD	2,757.64 USD	Payment for expenses overseas, material, machines or spare parts
Japanese Yen (YEN)	None	188,085.84 YEN	Payment for machines or spare parts
Euro (EUR)	None	4,159.92 EUR	Payment for machines or spare parts
Swiss Franc (CHF)	None	1,046.42 CHF	Payment for machines or spare parts
British Pound (GBP)	None	40.52 GBP	Payment for material
Swedish Krona (SEK)	None	286.33 SEK	Payment for material

- c. **Possible outcome:** The fluctuation in exchange rates may result in a drop of revenue and increase in expense and vice versa. However the exposure level of such an outcome is relatively low since the majority of our incomes and expenses are generated in Thai Baht.
- d. **Likelihood:** The world market is constantly changing and the exchange rates move in accordance with the market. There is high volatility in foreign exchange rate.
- e. **Risk Management system:** In areas where the AAPICO Group have both foreign currency income and expense, the policy states that the Company will not take any risk from the volatility of the foreign exchange rate. Additionally, the Company has engaged in several hedging transactions with the banks such as using forward contracts or options to reduce the risk.

5. Interest Rate risk

- a. **Description:** Risk that results from the fluctuation in interest rates which will affect the cost of financing the company
- b. **Reason:** The nature of the Company's business requires a high amount of upfront investment, at least 2-3 years before mass production (point of receiving cash). Therefore, the Company needs funding, in this case debt financing, to support such expansion. Currently the Company has several term loans outstanding. The interest rates on these loans are floated rate interests which expose the Company to risk of interest rate fluctuation.

- c. **Possible outcome:** As the market has recovered from the recent recession, interest rates tend to rise. Therefore with the floated rate interest, the Company will be experiencing a higher cost of financing which would directly affect the profitability of the Company.
- d. **Likelihood:** Highly likely since the trend is for interest rate to rise.
- e. **Risk Management system:** In order to mitigate this risk, the Company has fixed some portion of the outstanding loans interest rates with the Bank as follows:

Principle	Outstanding (as of Dec 2011)	Hedge Ratio	Interest Rate	IRS
1,200 MB	225 MB	100%	THBFix (1 month) + 0.65%	4.77%
		133%	4.77%	FDR(6M)+3.19%
400 MB	80 MB	50%	THBFix (1 month) + 3.5%	5.97%
2,000 MB	1,880 MB	20%	FDR (6 month) +3.3%	5.65%
1,200 MB	1,079 MB	35%	MLR - 1.75%	5.33%
		36%	MLR - 1.75%	5.98%

In 2011 as per table above, the Company has fixed approximately 46% of its existing debt.

6. Risk from natural disaster

- Description:** In March 2011, Japan was hit by one of the worst tsunamis in Japanese history, severely affecting the whole country. In October 2011, Thailand was also hit by one of the country's worst ever floods.
- Reason:** Due to the Japanese Tsunami, many auto parts makers and raw material suppliers were unable to supply parts or steel. Some of the component parts and raw materials are supplied from Japanese manufacturers. Because a few of those components have no alternative supplier, the whole production chain was affected. "The Big Flood" hit the Company in October 2011 and put the factory under almost 2.2 meters of water. The Company operations in headquarters had to stop and production lines were relocated to other facilities that were not flooded.
- Possible outcome:** In both cases, the effect of the natural disasters had a direct impact on the company's production. The Company's inability to generate revenue will impact the company's profitability. Moreover, the mitigation and recovery measures that the company has to set up to address the damage come as a sharp increase in expense.

- Likelihood:** Natural disasters are unpredictable. The Company believes that there is a possibility that natural disasters will strike again.
- Risk Management system:** AAPICO Group's top management realizes the expensive consequences the Company will face after each natural disaster; it has therefore set up several policies to mitigate the risks. The Company has facilities in several locations in Thailand including Rayong, Chonburi, and Samut Prakarn. The Company could move some production line to another facility whenever needed. Also, the multiple facilities help diversify the risk if any of the factories were to be affected by any natural disaster. In addition, the Company has taken insurance policies to compensate for flood and business interruption.

Internal Risks

1. High Reliance on only one Top Management

- Description:** The possible adverse effects that results from high reliance on only one Top Management.
- Reason:** Mr. Yeap Swee Chuan, President & CEO, has not only been the top management of the Company, but also has been responsible for managing sales and establishing strong relationships with customers.

- c. **Possible Outcome:** Without Mr. Yeap, the Company might face the risk of losing sales to competitors due to the intense competition within the automobile industry.
- d. **Likelihood:** Currently, Mr. Yeap has no plan to retire and continues to support the operation and development of the Company.
- e. **Risk Management system:** The Company is training new management teams by following the Company's objectives and policies.

2. Management control of major shareholder groups

- a. **Description:** Management holds the majority shares of the company which could result in the inability to ensure check and balances.
- b. **Reason:** Two major shareholder groups, the Yeap family, and Sojitz Corporation, together hold a combined share of over 50% of the Company's registered and paid-up capital, with management control over the Company.
- c. **Possible Outcome:** The majority shareholders may control the agenda at the Shareholder Meetings. Therefore, other minority shareholders may be unable to accumulate sufficient votes to ensure checks and balances for any agenda proposed by the majority shareholders.
- d. **Likelihood:** It is unlikely that the majority shareholders will exercise absolute control over matters that contain conflicts of interest because the Company's Board of Directors comprises a majority of 5 independent directors out of 9 directors to enhance adequate vigilance of the executives.
- e. **Risk Management system:** The 4 current external and independent directors are allowed to oversee actions of the management. Also, the audit committee of the Company is responsible for reviewing transactions that may cause conflicts of interest to ensure that minority shareholders' interests are protected.

3. Uncertainty of income from car assembly jigs and dies

- a. **Description:** The risk resulting from uncertainty of income from one of the Company's project based businesses, car assembly jigs and dies.
- b. **Reason:** The nature of jig and die business is normally conducted on a project by project basis. Due to its dependence on the cyclical demand from automotive manufacturers where new models will be launched every 3-5 years, the Company is exposed to the risk of uncertain income from this business.
- c. **Possible Outcome:** In comparison to other businesses of the Company, the car assembly jig and die business currently has the highest uncertain income during the year.
- d. **Likelihood:** As it is inherent in the business nature of car assembly jigs and dies, the fluctuating income is inevitable.
- e. **Risk Management system:** This risk is mitigated by the fact that the Company does have a long-term relationship with customers, which together with the high product quality, enables it to secure the sales of jigs and dies. Also since the AAPICO Group itself has grown substantially. Therefore, more than 50 percent of jigs and dies cater for in-house requirement.

4. Competition within automotive components manufacturing industry

- a. **Description:** The automotive market is highly competitive; the Company faces intense competition from auto parts manufacturers in markets where it operates. As competition intensifies, the Company is at risk of losing its market share.

- b. **Reason:** The automotive company will select the auto part manufacturer before it runs out of the last model. The company awarded the project is assured of orders for the whole project life, which ranges from 4 to 10 years depending on the product life cycle. Competition is very fierce for auto parts manufacturers bidding for projects based on the lowest price and the best quality.
- c. **Possible Outcome:** Losing potential projects is a risk that could significantly affect the Company's operations and the Company would be put at a disadvantage for future projects.
- d. **Likelihood:** The Company has a renowned reputation for producing high quality products at very competitive prices, supported by efficient services and punctual deliveries. The Company has consistently achieved trust from most global OEM companies.
- e. **Risk Management system:** Management envisioned that the Company should be a leader in the auto part industry; it has, therefore, equipped the Company with state-of-the-art machines and cutting-edge technology. Moreover, the Company has a long-standing relationship with customers and a good track record which makes the Company one of the most competitive automotive parts suppliers in the market.

5. Quality Control

- a. **Description:** Quality is a key success factor for an auto part manufacturer.
- b. **Reason:** In this highly competitive auto-motive market, defective products are not acceptable. Producing defective parts would have a negative impact on the Company's reputation and potentially cause recalls or serious accidents.
- c. **Possible Outcome:** A recall can impact profits of the Company.

- d. **Likelihood:** As the Company puts a great emphasis on the quality control of its products in order to meet customers' satisfaction, it is confident that the risk associated with quality control will be continually reduced.
- e. **Risk Management system:** The Company has the goal of gradually reducing defective parts to "0" PPM; it has therefore extensively invested in standardizing and controlling the quality of its products. The Company has successfully passed and been certified for ISO/TS 16949 for all its part companies. Furthermore, the Company has provided warranty which normally is stated in the purchasing contract which allows customers to claim for defective parts.

6. Labor relations

- a. **Description:** The risk that labor disputes might have an effect on the operations.
- b. **Reason:** The labor union and its members are still not matured.
- c. **Possible Outcome:** Poor labor relations may result in industrial disputes.
- d. **Likelihood:** Strikes may occur if labor relation is weak.
- e. **Risk Management system:** Having good communication, welfare and training creates better working atmosphere and working relationships. which would mitigate risks of industrial dispute.

7. Implementation for safety, environment and communities

- a. **Description:** The potential risk of dangers and losses associated with safety, environment, and communities
- b. **Reason:** The nature of the auto part business and the production process is such that without a good safety management, the Company is exposed to the risk of losses which will ultimately affect the staff and stakeholders.

- c. **Possible Outcome:** With regard to safety, any unsafe act or unsafe condition could cause an accident which might result in danger or loss of limbs or lives. With regard to the environment and community, the lack of good management, including pollution control and waste treatment, could have an adverse effect on the operating productivity, and health of the Company.
- d. **Likelihood:** The Company has set up a clear policy concerning safety, environment and communities along with continual training on a regular basis. By emphasizing on design process, manufacturing infrastructure and manufacturing system, the Company believes that potential losses and dangers have been minimized.
- e. **Risk Management system:** The Company has set up activities that promote a clean and safe work environment, including 5S activities which keep the factories clean and tidy to reduce accidents. Furthermore, the Company has achieved the Environmental standard ISO 14001, a certified standard for environmental management. This serves as proof that the Company has been successful in its ability to effectively deal with environmental issues.

S Shareholding Structure and Management

Shareholding Structure

As of March 19th, 2012, the company has total shares of 268,874,300 and the top ten list of shareholder according to the share registrar book is shown below.

No.	Shareholders	Number of shares	Percentage
1	Yeap Family	96,271,955	35.80%
2	Sojitz Corporation	42,360,000	15.75%
3	Jurangkool Family	18,900,000	7.02%
4	Thai NVDR Co., Ltd.	7,608,601	2.82%
5	Mr. Preecha Leelasithorn	6,100,000	2.26%
6	Mr. Surin Napapruekchart	5,132,800	1.90%
7	Ms. Sunee Seireepanu	5,100,000	1.89%
8	Mr. Somphong Paernchoke	4,889,700	1.81%
9	Mr. Ampon Virojvechapand	2,110,000	0.78%
10	Mr. Banyong Anaktham	1,800,000	0.66%

Limited of Foreigner Shareholders

Foreign shareholders cannot hold shares of the company more than 49 percent of the outstanding and paid-up shares. On March 19th, 2012, 44.80% of the total shares is held by foreigners.

The following shareholders have the managerial authorities and perform as authorized directors : Mr.Yeap Swee Chuan, Mrs.Teo Lee Ngo and Mr.Shigeyuki Eto from Sojitz Corporation.

Management Structure

The Company's management structure as at December 31st, 2011 consists of three groups of committees as follows;

- The Board of Directors
- The Audit and Corporate Governance Committee
- The Nomination and Remuneration Committee

A. Powers and Duties of the Company's Board of Directors

The Board of Directors shall have the power and duty to manage the Company in compliance with the laws, objects, and articles of association and resolution of

shareholders with honesty and care and in compliance with the criteria and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission of Thailand for the shareholders' interests. The Board of Directors is responsible for the supervision of the Company's management in order to achieve maximum benefit for the shareholders and do so within the framework of good ethic and good moral principle.

The Board of Directors may authorize directors to form an executive committee in order to perform any acts except for the following which can be performed only after obtaining the approval from the shareholders.

- 1) The subject which the law requires of the shareholders.
- 2) The transaction which the directors have interest therein and that the law or Regulations of the Stock Exchange of Thailand requires the resolution of the shareholders. For any transaction in which the directors or other persons might have a conflict of interest with the Company or the affiliated company,

such directors or persons who have the conflict in the transaction shall not have any voting rights.

The following cases must be approved by the Board of Directors and the shareholders with a vote of not less than 3/4 of the total votes of the shareholders attending and entitled to vote for:

- 1) Any sale or transfer of the entire or significant part of the Company's business.
- 2) Any purchase or taking over of other firms by the Company.
- 3) Any making, amendment or termination of contracts with respect to the granting of a lease of the whole or significant part of the business of the Company, the assignment of the management of the business of the Company to any other person or the amalgamation of the business with other persons with the purpose of profit and loss sharing.
- 4) The amendment to the Memorandum of Association.
- 5) The increase, decrease of capital, the issuance of debentures, the amalgamation or dissolution of the Company.

In supervising all the Company's business, the Board of Directors has determined to have the authority and responsibility in approval of the following matters

- 1) The Company's quarterly business performances comparing to the plan and budget and the consideration of the further trends of the year.
- 2) Related-party transaction between the Company, subsidiaries, associated companies and the related persons in part of the transactions that do not violate the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission.
- 3) Any transactions that would highly affect the Company's capital structure, financial status, business operation strategy and reputation.

- 4) Payment of the interim dividends.
- 5) Employment of the President and senior executives.
- 6) Determination and Change of the approval authority of the Company.
- 7) The purchase of business and the participation in co-investment project.
- 8) The change of policy and practical methods with significant effect on the accounting, risk management and internal audit.
- 9) The appointment and the determination of the authority of the Sub-Committee.
- 10) The appointment, proposal and the termination of the Company's Directors and secretary status.
- 11) Any other actions in accordance with laws, objectives, Articles of Association and resolutions of the meeting of shareholder.

B. Powers and Duties of Audit and Corporate Governance Committee

The Audit Committee has the following duties and responsibilities:

- 1) Ensure that the Company maintains accurate and sufficient financial statement in accordance with the accounting standard.
- 2) Ensure that there is sufficient and efficient internal control and internal audit by including the following issues
 - a. Give opinion on appointment, transfer, termination and evaluation on the performance of the head of Internal Audit, in order that the Internal Audit would have true independence.
 - b. Consider the independence of the Internal Audit by considering the operation, reporting as well as the organization structure of the Internal Audit.

- 3) Consider, select, and appoint auditor by including the following issues
 - a. Investigate and consider the independence of the auditor, for example, considering the non-audit services, which may cause lack of independence, such as by engaging in the accounting system setup.
 - b. Call a meeting with the auditor without the presence of the management at least once a year in order to seek the objectivity of auditor's opinion.
- 4) Ensure that the Company performs in accordance with the securities and exchange laws, regulations of the Stock Exchange of Thailand, and laws concerning the business of the Company.
- 5) Consider the disclosure of information of the Company for matters that may constitute a related transaction or have any conflict of interest to be complete and accurate.
- 6) Review the suitability and adequacy of risk management of the Company.
- 7) Prepare the report of the Audit Committee to be revealed in the annual report of the Company which shall be signed by the Chairman of the Audit Committee and shall comprise of the following issues
 - a. The number of meeting held and the attendance of each of the member of the Audit Committee
 - b. The opinion of the Audit Committee on the following issues:
 - i. Correctness, completeness and reliability of the Company's financial report
 - ii. Sufficiency of the Company's internal control
 - iii. Compliance to the law and regulations regarding Securities and Exchange Act, requirement of the Stock Exchange of Thailand or regulations relating to the Company's business
 - iv. Suitability of the Auditor
 - v. Transactions which might cause conflict of interest
 - vi. Opinion or observations which the Audit Committee obtains from performing their duties
 - c. Other matter which are entrusted by the shareholders and investors under the scope of duties and responsibilities granted by the Board of Directors
- 8) Report the Audit Committee's performance to the Board of Directors every quarter.
- 9) Any other matters assigned by the Board of Directors and approved by the Audit Committee.

C. Powers and Duties of the Nomination and Remuneration Committee

The scope of duties and authorities of the Nomination and Compensation Committee as follows:

1. To determine the policy, criteria and procedures of the nomination of the Directors of the Company and Executives from the level of the Division Manager.
2. To select and propose the persons who are suitable for the following positions for the Board of Directors:
 - (1) Directors of the Company;
 - (2) Executives from the level of the Division Manager;
3. To oversee the Board of Directors to have the size and elements suitable for the organization as well as to adjust and keep up with the change of circumstances. The Board of Directors shall consist of members with sufficient knowledge, competence and experience in several fields;
4. To determine the policy of payment of the compensation and other benefits in general and those given to the Directors and the Executives from the level of the Division Manager with clear and

transparent criteria to be proposed to the Board of Directors for approval.

5. To determine the guideline to evaluate the works of the Board of Directors and the Executives from the level of the Division Manager. This includes the consideration of the annual remuneration adjustment by taking into account the responsibilities and the risks involved, while still paying attention to the long term improvement in the shareholder's equity.

6. To be able to call the documents from related persons for consideration and provision of opinion;

7. To report its performance result to the Board of Directors at least once a year.

8. To carry out other tasks designated by the Board of Directors.

9. To consider other related matters.

List of Directors

Below is the list of Directors and positions in the Audit Committee and Nomination and Remuneration Committee as of December 31st, 2011 :

Name	Board of Directors	Audit Committee	Nomination and Remuneration Committee
Mr. Yeap Swee Chuan	Chairman & Executive Director		
Mrs. Teo Lee Ngo	Executive Director		
Mr. Shigeyuki Eto	Executive Director		
Mr. Hiroto Murai	Director		
Mr. Kenneth Ng	Independent Director		
Mr. John Parker	Independent Director		
Mr. Pipat R. Punya	Independent Director	Chairman	Chairman
Mrs. Pornnipa Praditsuktavorn	Independent Director	Member*	Member
Mr. Supasak Chirasavinuprapand	Independent Director	Member	Member

* Mrs. Pornnipa Praditsuktavorn is the member of the audit committee with accounting and financial background

Qualification and Appointment of the Independent Director

The purpose of independent directors is to protect the interests of shareholders in a fair and impartial manner in order to achieve the maximum benefit to the shareholders. This is done by exercising independent decision without any conflict of interest.

Each independent director shall comply with the following requirements:

1. Shall hold shares not exceeding one per cent of the total number of the paid-up capital of the Company and any affiliated company including shares held by related persons of such independent director;

2. Shall not be an executive director or employee or staff, who receives salary from the Company, and any affiliated company;
3. Shall not be a related person or close relative of the Company's executive or major shareholders;
4. Shall not be an auditor of the Company and any affiliated company;
5. Shall not be a provider of any professional services including those as legal advisor or financial advisor who receives service fees exceeding two million baht per year from the Company and any affiliated company.
6. Shall not have the business with the Company with the value exceeding Baht twenty million or higher than 3% of NTA (whichever is lower) within 2 years before the appointment.
7. Shall not be a director appointed as a representative of the Company's directors or major shareholder;
8. Shall be able to perform duties, give opinions, and report the results of work performance according to the duties entrusted by the Board independently from the control of management or major shareholders of the Company.

In order to be conformed to the Corporate Governance Policy, the Company's Independent Directors are recruited by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee sets up policies and criteria for recruitment which have been approved by the Company's Board of Directors.

For fiscal year 2011, all Independent Directors of the Company do not have any related businesses or services with the Company with the value more than the amount stated in the Security Exchange Commission Announcement Tor Jor 28/2551.

Board of Directors' Meeting

In 2011, the Company held total 4 Board of Director Meetings, 4 Audit & Corporate Governance Committee Meetings and 2 Nomination and Remuneration Committee Meetings.

Name	Board of Directors Meeting	Audit & CG Committee Meeting	Nomination & Remuneration Committee Meeting
Mr. Yeap Swee Chuan	3/4	N/A	N/A
Mrs. Teo Lee Ngo	4/4	N/A	N/A
Mr. Hiroto Murai	0/4	N/A	N/A
Mr. Shigeyuki Eto	4/4	N/A	N/A
Mr. Kenneth Ng	3/4	N/A	N/A
Mr. John Parker	2/4 (effective as director from April 26 th , 2011 onwards)	N/A	N/A
Mr. Pipat R. Punya	3/4	3/4	2/2
Ms. Porntipa Praditsuktavorn	4/4	4/4	2/2
Mr. Supasak Chirasavinuprapand	4/4	4/4	2/2

Authorized Directors

Authorized Directors

Two of the following three directors jointly sign with the Company's seal affixed, Mr. Yeap Swee Chuan, Mrs. Teo Lee Ngo and Mr. Shigeyuki Eto.

Company Secretary

Mr. Varot Kamolchotiros is the Company secretary.

Appointment and Dismissal of Directors

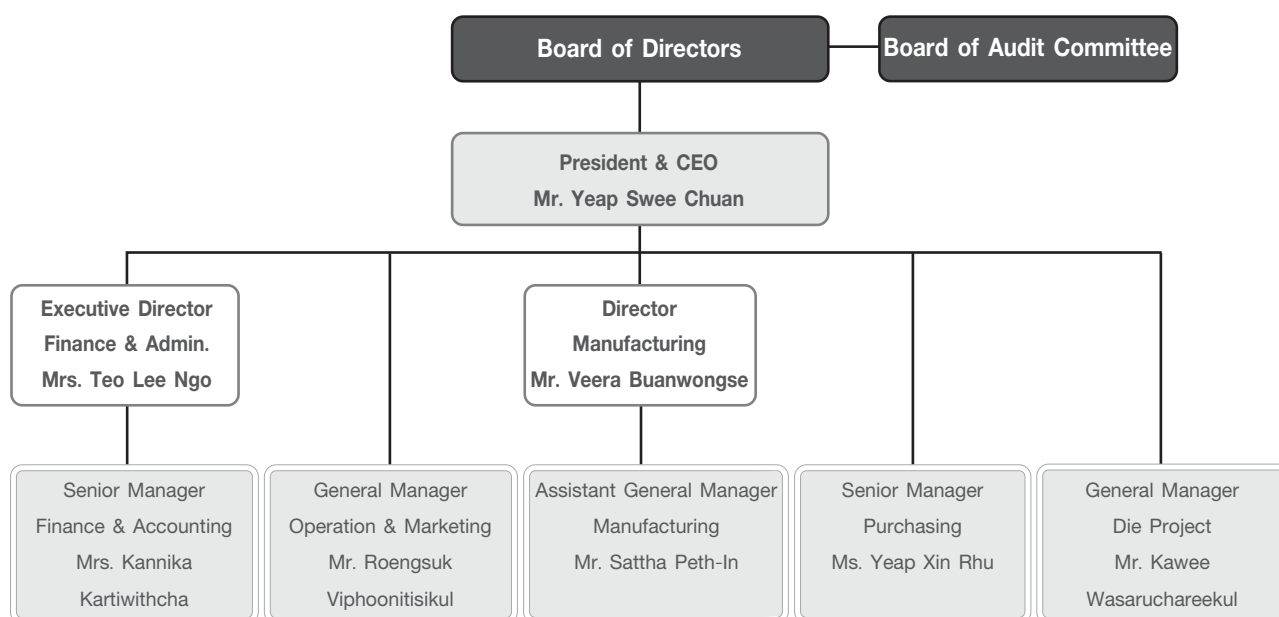
The appointment of Director should be approved by the Nomination and Remuneration Committee.

1. The appointment of Director should be approved by the Nomination and Remuneration Committee and approved by the shareholders meeting as follows:
 - a) Each shareholder has one share equal to one vote.
 - b) Each shareholder can vote for some or all of the directors but can not split share voting.

- c) If two directors have the same number of votes, the chairman of the meeting has the casting vote.

2. In every Annual General Meeting (AGM), one-third of the Directors must retire. If this number is not a multiple of three, then the number nearest to one-third is applied. The retired directors can be re-elected.
3. Other than the completion of term, a Director may retire due to the following reasons
 - a) Death
 - b) Resignation (effective from the date when the Company receives the letter of resignation)
 - c) Lack of qualifications according to the Article 68 of the Public Company Limited Act 1992
 - d) Decision of the shareholders' meeting to terminate according to Article 76 of the Public Company Limited Act 1992
 - e) Court order

Organization Chart of AAPICO Hitech PLC.



Remuneration of Directors for Fiscal Year 2011

Name	Board of Directors		Audit & CG Committee	Nomination & Compensation Committee	Bonus	Total
	Meeting Allowance	Attendance Fee	Attendance Fee	Attendance Fee		
Mr. Yeap Swee Chuan	-	-	-	-	-	-
Ms. Teo Lee Ngo	-	-	-	-	-	-
Mr. Hiroto Murai	-	-	-	-	-	-
Mr. Shigeyuki Eto	-	-	-	-	-	-
Mr. Kenneth Ng	250,000	30,000	-	-	-	280,000
Mr. John Parker	250,000	20,000	-	-	-	270,000
Mr. Pipat R. Punya	275,000	30,000	-	10,000	-	315,000
Ms. Porntipa Praditsuktavorn	250,000	40,000	-	10,000	-	300,000
Mr. Supasak Chirasavinuprapand	250,000	40,000	-	10,000	-	300,000

Remuneration of Executives

	2011		2010	
	No. of executives	Amount	No. of executives	Amount
Salary		Baht 21.37 Million		Baht 14.00 Million
Bonus		Baht 3.75 Million		Baht 2.89 Million
Provident Fund		Baht 0.97 Million		Baht 0.41 Million
Total	19	Baht 26.09 Million	19	Baht 17.30 Million

Dividend Policy

The Company and its affiliates have a policy to pay dividend of not less than 10% of the net profit after tax.

The dividend payment decision will also be subject to the future investment plan and other necessities as the Company deems appropriate in the future.

B

oard of Directors' Information

Mr. Yeap Swee Chuan Age 64

- President & CEO
- Authorized Director

Education

- Bachelor of Technology (Industrial management), Massey University, New Zealand

Training Courses

- Director Certification Program (DCP)

AH Shareholding 10.50%

Work Experience in the past 5 years

2010-present	Director, Board of Trade
2010-present	Director, Peace Network of Thailand
2005-present	Chairman, Malaysian Thai Chamber of Commerce
2000-present	Director, Goodyear (Thailand) PLC.
1996-present	President and CEO, AAPICO Hitech PLC.

Mr. John Parker Age 64

- Independent Director

Education

- B.Eng.(Manufacturing Eng), Port Elizabeth College of Education
- Cost and Management Accounting, University of South Africa

Training Courses -

AH Shareholding -

Work Experience in the past 5 years

2011-Present	Independent Director, AAPICO Hitech PLC.
2006-2010	Executive Vice President- Asia Pacific and Africa, Ford Motor Company
2003-2006	Vice Chairman and COO, Mazda Motor Corporation Vice President, Ford Motor Company

Mrs. Teo Lee Ngo Age 61

- Executive Director
- Authorized Director

Education

- Bachelor of Commerce (Industrial and Business Management), Nanyang University, Singapore

Training Courses -

AH Shareholding 9.82 %

Work Experience in the past 5 years

1996-present	Executive Director, AAPICO Hitech PLC.
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Mr. Shigeyuki Eto Age 57

- Executive Director
- Authorized Director

Education

- Bachelor of International Finance,
Kobe University, Japan

Training Courses -

AH Shareholding -

Work Experience in the past 5 years

2009-present	Executive Director, AAPICO Hitech PLC.
2009	Deputy General Manager, Automotive Dept.3, Sojitz Corporation
2005-2009	Director, Yanmar S.P. Co., Ltd.

Mr. Hiroto Murai Age 45

- Director

Education

- Bachelor of Engineering (Division of Material Physics), Osaka University, Japan

Training Courses -

AH Shareholding -

Work Experience in the past 5 years

2005-present	Director, AAPICO Hitech PLC.
2005-present	Director, SAIT Co., Ltd. (Sojitz Automotive Investment)

Mr. Kenneth Ng Age 43

- Independent Director

Education

- Bachelor of Sciences (Hons), Biotechnology
- Graduated uppersecond, King's College London University, United Kingdom
- Qualified Chartered Accountant (Institute of England & Wales)

Training Courses -**AH Shareholding -****Work Experience in the past 5 years**

- 2008-present Independent Director,
AAPICO Hitech PLC.
- 2007-present Director,
Bun Company Ltd.
- 2005-present Director,
KNKN Co.,Ltd.
- 2005-present Director,
NT Asset (Thailand) Co., Ltd.

Mr. Supasak Chirasavinuprapand Age 47

- Independent Director
- Member of Audit Committee
- Member of Nomination and Remuneration Committee

Education

- LL.B. Faculty of Law, Thammasat University
- Barrister-at-Law, The Institute of Legal Education, Thailand
- M.S. in Economics -Policy and Planning, Northeastern University, Boston, Massachusetts
- M.C.L, California Western School of Law, SanDiego, California
- LL.M.,Arizona State University, Tempe, Arizona

Training Courses -**AH Shareholding -****Work Experience in the past 5 years**

- 2004-present Partner,
Royal Advocates International Limited
- 2002-present Independent Director, Member of Audit Committee and Member of Nomination and Remuneration Committee, AAPICO Hitech PLC.

Mr. Pipat R.Punya Age 62

- Independent Director
- Chairman of Audit Committee
- Chairman of Nomination and Remuneration Committee

Education

- Bachelor of Laws, Thammsat University
- Master of Public and Private Management, NIDA

Training Courses

- Director Accreditation Program (DAP)

AH Shareholding -**Work Experience in the past 5 years**

- 2004-Present Director,
Villa Comforta Ltd.
- 1996-present Independent Director, Chairman of Audit Committee and Chairman of Nomination and Remuneration Committee, AAPICO Hitech PLC.
- 1988-present Director,
Go Thailand Tour Ltd.
- 1983-present First class lawyer,
Nitipat Law Firm

Mrs. Porntipa Praditsuktavorn Age 58

- Independent Director
- Member of Audit Committee
- Member of Nomination and Remuneration Committee

Education

- Master in Accounting, Major Cost Accounting, Chulalongkorn University

Training Courses

- Director Accreditation Program(DAP)

AH Shareholding -**Work Experience in the past 5 years**

- 2010- present Managing Director,
Praditsuk Co., Ltd.
- 2002- present Independent Director, Member of Audit Committee and Member of Nomination and Remuneration Committee, AAPICO Hitech PLC.
- 1999-2009 Executive Officer,
Panasonic Electric Works (Thailand) Co., Ltd.

AAPICO Group's total head count : 3,500 Employees (as at December 31st,2011)

Expatriate Staff (In Thailand)

Cambodian	109	Persons
Burmese	16	Persons
Japanese	16	Persons
Malaysian	4	Persons
German	2	Persons
Chinese	2	Persons
Indian	2	Persons
Australian	1	Person
Filipino	1	Person
English	1	Person

The total employees by product type as follows,

Product Type	Number of persons as at December 31 st , 2011
Jigs	59
Dies	64
OEM Auto Parts	1,293
Chassis Frames	612
Forged Auto Parts	682
Car Dealership	138
Plastic Auto Parts	543
Car Navigation	26
Others	83
Total	3,500

Corporate Governance

The Company fully recognizes the importance of corporate governance. In the year 2011, the Company adheres to the guideline for listed companies and conforms to good governance practices under the guidance of the Stock Exchange of Thailand. In 2011, the Company has carried out its operations according to the corporate governance policy as follows:

Section 1

Rights of Shareholders

1. In 2011, the Company held one shareholder meeting. The Annual General Meeting of Shareholders for the year 2011 was held on April 26th, 2011 in an accessible area in Bangkok on a working day in early afternoon for the convenience of shareholders.
2. The Company issued the AGM invitation letter with all supporting documents in both Thai and English. The Company has provided complete information and instruction of the AGM meetings, which were delivered in advance prior to the meeting. The Company has also published this information on the Company's website, in the "Investor Information" section as well as announced via the SET's electronic media.
3. The Company encouraged shareholders to participate in the Annual General Meeting of Shareholders and the voting procedures in the meeting. Shareholders were allowed to express their opinions, raise questions relating to the agenda and the issues presented. Any action that could be considered to violate the Shareholder's right was prohibited.

Section 2

Equitable Treatment of Shareholders

The Company shall treat each and every shareholder equally regardless of gender, age, race, nationality, religion, beliefs, political opinions, or disabilities.

1. Every shareholder had the right to receive information and documents either in Thai or in English.
2. Shareholders were allowed to cast a proxy vote and appoint the proxy to attend the meeting. The Company has also given the option to the shareholders of appointing 2 independent directors as their proxy.
3. The Company has notified the shareholders of the documents or other evidence needed to identify them in order to participate at the AGM as well as providing clear guidance in the invitation letter.
4. The Company did not add any other agenda items that were not stated in the invitation letter.
5. The Board of Directors prepared the minutes of Shareholders' Meetings and distributed them to shareholders via the Company's website within 14 days after the meeting date.

Section 3

Roles of Stakeholders

The Company recognizes the rights of its stakeholders and that each party has different needs and interests. The Company has, therefore, established policies to meet their requirements.

The Company has divided stakeholders into the following groups: minority shareholders, majority shareholders and institutional investors, creditors, debtors, customers, trade partners, the Company's holding companies, personnel, the community and society as a whole.

1. *Minority Shareholders, Majority Shareholders and Institutional Investors*

The Company shall continue its business operations with the highest level of transparency, maintain systematic and reliable accounts on behalf of all shareholders, and emphasize on the Company's long term growth and on appropriate remuneration.

2. *Creditors and Debtors*

The Company shall comply with all terms and conditions given by its Creditors and Debtors and consistently report on the Company's financial situation. The Company shall notify the Creditors and Debtors in advance if terms and conditions could not be applied, and both parties shall come together to resolve the situation.

3. *Customers*

The Company has a strict commitment to its customers to continuously develop its products and services. The Company shall abide by the requirements agreed upon between the Company and its customers.

4. *Trade Partners*

The Company considers equality and honesty as virtues among its core business values. The Company shall strictly comply with rules and regulations as well as operate in ethical business operation.

5. *Personnel*

The Company considers the welfare of its personnel. Their employment contracts shall be fair. Reasonable remuneration shall be appropriate to the employees based on their capability and be able to maintain their motivation. Training and development shall be provided to enhance the performance of employees. The Company shall maintain a high standard of safety and a disciplined work environment.

6. *Community*

The Company has continuously been providing support and contribution to the community and society as a whole. The Company strongly encourages each plant and subsidiary to protect the environment and maintain safety in its operations.

Also, the Company promotes Corporate Social Responsibility Clubs for its personnel, so that everyone recognizes the importance of their community.

Section 4

Information Disclosure and Transparency

The Company disclosed financial and non-financial information that is adequate, reliable, correct and current to the stakeholders to support their decision-making and to show the true status of the Company's performance. The Company has strongly placed an emphasis on monitoring transactions done by the Company to be in line with the relevant laws and regulations on Disclosure of Information and Transparency.

1. The Company disclosed the information through channels such as the Stock Exchange of Thailand (SET), Form 56-1 and Annual Reports, as well as make it available on the Company's website according to the regulations.
2. The Company compiled the information with care in a clear, accurate, and transparent manner. It is conveyed in simple and concise language, and regularly updated in order for the stakeholders to receive the information in a timely manner.
3. The Board of Directors ensured that the balance sheet, profit and loss statement and the Company's audited financial report were prepared fairly and accurately. The audited financial report was announced to the public in a timely manner. In addition, the Board had reported the Auditor's remuneration and presented it to the shareholders at the Shareholder's Meeting for their approval.
4. The Board disclosed any changes in the Company's securities holding in accordance with the regulations established by the Securities and Exchange Commission.

Section 5

Roles and Responsibilities of the Board

The Board of Directors consists of directors who are qualified in terms of skills, experience and expertise which are beneficial to the Company. The Board of Directors, appointed by shareholders, selects the management to operate the Company's business.

The Board of Directors recognizes the importance of its duties and responsibilities in managing the Company with transparency and with the consideration of attaining the maximum benefit for the Company and its shareholders. There is a clear separation of duties and responsibilities between the Board of Directors and the Management to ensure that the Company operates in a lawful and ethical manner.

The Board of Directors is committed to their responsibilities and makes all efforts to develop a strong board.

1. *Composition, Qualification and Appointment of the Board*

- The current structure of the Board sets an appropriate number of members and a composition where the number of independent directors is equivalent to at least one-third of the board size, but would not be less than three.
- The Company discloses in its Annual Report the list of Directors as well as their background, qualifications, experience, the number of shares held, the number of meetings held, the number of times of attendance, and the Board's remuneration together with the policy in determining the remuneration as well.
- The Company declares that the Board of Directors possesses knowledge, expertise, experience and qualifications that are useful for the Company in the Annual Information disclosure form (Form 56-1) and in the Annual Report (Form 56-2)

- Each director must be qualified under the Public Company law and should have no record of suspicion concerning any behavior against the fiduciary duty for public limited Company under the law or the regulations and notifications announced by the Securities and Exchange Commission
- The Board of Directors clearly specifies the term of service of the directors.
- Each member of the Board of Directors shall hold his positions in the boards of registered companies for not more than 5 companies excluding the Company's subsidiaries. To hold a position in other boards beyond more than 5 companies, the Company's Board of Directors shall consider and decide on its approval.
- The Board of Directors shall be able to receive adequate information to enable it to make effective decisions concerning the Company's operation.

2. *Roles and Responsibilities of the Board*

The board shall act professionally to lead the Company in the right direction in order to protect the benefit of the shareholders. The Roles and Responsibilities of the Board include but are not limited to the following:

- The Board of Directors reviews and approves key business matters such as the vision and mission of the Company, strategies, financial targets, risks, major plans of action and the budget
- The Board of Directors closely monitors the Management's compliance to the Company's policies
- The Board of Directors sets a clear guideline on the approval of transactions with conflict of interests including related transactions and

connected transactions. For instance, persons who have an interest in the transaction cannot participate in the decision making process.

- The Board of Directors ensures that an internal control system is in place, including financial, compliance, and policy control by assigning a person to independently audit and report on the system.
- The Board of Directors establishes a risk management policy to cover all activities of the Company, assign management to implement the policy and request a report from management regularly and seek business opportunities that may arise from these risks.
- The Board of Directors sets its meeting schedule in advance and notifies each director of the schedule to allow each member to manage time to attend the meetings. Moreover, the meeting documents are sent to each director 7 days before the Board of Directors' meeting.
- The Board of Directors has policies and methods to facilitate training for the new directors about the roles of directors as well as the nature of the business and the operations of the Company.
- The Board encourages continuous training for all internal parties related to corporate governance such as the top management.
- The Board shall provide adequate communication channels for shareholders and the disclosure of information shall be monitored to ensure high standards of accuracy, clarity, transparency and reliability.

3. *Independence of the Board*

To ensure the independence of the Board of Directors, one third of its number shall consist of not less than 3 Independent Directors.

- Independent directors must have access to

financial information and the details of business operation in order to have the adequate information to independently express their opinion to protect the shareholder's interest.

- The Company's definition of independent directors follows the minimum qualifications specified by the SEC.
- The independent directors shall work equitably on behalf of the shareholders to prevent any possible conflict of interests in the Company.

4. *Board of Audit Committee*

The Audit Committee shall consist of a minimum of 3 directors with at least one member having financial and accounting expertise. The Audit Committee members must have sufficient independent qualifications in accordance with the SEC. The Audit Committee shall be responsible for reviewing and monitoring the Company's operations, financial reporting and internal control systems. Its duties also include selecting the Company's auditor, reviewing and approving transactions which may cause conflict of interests including related transactions and connected transactions and overseeing the risk management system.

5. *Board of Nomination and Remuneration Committee.*

The Nomination and Remuneration Committee shall consist of at least 3 independent directors. The responsibilities of the Nomination and Remuneration Committee include but are not limited to the following:

- Review and appoint the management and director of the Company by using transparent selection criteria to ensure that the candidates are qualified for the position.
- Review and approve the salary adjustments and the bonus provisions for employees.

- Review and approve the appointment and the remuneration of the Board of Directors.
- Review and approve the appointment and the remuneration of the Auditor.

6. *Remuneration of the Directors and President*

The Nomination and Remuneration Committee shall be responsible for determining the remunerations and propose them to the Board and the Shareholders for subsequent approval.

- The Nomination and Remuneration Committee is responsible for providing advice to the Board concerning the remuneration of directors and the president. The remuneration calculation shall be reasonably based on the industry average. The structure of remuneration shall be clear, transparent and easy to comprehend.
- The Remuneration of directors and the president shall be approved by the shareholders where the Board proposes the remuneration package as one of the items in the agenda for shareholders to consider in the Shareholders' meeting.

Use of Inside Information

It is the Company's policy to have its directors, executives and personnel keep corporate information strictly confidential, particularly internal information not yet

disclosed to the public or any information that may affect the business of the Company or its stock price. The Company has therefore established the following guidelines:

1. The Company has informed its executives, including the subsidiary Company's executives that the use of inside information for personal or others' gain is strictly prohibited.
2. The Company's directors and executives undertake to submit the Report of Change in Securities Holding (Form 59-2) resulting from acquisition, disposition, transfer or being transferred for securities to the Office of Securities and Exchange Commission.
3. It is hereby announced that directors, executives, and employees who have acquired inside information which could potentially have significant impact on the share prices should suspend their Company securities trading for a period of one month before the Company's results of operations are announced or when such inside information are due to be publicly disclosed.

Any directors, executives, or employees who violate the Company's policy resulting in derogation or damage to the Company are subject to its penal measures and legal action taken by coordinated, relevant regulatory authorities.

Internal Control

The Audit and Corporate Governance Committee has evaluated the adequacy of the internal control of the Company and its subsidiaries and considers that the Company and its subsidiaries have an effective internal control system where the results were in compliance with the defined procedures and consistent with governmental statutory provisions and the Corporate Governance policy. By following the guidelines of the Stock Exchange of Thailand (SET), the internal control of the Company is in place without significant deficiencies where the details of internal control could be summarized as follows:

Control Environment

The Company has carefully set up clear and measurable business objectives, goals and vision to be a guideline for the executives and staff to achieve the planned operating performance where budget planning and monthly management reviews were put in place to fulfill its goals. The Board of Directors has also periodically reviewed the Company's operation to ensure conformity with the business objectives taking into account the fair treatment to stakeholders for long-term benefit of the Company.

The Board of Directors has established the Corporate Governance policy and the Code of Conduct with the intention to enable the Company to conduct its business efficiently and have good corporate governance and excellent management. The Board of Directors has promoted this policy as a guideline where directors, management and staff shall adhere with the purpose of benefiting shareholders' interest and maintaining business ethics and transparency.

The Company sees the importance of developing its manufacturing processes for standard products where it has achieved the ISO/TS 16949 and ISO 14001

certification and responsible units have been assigned to undertake the inspection and monitoring for compliance with requirements.

Risk Management

The Company's management has, on a regular basis, monitored the potential risk factors and tried its best to control those risk factors by implementing various tools as discussed in the Risk Factor section.

Control Activity

The Company has emphasized implementation of a strong control activity as follows:

- The Company has adequate control for the misuse of the Company's assets for the benefit of executives and directors
- Major duties have been segregated to prevent potential fraud. This segregation of duties includes segregation of duty between authorization, recording and custody of assets

Information System and Communication

The Company allows its employees to receive information about the Company's policies, regulations and instructions via intranet and different levels of meetings in order to ensure effective internal communication. Furthermore, the Company has implemented the Oracle Enterprise Resource Planning (ERP) system throughout the organization in order to improve the Company's information technology system and data communication.

For communication with external parties, the Company's information is disclosed via the SET's Community Portal system and the Company website at www.aapico.com. The Company also allows investors and other external parties to receive information and ask questions in the Opportunity Days held quarterly by the Stock Exchange of Thailand.

The Audit Committee, auditors and concerned parties together take part in completing the Company's financial statements every quarter to ensure that the generally accepted accounting standards have been complied with. In addition, supporting documents for accounting records and accounts are fully kept for transparency and to be used for operational objectives.

The Company's Board of Directors receives invitation letters, meeting agenda, and supporting documents in advance of the meeting. Discussions and recommendations including resolutions of the Board are recorded in the minutes of meetings for future reference.

Monitoring and Assessment

In the Board of Directors meetings in 2011, the results of performance were monitored as to whether it met the goals set. The Company's management is required to follow up the goals and supervise implementations based on strategic plans and projections included in the annual business plan.

As the Company recognizes the importance of risk management, the Board of Directors entrusts the Audit Committee to review with the management the risk management policy and practice compliance with such policy.

In addition, the Audit Committee's Report is attached in the Audit Committee section.

Related Transactions

Disclosure of related transactions

During the year, the Company has made transactions with its subsidiaries, associates, and related companies. These transactions arose in the ordinary course of business and were concluded on commercial terms and bases agreed between the Company and those related parties. These transactions are disclosed in Item 8 of the Notes to the Financial Statements for the year ended December 31st, 2011.

Necessity and justification for related transactions

The Company increased the capital in some of its subsidiaries during 2011. The Company also transferred its investment in one of its subsidiaries to other investment.

Related transactions have been reviewed by the Company's Audit Committee. The majority transactions were the purchase/sale of OEM auto parts, jigs, and dies at market price among AAPICO Group. The trading of products and services included the acquisition of related assets represent normal business activities of the Company. These transactions are also deemed to be necessary for the Company's operations with primary consideration of the highest benefit to the Company.

The calculation of interest was subject to the interest rate of the bank. The loan among the related parties was done only under necessary and urgent conditions.

Policies or trends relating to future related transactions

In undertaking future related transactions, the Company will continue with the policy to have the purchase/sale price of products and services to related parties comparable to the market price.

Future related transactions will be considered by the Board of Directors in compliance with securities and the Stock Exchange, regulations, announcements or orders of the Stock Exchange of Thailand. Furthermore, as specified by the Association of Thai Accountants and Certified Auditors, the Company will comply with accounting standards concerning information disclosures of connected transactions.

However, for the related transactions with a potential conflict of interest, or vested interests, or possible future conflict of interest, the Company will assign the Audit Committee to provide its opinion on the necessity and justification of the transaction. If the Audit Committee does not possess sufficient expertise to review the transaction, the Company will assign an independent expert to express an opinion on the transaction. The information is then provided to the Board of Directors or Shareholders to be used in the decision making process. In addition, details of the related transactions are disclosed in the Notes to the Financial Statements, which have been audited by the Company's auditors.

M^aanagement Discussion and Analysis

Overview of Business in 2011

AAPICO Hitech PLC and its subsidiaries operate in 3 countries, namely, Thailand, Malaysia and China where the main focus is the manufacture of automotive parts. The operation can be divided into 5 major sectors:

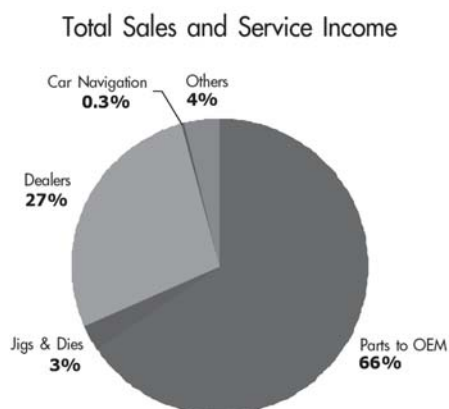
1. OEM: Manufacture of OEM auto parts
2. Dealers: Automobile sales and services
3. Jigs: Design, manufacture and installation of assembly jigs
4. Dies: Design and manufacture of dies
5. Car navigation (Powermap) sales and services

In terms of sales, the main contribution to the Company came from the manufacture of OEM auto parts which accounted for 66% of total earnings, primarily from the Chassis Frame operation. Sales from the dealership business contributed to 27% of total earnings.

The decline of revenue in 2011 resulted from the impact of the tsunami in Japan and the severe floods in Thailand, which led to a drop in the automotive industry; the domestic car production decreased by 11.4% to 1.46 million units from 1.65 million units in 2010. However, the forecast for growth in the automotive industry remains strong for the next few years as the domestic car production is expected to reach at least 2 million units in 2012 which will be the highest production volume in the history of Thailand.

Although a poor performance was shown in the 2011 annual financial results, the Company had recorded an outstanding performance in the first nine months of the year with a net profit of Baht 274 million, notwithstanding the impact of the tsunami which occurred in March. In the fourth quarter of 2011, the Company experienced a substantial loss of Baht 664 million due to a loss of sales for almost the whole quarter because of the floods and also to the write-off of inventories and fixed assets. This shows that, had it not

been for the unexpected natural disasters, 2011 would have been another good year for the Company.



Profit and Loss Analysis

Revenue Analysis

AAPICO's consolidated total revenue dropped from Baht 11,758.1 million in 2010 to Baht 10,786.0 million in 2011, a decrease of Baht 972.1 million or 8.3%. Total revenue consisted of sales and service income and other income. 'Other income' shown in the consolidated financial statement came mainly from the sale of scrap. This is standard income from the press parts business and is normally considered part of the business income.

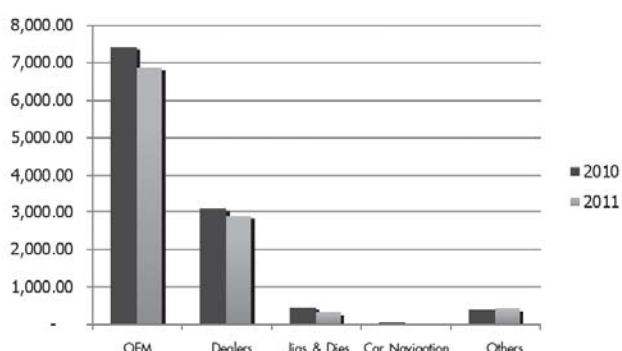
The breakdown of sales and service income by countries is as follows:

	2011	2010	Change	(%)
Thailand	7,872	8,360	(488)	(6%)
China	865	754	111	15%
Malaysia	1,619	2,230	(611)	(27%)
Total	10,365	11,344	(979)	(9%)

The tsunami which hit the north-east coast of Japan in March and the disastrous flood in Thailand in October had an adverse impact on the automotive industry. Falling well below the target of 1.9 million units, the automotive industry in 2011 achieved only 1.46 million units of production. The unforeseen natural disasters were the reason for the Company's revenue drop in 2011.

AAPICO Group comprises the following business

sectors:



OEM Pressed Parts Manufacturing:

Sales dropped by 7% or Baht 553.31 million from Baht 7,389 million in 2010 to Baht 6,836 million in 2011. The drop was in line with the downturn in the industry caused by the series of unfortunate natural disasters mentioned above.

Dealerships Business:

The dealership business also encountered a sales decline of 7% or Baht 219.18 million. The reduction was primarily caused by the shortage of part supplies to car makers, hence a consequent reduction of cars assembled.

Assembly Jig Business:

AAPICO's Jig operations experienced a significant decrease of Baht 351 million or 88% from Baht 397 million in 2010 to Baht 46 million in 2011. This can be partly attributed to the cyclical nature of the jig business. Moreover, the Company's jig operations was also forced to delay the delivery of its products because of the flood. Hence, the revenue which should have been recognized in 2011 is postponed to 2012. The jig business in 2011 was mainly to support AAPICO Group importer where most of its sales are regarded as related transactions and are therefore eliminated from the consolidated financial statement.

Die Designing and Manufacturing:

The Die manufacture experienced a substantial revenue growth of Baht 201 million, or equivalent to 382%,

from Baht 52 million in 2010 to Baht 253 million in 2011. This revenue is recognized when there is a payment after the launch of a new model. In some cases, the dies are amortised to the part price.

Car Navigation Business:

Car navigation business is a small contributor to the total revenue of the Company, with a slight drop of 8% from Baht 36.5 million in 2010 to Baht 33.5 million in 2011. However, it should be noted that its contribution is relatively high in terms of value add.

Cost and Expense Analysis

	2011	2010	Change	(%)
Cost of sales and services	9,591	10,515	(923)	(8.8%)
Administrative expenses	869	450	418	92.8%
Selling expenses	211	198	12	6.1%
Finance cost	239	176	62	35.3%

• **Cost of Goods Sold**

The consolidated cost of goods sold has decreased by Baht 923 million or 8.8%. The drop in cost of goods sold is more than the drop in total revenue of 8.3%. The cost of goods sold accounted for 88.9% of the total revenue.

• **Selling and Administrative Expense**

The selling and administrative expense increased by Baht 430.21 million or 66.3% which was caused mainly by the increase in administrative expense of Baht 418 million. The major part of the substantial increase resulted from the write-off of inventories damaged by the flood in the fourth quarter.

• **Financial Expense**

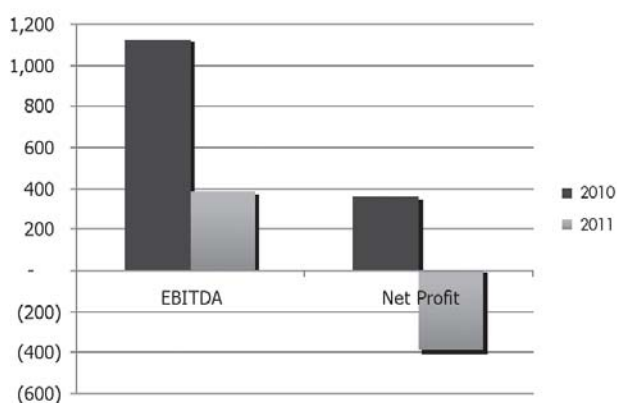
In 2011, the cost of financing was Baht 238.53 million, which represents an increase of Baht 62.2 million or 35% compared to 2010. The higher cost

came from additional bank borrowing to support investments, in the form of long-term loans which increased by Baht 248.7 million. Furthermore, there were additional short-term loans from the banks, which increased by Baht 213.3 million, to pay for the overheads and extra expenses during the flood in the fourth quarter. The increase in interest rates during the year also added to the cost of borrowing.

• Tax Expense

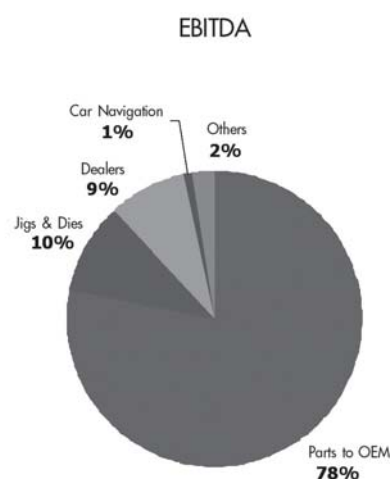
In 2011, the tax payment decreased by Baht 39.9 million or 29.7%. The drop in tax payment was in line with the decline in income. 53.8% of the tax payment was from AAPICO Amata, which generated 21.7% of the total revenue.

Profitability Analysis



• EBITDA

EBITDA declined from Baht 1,123.5 million in 2010 to Baht 382.4 million in 2011, a decrease of Baht 741.1 million or 66%. The reduction was largely due to a decrease in sales and a loss arising from the flood in the fourth quarter as mentioned above. The auto parts manufacturing's EBITDA contributes 78% to EBITDA of AAPICO group while the auto parts manufacturing's sales contribute only 66% to total sales of AAPICO group. On the other hand, the dealership business accounted for only 9% of the Company's EBITDA despite the large amount in sales. This is the nature of the dealership business.



• Net Profit

Likewise, profitability decreased from a profit of Baht 357 million for the year 2010 to a loss of Baht 390 million for the year 2011. This loss is equivalent to a net profit margin of -3.6%.

Financial Standing Analysis

Assets

AAPICO Group's consolidated total assets are at Baht 11,521.2 million in 2011 compared to Baht 11,474.2 million in 2010. The growth in total assets is Baht 47 million or 0.4%. This resulted mainly from an increase in the portion of non-current assets, namely investments in associates, and in property, plant and equipment.

	2011	2010	Change	(%)
Total trade accounts receivable - net	970	1,555	(585)	(37.6%)
Inventories - net	892	912	(20)	(2.2%)
Property, plant and equipment - net	6,578	5,547	1,031	18.6%

• Accounts Receivable

The Company's net accounts receivable is the main portion of the Company's current assets which accounted for 8.4% of total assets. As of December 31st, 2011 and December 31st, 2010, the net accounts

receivable was Baht 969.7 million and Baht 1,555.4 million respectively, equivalent to a decrease of 38%. The average collection period for the year 2011 slightly increased to 49 days from 43 days in the year 2010.

- **Inventory**

The level of inventory slightly decreased from the year 2010 when the amount was Baht 911.7 million to Baht 892 million in the year 2011, equivalent to a drop of 2.2%. Even though the flooded inventories had been written off, the Company had rebuilt the inventory as a high sales volume is expected in the first quarter of 2012. The inventory turnover day in 2011 is at 34 days which is longer than 27 days in 2010. Although weaker, the 2011 ratio still remains a good enough figure to indicate that inventory control is effective.

- **Property, plant and equipment**

	2011	2010	Change	(%)
Land	700	648	52	8.07%
Building and Building Improvements	1,325	1,273	52	4.10%
Machinery and factory equipment	3,551	2,590	961	37.10%
Motor vehicles and office equipment	74	64	10	16.09%
Building under construction, machinery and factory equipment under production/ installation	928	972	(44)	(4.56%)

AAPICO Group has significantly invested in its machines and facilities as it has always focused on continual improvement and expansion. The investment increased from Baht 5,546.7 million in 2010 to Baht 6,578.4 million in 2011. The increase of 18.6% was mainly due to the purchase of new machines and factory equipment for the new factories which accounted for 54% of the total property, plant and equipment portion.

Liability

AAPICO Group's consolidated total liabilities have significantly increased from Baht 6,867.6 million as of December 2010 to Baht 7,416.2 million as of December 2011. The 8% increase of the liability level was generated mainly from the increase in long-term and short-term financing from the banks.

The debt to shareholder's equity ratio in 2011 was 1.21 which is higher than 0.93 in 2010. With the substantial increase in the Company's debts from 2010 to 2011, the ability to repay has weakened as shown below in terms of current ratio and times interest earned. Moreover, the minus time interest earned ratio in 2011 is due to the negative income before finance cost and corporate income tax, which resulted from damages by the flood.

	2011	2010
Current Ratio (time)	0.67	0.88
Times Interest Earned (time)	(0.25)	4

- **Accounts payable**

The Company trade accounts payable as of December 2011 and December 2010 were Baht 1,370.3 million and Baht 1,934.3 million respectively, a decrease of Baht 564 million or 29%. The accounts payable turnover day in 2011 was 77 days compared to 58 days in 2010.

- **Banks financing**

	2011	2010	Change	(%)
Bank overdrafts and short-term loans from banks	938.3	677.3	260.9	38.5%
Current portion of long-term loans	840.9	729.3	111.6	15.3%
Long-term loans-net of current portion	3,172	2,890.9	281.1	9.7%

The total bank loans have increased from Baht 4,297.5 million in 2010 to 4,951.19 million in 2011. The increase in long-term loans of Baht 392.7 million, or 11% was to support the Company's investment in machinery and factory equipment. The short-term loans have noticeably increased from Baht 677.3 million in 2010 to Baht 938.3 million in 2011 due to the need for working capital during the flood. Because production started to resume at the end of the year, the Company needed to pay for the costs of production preparation.

Shareholders' Equity

As of December 2011, the consolidated total shareholders' equity was Baht 4,105 million. The Company's total net worth decreased by Baht 501.6 million or 11% compared to the end of 2010. This was primarily because the AAPICO Group reported a net loss of Baht 390 million in 2011. Based on the performance in 2010, the Company had paid the final dividend for the year 2010 in May 2011 at Baht 0.21 per share which amounted to a total of Baht 56.5 million. Moreover, the Company distributed interim dividend payment to its shareholders for the net profit of the first half of 2011 in September 2011 at Baht 0.16 per share which amounted to a total of Baht 43 million.

The return on shareholders' equity ratio for 2011 is -9% which resulted from the net loss in 2011.

Cash Flow Analysis

For the year ended December 2011, cash and cash equivalent was Baht 239 million, a decrease of Baht 42.6 million or -15% from Baht 282 million at the end of 2010, a result mainly of the following activities:

	2011	2010	Change	(%)
Cash flows from operating activities	637	594	43	7.2%
Cash flows from investing activities	(1063)	(1597)	534	33.4%
Cash flows from financing activities	334	1088	(753)	(69.3%)
Translation adjustment	49	(22)	72	320.6%
Net increase (decrease) in cash and cash equivalents	(43)	62	(104)	(169.0%)

Cash flows from operating activities:

The net cash flow from operating activities for the year 2011 is Baht 637 million, an increase of Baht 43 million from 2010

Cash flows from investing activities:

The net cash flow from investing activities in 2011 is Baht -1,063 million, an increase of 534 million from 2010. The cash was used mainly for the acquisition of plant, equipment, leasehold rights and software.

Cash flows from financing activities:

To support its investments, the Company borrowed from the banks which resulted in a Baht 334 million of cash flow from financing activities.

Major factors and influences potentially affecting future operations or financial standing

As the Company's operation is primarily dependent on the industry's performance, there are no major factors that would significantly influence the future business operations and financial standing of the Company. Regardless of the natural disasters during the year, the automotive industry tends to be strong for the next two to three years, due to rising global demand and the launch of new models. In 2012, the AAPICO Group has already received orders for six recently launched models. In addition, more models are expected to be launched in the following years. With these

new launches, the AAPICO Group can benefit from a higher margin for the first year of production before cost reduction sets in. With newly established facilities in Rayong and machineries, AAPICO is well poised to support the expected higher volume of production. Being well prepared, the Company is able to respond in a timely manner to the customers' requirements. Activities and projects on cost reduction have been vigorously initiated in order to reduce costs. With all these initiatives, the Company believes it can successfully handle the anticipated increase in volume and grow together with its customers in line with the growth of the automotive industry.

R eport of the Audit Committee

The Audit Committee of AAPICO Hitech Public Company Limited was appointed by the Board of Directors of the Company to carry out the business regulation within the scope of responsibilities assigned by the Board of Directors.

The Audit Committee consists of 3 independent directors as follows:

- | | |
|-----------------------------------|-----------------------------|
| 1. Mr. Pipat R.Punya | Chairman of Audit Committee |
| 2. Ms. Pornnipa Praditsuktavorn | Member of Audit Committee |
| 3. Mr. Supasak Chirasavinuprapand | Member of Audit Committee |

During the fiscal year ended as at December 31st, 2011, the Audit Committee held 4 meetings in total, in which the attendance of each member in the Audit Committee is as follows.

Name	Audit Committee Meeting
	Total Held 4 Times
Mr. Pipat R. Punya	3
Ms. Pornnipa Praditsuktavorn	4
Mr. Supasak Chirasavinuprapand	4

The meeting was conducted to give fair opinion on the following issues.

Correctness, completeness and reliability of the Company's financial report

The quarterly financial statements and the annual financial statements have been jointly reviewed with the management to provide an opinion whether the financial statement is prepared fairly and correctly in accordance with the generally accepted accounting principle. The Committee also reviews whether key information, related party transaction or information that could possibly cause conflict of interest has been completely and reliably disclosed. After the revision, the Audit Committee concludes that the Audit Committee has the same opinion with the auditor that the financial statement of the Company conforms to the general accounting standard, has adequate information disclosures, has the internal audit system in good level, has transparent administration, and does not have any material issue concerning the non-compliance with related regulations.

Sufficiency of the Company's internal control

By reviewing the Internal Control system of the Company, the Audit and Corporate Governance Committee has evaluated the adequacy of the internal control of the Company and its subsidiaries and considers that the Company and its subsidiaries have an effective internal control system where the results were in compliance with the defined procedures and consistent with governmental statutory provisions and the Corporate Governance policy. By following the guidelines of the Stock Exchange of Thailand (SET), the internal control of the Company is in place without significant deficiencies.

Compliance to law and regulations regarding Securities and Exchange Act, requirement of the stock exchange or regulations relating to the Company's business

The audit committee has reviewed the operation and the reporting of the Company. The audit committee gives the opinion that the Company's operation and reporting is in compliance with law and regulations of the Securities and Exchange Act and the requirements of the Stock Exchange of Thailand.

Suitability of the Auditor

After investigating and considering the independence of the Auditor, the Audit Committee proposed the Board of Directors to appoint Ernst & Young Office Limited. as the Company's auditor following the past year. This is because Ernst & Young has the widely recognized auditing standard and experience along with high level of independence. The proposal to appoint the auditor would be presented to the Annual General Meeting of the shareholders for further approval.

Transactions which might cause conflict of interest

The Audit Committee has reviewed the audit report and provides opinion that the transaction which might cause conflict of interest is properly disclosed.



Mr. Pipat R. Punya
Chairman of Audit Committee

Report of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of three independent directors namely Mr.Pipat R. Punya, Mr. Supasak Chirasavinuprapand and, Mrs. Porntipa Praditsuktavorn where Mr.Pipat is the Chairman of the committee.

In 2011, there were 2 meetings held by the Nomination and Remuneration Committee to follow up and consider the important issues designated by the Board of Directors. The issues are as follows.

1. To formulate policy to submit to the Board of Directors as follows
 - 1.1. Policy, criteria and selection method of directors and managers by focusing on personal qualifications, expertise, competence and experience of the candidates.
 - 1.2. Policy and criteria of remuneration, salary adjustment and other benefits including bonus to the directors and employees of the Company.
2. To select and nominate the persons with suitable qualifications by using transparent selection criteria to ensure that the candidates are qualified for the positions in the Board of Directors. The positions are as follows :
 - 2.1. Directors
 - 2.2. Executives from the level of Division Manager
3. To supervise the Board of Directors to ensure that the size and components are suitable to the organization including the appropriate adjustment in response to the changing environment.
4. To review and approve the remuneration of the Board of Directors.
5. To supervise Directors and Managing directors to ensure that their remuneration is appropriate to their duties and responsibilities assigned as well as comparable to other listed companies in the same industry within the Stock Exchange of Thailand.
6. To determine the guideline to evaluate the works of the Board of Directors and the Executives from the level of the Division Manager. This includes the consideration of the annual remuneration adjustment, by taking into account the responsibilities and the risks involved.
7. To perform any act designated by the Board of Directors.



Mr. Pipat R. Punya
Chairman of the Nomination and
Remuneration Committee

Report of Independent Auditor

To the Shareholders of AAPICO Hitech Public Company Limited

I have audited the accompanying consolidated statements of financial position of AAPICO Hitech Public Company Limited and its subsidiaries as at 31 December 2011, the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and have also audited the separate financial statements of AAPICO Hitech Public Company Limited for the same period. These financial statements are the responsibility of the management of the Company and its subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audit. I did not audit the financial statements of the subsidiaries for the year ended 31 December 2011 as discussed in Note 14 to financial statements. As at 31 December 2011, the subsidiaries' financial statements as included in the consolidated financial statements present total assets of Baht 1,874 million and revenues for the year then ended of Baht 3,001 million. The financial statements of the above subsidiaries were audited by other auditors whose reports, which have been furnished to me, expressed unqualified opinions. My opinion in so far as it relates to the amounts of the various transactions of those companies included in the consolidated financial statements is based on the reports of those auditors. The consolidated financial statements of AAPICO Hitech Public Company Limited and its subsidiaries for the year ended 31 December 2010, and the separate financial statements of AAPICO Hitech Public Company Limited for the same period, as presented herein for comparative purposes, were audited by another auditor of our firm who, based on his audit and the reports of other auditors of some subsidiaries expressed an unqualified opinion on those statements under his report dated 1 March 2011.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit, together with the reports of the other auditors discussed in the first paragraph, provides a reasonable basis for my opinion.

In my opinion, based on my audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of AAPICO Hitech Public Company Limited and its subsidiaries and of AAPICO Hitech Public Company Limited as at 31 December 2011 and the results of their operations and their cash flows for the year then ended, in accordance with generally accepted accounting principles.

Without qualifying my opinion on the aforementioned financial statements, I draw attention to Note 3 to the financial statements. During the current year, the Company adopted a number of revised and new accounting standards as issued by the Federation of Accounting Professions, and applied them in the preparation and presentation of its financial statements.



Vissuta Jariyathanakorn

Certified Public Accountant (Thailand) No. 3853

Ernst & Young Office Limited
Bangkok: 29 February 2012

Statements of financial position

AAPICO Hitech Public Company Limited and its subsidiaries

As at 31 December 2011 and 2010

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
Assets					
Current assets					
Cash and cash equivalents	9	238,957,479	281,597,310	18,109,481	14,203,196
Current investments		64,810,405	303,112,191	93,479	83,746
Trade and other receivables	8, 10	1,202,831,886	1,617,476,749	433,948,141	420,446,894
Short-term loans to related parties	8	25,000,000	113,926,349	193,000,000	263,926,350
Inventories	11	892,035,981	911,742,561	155,420,535	238,662,919
Other current assets		270,475,628	270,484,867	31,752,709	13,881,964
Total current assets		2,694,111,379	3,498,340,027	832,324,345	951,205,069
Non-current assets					
Restricted bank deposits	12	370,493	362,280	-	-
Long-term loans to related parties	8	-	11,071,365	3,226,314,688	2,963,454,107
Investments in associates	13	728,543,862	523,675,853	346,096,812	261,597,112
Investments in subsidiaries	14	-	-	3,661,336,705	3,761,336,705
Other long-term investments	15	82,349,766	74,397,208	-	-
Property, plant and equipment	16	6,578,407,781	5,546,732,413	1,410,813,379	1,107,567,656
Leasehold right	17	187,682,050	118,141,636	-	-
Deposit for purchase of assets		14,056,498	256,818,399	8,977,676	39,686,820
Goodwill	18	1,086,861,862	1,286,861,862	-	-
Other intangible assets	19	87,104,053	93,677,955	25,849,297	30,507,292
Non-operating assets	20	45,000,000	45,000,000	-	-
Other non-current assets		16,718,554	19,102,600	4,695,211	7,359,232
Total non-current assets		8,827,094,919	7,975,841,571	8,684,083,768	8,171,508,924
Total assets		11,521,206,298	11,474,181,598	9,516,408,113	9,122,713,993

The accompanying notes are an integral part of the financial statements.

Statements of financial position (continued)

AAPICO Hitech Public Company Limited and its subsidiaries

As at 31 December 2011 and 2010

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2011	2010	2011	2010
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from banks	21	938,280,818	677,344,791	560,444,468	398,000,000
Trade and other payables	22	1,896,988,301	2,192,412,454	598,300,675	677,390,429
Current portion of long-term loans	23	840,887,642	729,333,310	832,600,000	705,050,000
Current portion of liabilities under finance lease agreements	24	41,519,053	1,731,640	6,165,104	-
Short-term loans from related parties	8	17,939,932	3,477,539	167,887,390	347,000,000
Provisions for product warranty		17,638,815	11,385,714	-	-
Deposit received in advance from related party		9,417,896	-	16,363,740	8,181,870
Other current liabilities		249,371,571	349,394,294	67,197,946	84,860,372
Total current liabilities		4,012,044,028	3,965,079,742	2,248,959,323	2,220,482,671
Non-current liabilities					
Long-term loans - net of current portion	23	3,172,026,993	2,890,850,752	2,923,549,997	2,802,450,000
Liabilities under finance lease agreements					
- net of current portion	24	69,032,458	4,998,697	9,891,043	-
Provision for long-term employee benefits	25	73,433,725	-	24,018,682	-
Other non-current liabilities		89,684,883	6,675,894	-	-
Total non-current liabilities		3,404,178,059	2,902,525,343	2,957,459,722	2,802,450,000
Total liabilities		7,416,222,087	6,867,605,085	5,206,419,045	5,022,932,671

The accompanying notes are an integral part of the financial statements.

S tatements of financial position (continued)

AAPICO Hitech Public Company Limited and its subsidiaries

As at 31 December 2011 and 2010

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
Shareholders' equity					
Share capital					
Registered					
42,360,000 non-cumulative preferred shares of Baht 1 each	26	42,360,000	42,360,000	42,360,000	42,360,000
229,337,900 ordinary shares of Baht 1 each		229,337,900	229,337,900	229,337,900	229,337,900
Issued and fully paid up					
42,360,000 non-cumulative preferred shares of Baht 1 each	26	42,360,000	42,360,000	42,360,000	42,360,000
226,514,300 ordinary shares of Baht 1 each		226,514,300	226,514,300	226,514,300	226,514,300
Premium on preferred shares		1,415,247,600	1,415,247,600	1,415,247,600	1,415,247,600
Premium on ordinary shares		749,106,732	749,106,732	749,106,732	749,106,732
Retained earnings					
Appropriated					
Statutory reserve - the Company	28	59,541,000	59,541,000	59,541,000	59,541,000
- subsidiaries		119,370,074	116,170,535	-	-
Unappropriated		1,438,510,781	2,000,274,746	1,817,219,436	1,607,011,690
Other components of shareholders' equity		(61,153,713)	(116,472,369)	-	-
Equity attributable to owners of the Company		3,989,496,774	4,492,742,544	4,309,989,068	4,099,781,322
Non-controlling interests of the subsidiaries		115,487,437	113,833,969	-	-
Total shareholders' equity		4,104,984,211	4,606,576,513	4,309,989,068	4,099,781,322
Total liabilities and shareholders' equity		11,521,206,298	11,474,181,598	9,516,408,113	9,122,713,993

The accompanying notes are an integral part of the financial statements.

Income statements

AAPICO Hitech Public Company Limited and its subsidiaries

For the years ended 31 December 2011 and 2010

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
Revenues					
Sales and service income	30	10,355,659,233	11,344,221,100	1,613,676,426	1,756,644,716
Dividend income		-	-	619,372,364	1,007,033,688
Other income		430,324,897	413,873,674	269,090,710	216,593,222
Total revenues		10,785,984,130	11,758,094,774	2,502,139,500	2,980,271,626
Expenses					
Cost of sales and services		9,591,192,870	10,514,671,090	1,544,102,815	1,643,198,779
Selling expenses		210,507,056	198,452,691	35,418,798	42,041,606
Administrative expenses		868,604,197	476,501,862	164,481,177	92,176,417
Loss on impairment of assets		329,063,343	-	200,000,000	7,000,000
Total expenses		10,999,367,466	11,189,625,643	1,944,002,790	1,784,416,802
Profit (loss) before share of income from investments in associates, finance cost and corporate income tax		(213,383,336)	568,469,131	558,136,710	1,195,854,824
Share of income from investments in associates	13	154,243,465	136,265,214	-	-
Profit (loss) before finance cost and corporate income tax		(59,139,871)	704,734,345	558,136,710	1,195,854,824
Finance cost		(238,527,763)	(176,336,914)	(220,033,538)	(170,164,717)
Profit (loss) before corporate income tax		(297,667,634)	528,397,431	338,103,172	1,025,690,107
Corporate income tax		(94,302,657)	(134,211,146)	(6,602,508)	(7,454,812)
Profit (loss) for the year		(391,970,291)	394,186,285	331,500,664	1,018,235,295
Profit (loss) attributable to:					
Equity holders of the Company		(389,745,050)	356,573,051	331,500,664	1,018,235,295
Non-controlling interests of the subsidiaries		(2,225,241)	37,613,234		
		(391,970,291)	394,186,285		
Earnings per share	31				
Basic earnings (loss) per share					
Profit (loss) attributable to equity holders of the Company		(1.72)	1.57	1.46	4.50

The accompanying notes are an integral part of the financial statements.

Statements of comprehensive income

AAPICO Hitech Public Company Limited and its subsidiaries

For the years ended 31 December 2011 and 2010

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Profit (loss) for the year	(391,970,291)	394,186,285	331,500,664	1,018,235,295
Other comprehensive income:				
Exchange differences on translation of financial statements in foreign currency	51,850,309	(21,337,820)	-	-
Gain on change in value of available-for-sale investments	5,031,455	2,789,393	-	-
Other comprehensive income for the year	56,881,764	(18,548,427)	-	-
Total comprehensive income for the year	(335,088,527)	375,637,858	331,500,664	1,018,235,295
Total comprehensive income attributable to:				
Equity holders of the Company	(334,426,394)	336,941,514	331,500,664	1,018,235,295
Non-controlling interests of the subsidiaries	(662,133)	38,696,344		
	(335,088,527)	375,637,858		

The accompanying notes are an integral part of the financial statements.

Cash flow statements

AAPICO Hitech Public Company Limited and its subsidiaries

For the years ended 31 December 2011 and 2010

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Cash flows from operating activities				
Profit (loss) before tax	(297,667,634)	528,397,431	338,103,172	1,025,690,107
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities: -				
Loss from write-off of inventories, machinery and equipment	455,049,956	-	184,684,302	-
Depreciation and amortisation	462,461,272	437,036,216	76,813,344	62,496,175
Share of (income) loss from investments in associates	(154,243,465)	(136,265,214)	-	-
Gain from current investment - investment unit in open-end funds	(77,615)	(5,443,242)	(9,733)	(105,680)
Gain from claim under insurance contract	-	(30,118,489)	-	-
Loss on impairment of investments	-	-	200,000,000	7,000,000
Loss on impairment of assets	25,530,141	5,569,938	-	-
Impairment loss of goodwill	200,000,000	-	-	-
Write-off of assets	7,570,081	-	2,098,540	-
Decrease of inventory to net realisable value (reversal)	76,617,292	(50,294,985)	3,975,572	7,763,198
Dividend income from subsidiary and associate	-	-	(619,372,364)	(1,007,033,688)
Allowance for doubtful accounts	93,785,238	848,427	39,117,254	811,002
Provision for long-term employee benefits	8,376,716	-	2,209,175	-
Gain on disposal of other long-term investments	-	(5,216,271)	-	-
(Gain) loss on disposal of property, plant and equipment	(424,357)	9,653,662	(1,556,263)	(1,140,317)
Interest expenses	235,999,151	174,291,599	217,697,883	167,962,989
Profit from operating activities before changes in operating assets and liabilities	1,112,976,776	928,459,072	443,760,882	263,443,786
Operating assets (increase) decrease				
Current investments	238,379,401	(212,428,673)	-	19,069,264
Trade and other receivables	336,156,470	(427,402,090)	(26,753,791)	19,502,717
Inventories	(443,799,536)	(239,831,971)	(50,121,170)	(47,172,044)
Other current assets	(511,554)	(54,189,600)	(22,217,905)	(9,670,944)
Other non-current assets	2,761,396	26,035,221	2,664,021	3,908,189
Operating liabilities increase (decrease)				
Trade and other payables	(511,009,781)	5,151,330	(182,611,354)	25,985,935
Other current liabilities	(22,107,117)	641,380,894	(9,298,946)	63,877,394
Other non-current liabilities	83,008,989	(705,635)	-	-
Cash flows from operating activities	795,855,044	666,468,548	155,421,737	338,944,297
Cash paid for corporate income tax	(159,183,625)	(74,096,781)	(2,436,958)	(7,273,203)
Net cash flows from (used in) operating activities	636,671,419	592,371,767	152,984,779	331,671,094

The accompanying notes are an integral part of the financial statements.

Cash flow statements (continued)

AAPICO Hitech Public Company Limited and its subsidiaries

For the years ended 31 December 2011 and 2010

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Cash flows from investing activities				
Increase in restricted bank deposits	(8,213)	(351,763)	-	-
Increase in loans to related parties	99,997,714	(13,997,116)	(203,112,538)	(610,387,107)
Acquisition of investments in subsidiaries and associates	(82,442,632)	(16,229,000)	(179,999,700)	(197,695,447)
Dividend received from subsidiary and associate	14,686,403	12,296,841	604,685,961	1,012,296,092
Share subscription receivable - related party	150,004	-	-	-
Decrease in other long-term investments	-	37,854,271	-	-
Proceeds from sales of property, plant and equipment	47,808,189	28,855,852	1,598,131	1,172,896
Acquisitions of plant, equipment, leasehold right and software	(1,144,929,173)	(1,648,801,299)	(225,404,853)	(538,591,341)
Increase (decrease) in non-controlling interests of the subsidiaries	1,563,098	1,083,110	-	-
Net cash flows from (used in) investing activities	(1,063,174,610)	(1,599,289,104)	(2,232,999)	(333,204,907)
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from banks	260,936,027	7,605,491	162,444,465	(7,000,000)
Increase (decrease) in loans from related parties	34,753,218	619,568	(179,112,610)	(1,125,730,000)
Repayment of long-term loans	(791,952,488)	(686,965,026)	(765,350,000)	(622,400,000)
Increase in long-term loans	1,182,526,377	2,012,257,887	1,014,000,000	1,975,000,000
Cash received from non-controlling interests of the subsidiaries for share subscription	1,151,813	2,249,996	-	-
Dividend paid	(99,483,411)	(69,907,058)	(99,483,411)	(69,907,058)
Cash paid for interest expenses	(253,530,747)	(174,677,850)	(279,343,939)	(155,311,791)
Net cash flow from (used in) financing activities	334,400,789	1,091,183,008	(146,845,495)	(5,348,849)
Decrease in exchange differences on translation of financial statements in foreign currency	49,462,571	(22,420,930)	-	-
Net increase (decrease) in cash and cash equivalents	(42,639,831)	61,844,741	3,906,285	(6,882,662)
Cash and cash equivalents at beginning of year	281,597,310	219,752,569	14,203,196	21,085,858
Cash and cash equivalents at end of year	238,957,479	281,597,310	18,109,481	14,203,196

The accompanying notes are an integral part of the financial statements.

Cash flow statements (continued)

AAPICO Hitech Public Company Limited and its subsidiaries

For the years ended 31 December 2011 and 2010

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Supplemental cash flows information: -				
Non-cash items consist of				
Transfer inventories to machinery and equipment	83,500,650	22,168,919	-	192,157
Transfer machinery and equipment to inventories	-	-	1,632,994	-
Transfer equipment to software	7,028,000	1,777,389	-	203,150
Increase (decrease) in accounts payable - purchases and construction of assets	190,294,000	(413,426,646)	159,681,359	(316,189,404)
Increase in accounts payable - retention for construction	-	11,558,164	-	11,558,164
Increase (decrease) in deposit for purchase of assets	243,000	183,960,893	(30,709,144)	26,333,088
Transfer interest expense to work under construction	15,130,102	1,616,896	986,297	1,462,973
Surplus (deficit) on changes in value of available-for-sale investments	7,952,558	2,789,393	-	-
Purchases of machinery under sale and lease back agreements	103,821,174	-	16,056,147	-
Increase in share subscription payable - related party	4,500,000	-	4,500,000	-

The accompanying notes are an integral part of the financial statements.



Statements of changes in shareholders' equity

AAPICO Hitech Public Company Limited and its subsidiaries

For the years ended 31 December 2011 and 2010

(Unit: Baht)

Consolidated financial statements															
Equity attributable to owners of the Company															
	Other components of equity														
	Retained earnings						Other comprehensive income								
	Issued and paid-up share capital		Premium on		Appropriated statutory reserve		Exchange differences on translation of financial statements in foreign currency		Surplus (deficit) on changes in value of available-for-sale investments		Treasury shares				
	Preferred shares	Ordinary shares	Preferred shares	Ordinary shares	The Company	Subsidiaries	Appropriated reserve for treasury shares	Unappropriated							
Balance as at 31 December 2009	42,360,000	240,000,000	1,415,247,600	749,106,732	59,541,000	85,100,809	192,809,988	1,731,192,779	(7,782,252)	(89,058,580)	(192,809,988)	(289,650,820)	4,225,708,088	75,857,236	4,301,565,324
Total comprehensive income for the year	-	-	-	-	-	-	-	356,573,051	(22,420,930)	2,789,393	-	(19,631,537)	336,941,514	38,696,344	375,637,858
Capital reduction from write-off of treasury shares	-	(13,485,700)	-	-	-	-	-	(179,324,288)	-	-	192,809,988	-	-	-	-
Reversal of reserve for treasury shares	-	-	-	-	-	-	(192,809,988)	192,809,988	-	-	-	-	-	-	-
Unappropriated retained earnings transferred to statutory reserve	-	-	-	-	-	31,069,726	-	(31,069,726)	-	-	-	-	(69,907,058)	-	(69,907,058)
Dividend paid (Note 27)	-	-	-	-	-	-	-	(69,907,058)	-	-	-	-	-	-	-
Decrease in non-controlling interest of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	(719,611)	(719,611)
Balance as at 31 December 2010	42,360,000	226,514,300	1,415,247,600	749,106,732	59,541,000	116,170,535	-	2,000,274,746	(30,203,182)	(86,269,187)	-	(116,472,369)	4,492,742,544	113,833,969	4,606,576,513
Balance as at 31 December 2010	42,360,000	226,514,300	1,415,247,600	749,106,732	59,541,000	116,170,535	-	2,000,274,746	(30,203,182)	(86,269,187)	-	(116,472,369)	4,492,742,544	113,833,969	4,606,576,513
Cumulative effect of change in accounting policy for employee benefits (Note 5)	-	-	-	-	-	-	-	(69,335,965)	-	-	-	-	(69,335,965)	(225,177)	(69,561,142)
Total comprehensive income for the year	-	-	-	-	-	-	-	(389,745,050)	50,287,201	5,031,455	-	55,318,656	(334,426,394)	(662,133)	(335,088,527)
Unappropriated retained earnings transferred to statutory reserve	-	-	-	-	-	3,199,539	-	(3,199,539)	-	-	-	-	-	-	-
Dividend paid (Note 27)	-	-	-	-	-	-	-	(99,483,411)	-	-	-	-	(99,483,411)	-	(99,483,411)
Increase in non-controlling interests of the subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	2,540,778	2,540,778
Balance as at 31 December 2011	42,360,000	226,514,300	1,415,247,600	749,106,732	59,541,000	119,370,074	-	1,438,510,781	20,084,019	(81,237,732)	-	(61,153,713)	3,989,496,774	115,487,437	4,104,984,211

The accompanying notes are an integral part of the financial statements.

Statements of changes in shareholders' equity

AAPICO Hitech Public Company Limited and its subsidiaries

For the years ended 31 December 2011 and 2010

(Unit: Baht)

	Separate financial statements							
	Issued and paid-up share capital				Retained earnings		Other components of shareholders' equity - treasury shares	Total shareholders' equity
	Preferred shares	Ordinary shares	Preferred shares	Ordinary shares	Appropriated statutory reserve	Appropriated reserve for treasury shares	Unappropriated	
Balance as at 31 December 2009	42,360,000	240,000,000	1,415,247,600	749,106,732	59,541,000	192,809,988	645,197,753	3,151,453,085
Total comprehensive income for the year	-	-	-	-	-	-	1,018,235,295	1,018,235,295
Capital reduction from write-off of treasury shares	-	(13,485,700)	-	-	-	-	(179,324,288)	-
Reversal of reserve for treasury shares	-	-	-	-	-	(192,809,988)	192,809,988	-
Dividend paid (Note 27)	-	-	-	-	-	-	(69,907,058)	(69,907,058)
Balance as at 31 December 2010	42,360,000	226,514,300	1,415,247,600	749,106,732	59,541,000	-	1,607,011,690	4,099,781,322
Balance as at 31 December 2010	42,360,000	226,514,300	1,415,247,600	749,106,732	59,541,000	-	1,607,011,690	4,099,781,322
Cumulative effect of change in accounting policy for employee benefits (Note 5)	-	-	-	-	-	-	(21,809,507)	(21,809,507)
Dividend paid (Note 27)	-	-	-	-	-	-	(99,483,411)	(99,483,411)
Total comprehensive income for the year	-	-	-	-	-	-	331,500,664	331,500,664
Balance as at 31 December 2011	42,360,000	226,514,300	1,415,247,600	749,106,732	59,541,000	-	1,817,219,436	4,309,989,068

The accompanying notes are an integral part of the financial statements.

N_{otes} to Consolidated Financial Statements

AAPICO Hitech Public Company Limited and its subsidiaries

For the years ended 31 December 2011 and 2010

1. General information

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

2. Basis of preparation

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

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

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

2.2 Basis of consolidation

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

Company’s name	Nature of business	Country of incorporation	Percentage of shareholding	
			2011 (%)	2010 (%)
<u>Held by the Company</u>				
AAPICO Amata Company Limited	Manufacture of autoparts	Thailand	100	100
AAPICO Engineering Company Limited	Research and development in field of automobile engineering	Thailand	100	100
New Era Sales Co., Ltd.	Sales of automobiles and the provision of automobile repair services	Thailand	100	100
Able Motors Co., Ltd.	Sales of automobiles and the provision of automobile repair services	Thailand	100	100
AAPICO Hitech Parts Co., Ltd.	Manufacture of autoparts	Thailand	100	100
AAPICO Hitech Tooling Co., Ltd.	Design and manufacture of car assemble jigs and stamping dies	Thailand	100	100

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2011 (%)	2010 (%)
AAPICO ITS Co., Ltd.	Manufacture of car navigation systems and its derivatives	Thailand	60	60
AAPICO Shanghai Co., Ltd.	Machining autoparts service	The People's Republic of China	100	100
Tenaga Setia Resources SDN. BHD.	Sales of automobiles and the provision of automobile repair services	Malaysia	49	49
Kunshan Chaitai-Xincheng Precision Forging Co., Ltd.	Manufacture and sales of autoparts	The People's Republic of China	100	100
AAPICO Investment Pte. Ltd.	Investment in other companies	Singapore	100	100
AAPICO Forging Public Co., Ltd.	Manufacture of autoparts	Thailand	100	100
AAPICO Mitsuike (Thailand) Co., Ltd.	Manufacture of autoparts	Thailand	51	51
AAPICO Structural Products Co., Ltd.	Manufacture of autoparts	Thailand	100	100
A Maction Co., Ltd.	Development of software	Thailand	51	51
New Era Sales (M) SDN. BHD.	Sales of automobiles and the provision of automobile repair services	Malaysia	49	49
AAPICO Technology Co., Ltd.	Not yet operation	Thailand	51	51
AERP Co., Ltd.	IT consulting and advisory	Thailand	88	88
Katsuya (Thailand) Co., Ltd.	Manufacture of autoparts	Thailand	76	76
Dongfeng Commercial Vehicle Co., Ltd.	Not yet operation	Thailand	97	97

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			2011 (%)	2010 (%)
<u>Held by subsidiaries</u>				
Able ITS Pte. Ltd. (100 percent held by AAPICO ITS Co., Ltd.)	Investment in other companies	Singapore	60	60
AAPICO Jackspeed Co., Ltd. (60 percent held by AAPICO Hitech Parts Co., Ltd.)	Manufacture of autoparts	Thailand	60	60
AAPICO Plastics Public Co., Ltd. (100 percent held by AAPICO Forging Public Co., Ltd.)	Manufacture and contract manufacture of plastic parts	Thailand	100	100
AAPICO Engineering SDN. BHD. (49 percent held by Tenaga Setia Resources SDN. BHD. And 51 percent held by New Era Sales (M) SDN. BHD.)	Investment in other companies	Malaysia	49	49
AAPICO ITS Co. SDN. BHD. (49 percent held by AAPICO ITS Co., Ltd.)	Manufacture and car navigation systems and its derivatives	Malaysia	44	-

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

- b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- d) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements, which present investments in subsidiaries and associates under the cost method, have been prepared solely for the benefit of the public.

3. Adoption of new accounting standards during the year

During the current year, the Company adopted a number of revised and new accounting standards, issued by the Federation of Accounting Professions, as listed below.

Accounting standards:

TAS 1	(revised 2009)	Presentation of Financial Statements
TAS 2	(revised 2009)	Inventories
TAS 7	(revised 2009)	Statement of Cash Flows
TAS 8	(revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10	(revised 2009)	Events after the Reporting Period
TAS 11	(revised 2009)	Construction Contracts
TAS 16	(revised 2009)	Property, Plant and Equipment
TAS 17	(revised 2009)	Leases
TAS 18	(revised 2009)	Revenue
TAS 19		Employee Benefits
TAS 23	(revised 2009)	Borrowing Costs
TAS 24	(revised 2009)	Related Party Disclosures
TAS 26		Accounting and Reporting by Retirement Benefit Plans
TAS 27	(revised 2009)	Consolidated and Separate Financial Statements
TAS 28	(revised 2009)	Investments in Associates
TAS 29		Financial Reporting in Hyperinflationary Economies
TAS 31	(revised 2009)	Interests in Joint Ventures
TAS 33	(revised 2009)	Earnings per Share
TAS 34	(revised 2009)	Interim Financial Reporting
TAS 36	(revised 2009)	Impairment of Assets
TAS 37	(revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38	(revised 2009)	Intangible Assets
TAS 40	(revised 2009)	Investment Property

Financial reporting standards:

TFRS 2	Share-Based Payment
TFRS 3	(revised 2009) Business Combinations

TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources

Financial Reporting Standard Interpretations:

TFRIC 15	Agreements for the Construction of Real Estate
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Accounting Standard Interpretations:

SIC 31	Revenue-Barter Transactions Involving Advertising Services
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These accounting standards do not have any significant impact on the financial statements, except for the following accounting standard.

TAS 19 Employee Benefits

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits using actuarial techniques. The Company and its subsidiaries previously accounted for such employee benefits when they were incurred.

The Company and its subsidiaries have changed this accounting policy in the current year and recognise the liability in the transition period through an adjustment to the beginning balance of retained earnings in the current year. The change has the effect of decreasing the profit of the Company and its subsidiaries for the year 2011 by Baht 9 million, (0.04 Baht per share) (Separate financial statements: decreasing profit by Baht 2 million, or 0.01 Baht per share).

4. New accounting standards issued during the years not yet effective

The Federation of Accounting Professions issued the following new/revised accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting standards:

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

Accounting Standard Interpretations:

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 or its Shareholders

The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except for the following accounting standard.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognize deferred tax assets and liabilities under the stipulated guidelines.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

5. Cumulative effect of changes in accounting policies due to the adoption of new accounting standards

During the current year, the Company made the changes to its significant accounting policies described in Note 3 to the financial statements, as a result of the adoption of revised and new accounting standards. The cumulative effect of the changes in the accounting policies has been separately presented in the statements of changes in shareholders' equity.

6. Significant accounting policies

6.1 Revenue recognition

Sales of goods

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

Rendering of services

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

Interest income

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

Dividends

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

6.2 Cash and cash equivalents

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

6.3 Trade accounts receivable

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

6.4 Inventories

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

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

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

6.5 Investments

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

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

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

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

6.6 Property, plant and equipment/Depreciation

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

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

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

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

6.7 Borrowing costs

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

6.8 Intangible assets and amortisation

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

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

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

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

6.9 Goodwill

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

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

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

6.10 Related party transactions

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

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

6.11 Long-term leases

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

Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

6.12 Foreign currencies

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

Gains and losses on exchange are included in determining income.

6.13 Impairment of assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment and other assets whenever events or changes in circumstances indicate that an asset may be impaired. The Group also carries out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax

discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

6.14 Income tax

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

6.15 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law and other employee benefit plans. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

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

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

6.16 Interest rate swap contracts

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

6.17 Provisions

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

7. Significant accounting judgments and estimates

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

Leases

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

Allowance for doubtful accounts

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

Impairment of equity investments

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

Property plant and equipment/Depreciation

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

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

Goodwill and intangible assets

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

Provision for product warranty

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

Post-employment benefits under defined benefit plans

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

Litigation

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

8. Related party transactions

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	2011	2010	2011	2010	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	87	189	Cost plus margin of 1% - 30% and cost minus around 10%
Purchases of goods and services	-	-	321	179	Cost plus margin around 15% - 30%
Interest income	-	-	156	117	4.0% - 5.3% p.a. (2010: 3.8% - 4.4% p.a.)
Dividend income	-	-	590	1,000	As declared
Interest expense	-	-	3	20	2% and 2.3% p.a.
Rental income	-	-	3	2	Close to rental rates for other building in the vicinity
Management fee income	-	-	3	3	Approximate cost
Other income	-	-	3	4	Approximate cost
<u>Transactions with associates</u>					
Sales of goods and services	44	29	1	1	Cost minus around 30%
Purchases of goods and services	43	30	21	27	Cost plus margin of 50%
Interest income	3	5	3	5	5% p.a.
Dividend income	29	7	29	7	As declared
<u>Transactions with related parties</u>					
Purchases of goods and services	533	432	-	-	Cost plus margin of 3% - 15%
Interest income	1	1	1	1	7.5% p.a.
Management fee expense	7	8	7	8	Approximate cost
Purchases of machinery	-	34	-	-	Cost plus margin

As at 31 December 2011 and 2010, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Trade and other receivables - related parties (Note 10)				
Subsidiaries	-	-	298,533	174,906
Associates	30,436	9,616	15,683	616
Related companies (common shareholder/director)	116	2,033	117	1,844
Related persons	-	150	-	-
	30,552	11,799	314,333	177,366
Trade and other payables - related parties (Note 22)				
Subsidiaries	-	-	67,513	190,492
Associates	3,880	9,811	7,875	8,674
Related companies (common shareholder/director)	296,041	204,212	2,400	1,800
	299,921	214,023	77,788	200,966

Loans to related parties and loan from related parties

As at 31 December 2011 and 2010, the balance of loans between the Company and those related companies and the movement are as follows

(Unit: Thousand Baht)

		Consolidated financial statements				
		Balance as at 31 December 2010	Increase during the year	Decrease during the year	Unrealised gain (loss) on exchange	Balance as at 31 December 2011
Related by						
<u>Short-term loans to</u>						
MINTH AAPICO (Thailand) Company Limited	Associate	110,000	-	(85,000)	-	25,000
Protech Link Technology Incorporation Limited	Common director	28,141	-	-	-	28,141
Yamakawa Dies Manufacturing R&D Company Limited	Common director	3,926	-	(3,926)	-	-
Total		142,067	-	(88,926)	-	53,141
Less: Allowance for doubtful account		(28,141)	-	-	-	(28,141)
Total short-term loans to related parties, net		113,926	-	(88,926)	-	25,000
<u>Long-term loans to</u>						
Yamakawa Dies Manufacturing R&D Company Limited	Common director	11,071	107	-	-	11,178
Total		11,071	107	-	-	11,178
Less: Allowance for doubtful account		-	(11,178)	-	-	(11,178)
Total long-term loans to related party, net		11,071	(11,071)	-	-	-
<u>Short-term loans from</u>						
Metal One (Thailand) Company Limited	Common director	3,449	-	(1,300)	-	2,149
Directors		29	15,816	(29)	(25)	15,791
Total		3,478	15,816	(1,329)	(25)	17,940

Short-term loans from director are interest free and due at call.

(Unit: Thousand Baht)

		Consolidated financial statements				
	Related by	Balance as at 31 December 2010	Increase during the year	Decrease during the year	Unrealised gain (loss) on exchange	Balance as at 31 December 2011
<u>Short-term loans to</u>						
New Era Sales Company Limited	Subsidiary	12,000	10,000	(10,000)	-	12,000
Able Motors Company Limited	Subsidiary	6,000	73,000	(73,000)	-	6,000
Kunshan Chaitai-Xincheng Precision Forging Company Limited	Subsidiary	6,000	-	-	-	6,000
AAPICO Hitech Parts Company Limited	Subsidiary	54,000	509,824	(443,824)	-	120,000
AAPICO Hitech Tooling Company Limited	Subsidiary	48,000	140,260	(188,260)	-	-
AAPICO Forging Public Company Limited	Subsidiary	24,000	742,900	(742,900)	-	24,000
MINTH AAPICO (Thailand) Company Limited	Associate	110,000	-	(85,000)	-	25,000
Yamakawa Dies Manufacturing R&D Company Limited	Common director	3,926	-	(3,926)	-	-
Total		263,926	1,475,984	(1,546,910)	-	193,000
<u>Long-term loans to</u>						
New Era Sales Company Limited	Subsidiary	214,000	-	-	-	214,000
Able Motors Company Limited	Subsidiary	68,000	5,000	-	-	73,000
AAPICO Forging Public Company Limited	Subsidiary	1,387,499	275,801	-	-	1,663,300
AAPICO Hitech Parts Company Limited	Subsidiary	738,314	-	(218,224)	-	520,090
AAPICO Hitech Tooling Company Limited	Subsidiary	93,100	-	(93,100)	-	-
Kunshan Chaitai-Xincheng Precision Forging Company Limited	Subsidiary	2,402	50,481	-	432	53,315
Katsuya (Thailand) Company	Subsidiary	1,268	2,342	-	-	3,610
AAPICO Structural Products Company Limited	Subsidiary	447,800	398,200	(147,000)	-	699,000
Yamakawa Dies Manufacturing R&D Company Limited	Common director	11,071	107	-	-	11,178
Total		2,963,454	731,931	(458,324)	432	3,237,493
Less: Allowance for doubtful account		-	(11,178)	-	-	(11,178)
Total long-term loans to related parties, net		2,963,454	720,753	(458,324)	432	3,226,315
<u>Short-term loans from</u>						
AAPICO Engineering Company Limited	Subsidiary	10,000	-	-	-	10,000
AAPICO Amata Company Limited	Subsidiary	337,000	636,000	(863,000)	-	110,000
AAPICO Hitech Tooling Company Limited	Subsidiary	-	47,887	-	-	47,887
Total		347,000	683,887	(863,000)	-	167,887

Directors and management's benefits

During the years ended 31 December 2011 and 2010, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Short-term employee benefits	24.8	26.1	20.7	23.5
Post-employment benefits	0.2	-	0.1	-
Total	25.0	26.1	20.8	23.5

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 33.4.

9. Cash and cash equivalents

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Cash	20,626	663	232	228
Bank deposits	218,332	280,934	17,877	13,975
Total	238,958	281,597	18,109	14,203

10. Trade and other receivables

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due and past due				
not over 3 months	14,992	6,280	52,352	23,162
Past due 3 - 12 months	-	2,823	157	879
Past due more than 12 months	-	-	1,391	1,391
Total trade receivables - related parties	14,992	9,103	53,900	25,432

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due and past due				
not over 3 months	917,939	1,479,393	84,942	212,995
Past due 3 - 12 months	12,197	61,578	5,548	24,117
Past due more than 12 months	38,579	18,984	24,937	1,881
Total	968,715	1,559,954	115,427	238,993
Less: Allowance for doubtful accounts	(14,401)	(13,698)	(3,027)	(2,580)
Total trade receivables - unrelated parties, net	954,314	1,546,257	112,400	236,413
Total trade receivables - net	969,306	1,555,360	166,300	261,845
<u>Other receivables - net</u>				
Advances - related party	13	235	22,339	26,065
Interest receivable - related party	861	2,311	223,408	125,869
Dividend receivable from related party	14,686	-	14,686	-
Share subscription receivable - related party	-	150	-	-
Advances	10,081	22,509	-	-
Accrued income	9,788	2,838	5,887	2,838
Others	198,097	34,074	1,328	3,830
Total other receivables	233,526	62,117	267,648	158,602
Total trade and other receivables - net	1,202,832	1,617,477	433,948	420,447

11. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2011	2010	2011	2010	2011	2010
Finished goods	349,798	416,496	(41,704)	(39,685)	308,094	376,811
Raw materials, spare parts and supplies	363,014	413,002	(38,859)	(38,009)	324,155	374,993
Work in process	274,573	180,359	(19,073)	(21,113)	255,500	159,246
Goods in transit	4,287	692	-	-	4,287	692
Total	991,672	1,010,549	(99,636)	(98,807)	892,036	911,742

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2011	2010	2011	2010	2011	2010
Finished goods	52,080	64,203	(12,375)	(3,580)	39,705	60,623
Raw materials, spare parts and supplies	32,381	44,825	-	(2,750)	32,381	42,075
Work in process	83,335	138,035	-	(2,070)	83,335	135,965
Total	167,796	247,063	(12,375)	(8,400)	155,421	238,663

Various subsidiaries have pledged finished goods of approximately Baht 43.0 million (2010: Baht 162.5 million) to secure short-term loans from banks.

12. Restricted bank deposits

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

13. Investments in associates

13.1 Details of associates:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2011 (%)	2010 (%)	2011	2010	2011	2010
Able Sanoh Industries (1996) Company Limited	Manufacture and distribution of autoparts	Thailand	46	46	30,700	30,700	168,586	278,048
Sanoh Industries (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	20	20	29,250	29,250	47,470	39,254
MINTH AAPICO (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	40	40	151,400	71,400	124,419	20,598
Thai Takagi Seiko Company Limited	Distribution of dies	Thailand	49	49	13,229	13,229	10,445	10,586
PAPAGO (Thailand) Company Limited	Development of software	Thailand	30	30	7,500	3,000	8,085	3,187
Hyundai Motor (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	30	30	120,000	120,000	369,539	172,003
Total					352,079	267,579	728,544	523,676

(Unit: Thousand Baht)

Company's name	Separate financial statements							
	Shareholding percentage		Cost		Allowance for impairment of investments		Carrying amounts based on cost method - net	
	2011 (%)	2010 (%)	2011	2010	2011	2010	2011	2010
Able Sanoh Industries (1996) Company Limited	46	46	30,700	30,700	-	-	30,700	30,700
Sanoh Industries (Thailand) Company Limited	20	20	29,250	29,250	(5,982)	(5,982)	23,268	23,268
MINTH AAPICO (Thailand) Company Limited	40	40	151,400	71,400	-	-	151,400	71,400
Thai Takagi Seiko Company Limited	49	49	13,229	13,229	-	-	13,229	13,229
PAPAGO (Thailand) Company Limited	30	30	7,500	3,000	-	-	7,500	3,000
Hyundai Motor (Thailand) Company Limited	30	30	120,000	120,000	-	-	120,000	120,000
Total			352,079	267,579	(5,982)	(5,982)	346,097	261,597

13.2 Share of income/loss and dividend income

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

(Unit: Thousand Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Share of income/loss from investments in associates during the year		Dividend income during the year	
	2011	2010	2011	2010
Able Sanoh Industries (1996) Company Limited	(76,240)	73,708	29,371	7,034
Sanoh Industries (Thailand) Company Limited	8,660	10,926	-	-
MINTH AAPICO (Thailand) Company Limited	24,013	(33,201)	-	-
Thai Takagi Seiko Company Limited	(129)	(2,643)	-	-
PAPAGO (Thailand) Company Limited	404	188	-	-
Hyundai Motor (Thailand) Company Limited	197,535	87,287	-	-
Total	154,243	136,265	29,371	7,034

13.3 Summarised financial information of associates

Financial information of the associates is summarised belows:

(Unit: Million Baht)

Company's name	Paid-up capital as at 31 December		Total assets as at 31 December		Total liabilities as at 31 December		Total revenues for the years ended 31 December		Profit (loss) for the years ended 31 December	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Able Sanoh Industries (1996) Company Limited	118	118	882	869	513	260	1,299	1,407	(166)	162
Sanoh Industries (Thailand) Company Limited	146	146	276	227	39	31	363	382	43	55
MINTH AAPICO (Thailand) Company Limited	379	179	551	466	232	406	584	611	60	(86)
Thai Takagi Seiko Company Limited	27	27	104	74	83	52	152	53	-	(6)
PAPAGO (Thailand) Company Limited	25	10	21	9	-	-	10	4	2	1
Hyundai Motor (Thailand) Company Limited	400	438	1,575	1,219	507	772	6,238	3,901	659	430

Significant transactions regarding the investments in associates during the current year are as follows: -

1. In March 2011, MINTH AAPICO (Thailand) Company Limited increased its share capital by Baht 200 million, of which Baht 80 million was invested by the Company to retain its shareholding proportion.
2. In March 2011, PAPAGO (Thailand) Company Limited increased its share capital by Baht 15 million, of which Baht 4.5 million was invested by the Company to retain its shareholding proportion.

The Company's interest in the equity of Sanoh Industries (Thailand) Company Limited and MINTH AAPICO (Thailand) Company Limited in the consolidated financial statements for the years end 31 December 2011 and 2010 were determined based on the financial statements audited by their auditors.

The Company's interest in the equity of Thai Takagi Seiko Company Limited and PAPAGO (Thailand) Company Limited for the years ended 31 December 2011 and 2010 were determined based on the unaudited financial statements of those companies.

14. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2011	2010	2011 (%)	2010 (%)	2011	2010	2011	2010
New Era Sales Co., Ltd.	Baht 20 million	Baht 20 million	100	100	20,000	20,000	-	-
AAPICO Amata Co., Ltd.	Baht 800 million	Baht 800 million	100	100	1,164,139	1,164,139	590,000	1,000,000
Able Motors Co., Ltd.	Baht 20 million	Baht 20 million	100	100	19,999	19,999	-	-
AAPICO Engineering Co., Ltd.	Baht 10 million	Baht 10 million	100	100	10,000	10,000	-	-
Tenaga Setia Resources SDN. BHD.	RM 6 million	RM 6 million	49	49	31,393	31,393	-	-
Kunshan Chaitai-Xincheng Precision Forging Co., Ltd.	USD 6.1 million	USD 6.1 million	100	100	196,744	196,744	-	-
AAPICO ITS Co., Ltd.	Baht 100 million	Baht 100 million	60	60	62,175	62,175	-	-
AAPICO Hitech Parts Co., Ltd.	Baht 120 million	Baht 120 million	100	100	120,000	120,000	-	-
AAPICO Hitech Tooling Co., Ltd.	Baht 65 million	Baht 65 million	100	100	65,000	65,000	-	-
AAPICO Shanghai Co., Ltd.	USD 2 million	USD 2 million	100	100	80,682	80,682	-	-
AAPICO Investment Pte. Ltd.	SGD 6.97 million	SGD 6.97 million	100	100	167,950	167,950	-	-
AAPICO Mitsuike (Thailand) Co., Ltd.	Baht 8.25 million	Baht 8.25 million	51	51	4,208	4,208	-	-
AAPICO Forging Public Co., Ltd.	Baht 500 million	Baht 500 million	100	100	1,823,907	1,823,907	-	-
AAPICO Structural Products Co., Ltd.	Baht 200 million	Baht 100 million	100	100	200,000	100,000	-	-
A Maction Co., Ltd.	Baht 10 million	Baht 10 million	51	51	5,100	5,100	-	-
New Era Sales (M) SDN. BHD.	RM 1.5 million	RM 1.5 million	49	49	8,263	8,263	-	-
AAPICO Technology Co., Ltd.	Baht 0.25 million	Baht 0.25 million	51	51	128	128	-	-
AERP Co., Ltd.	Baht 1.25 million	Baht 1.25 million	88	88	1,100	1,100	-	-
Katsuya (Thailand) Co., Ltd.	Baht 28.5 million	Baht 28.5 million	76	76	15,675	15,675	-	-
Dongfeng Commercial Vehicle Co., Ltd.	Baht 25 million	Baht 25 million	97	97	24,250	24,250	-	-
Total					4,020,713	3,920,713	590,000	1,000,000
Less: Allowance for impairment					(359,376)	(159,376)		
Net					3,661,337	3,761,337		

Significant transactions regarding the investments in subsidiaries during the current year are as follows: -

1. In March 2011, AAPICO Structural Products Co., Ltd. increased its share capital of Baht 100 million, all of which acquired by the Company.
2. In April 2011, AAPICO ITS Co., Ltd., a subsidiary, invested in a 49% interest in AAPICO ITS CO. SDN. BHD., a company registered in Malaysia, at a cost of RM 0.25 million.

The financial statements for the years ended 31 December 2011 and 2010 of eight subsidiaries which are included in the consolidated financial statements were audited by other auditors. Their aggregate assets and revenues are as follows: -

(Unit: Million Baht)

	Total assets as at 31 December		Total revenues for the years ended 31 December	
	2011	2010	2011	2010
Tenaga Setia Resources SDN. BHD.	101	134	1,066	1,513
Kunshan Chaitai-Xincheng Precision Forging Co., Ltd.	968	593	870	758
AAPICO Shanghai Co., Ltd.	80	76	4	3
AAPICO ITS Co., Ltd.	89	74	38	36
AAPICO Mitsuike (Thailand) Co., Ltd.	193	124	400	381
A Maction Co., Ltd.	15	13	-	-
AAPICO Hitech Tooling Co., Ltd.	138	264	55	409
New Era Sales (M) SDN. BHD.	290	238	568	744
Total	1,874	1,516	3,001	3,844

The financial statements of AAPICO Engineering Company Limited, AAPICO Investment Pte., Limited, AAPICO Technology Company Limited, AERP Company Limited, Katsuya (Thailand) Company Limited and Dongfeng Commercial Vehicle Company Limited for the years ended 31 December 2011 and 2010, which are included in the consolidated financial statements for the year, were prepared by the management of those companies and were not audited by their auditors.

15. Other long-term investment

(Unit: Thousand Baht)

	Consolidated financial statements	
	2011	2010
Available-for-sale securities		
Marketable equity securities	160,666	160,666
Allowance for change in value	(78,316)	(86,269)
Total	82,350	74,397

16. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements						
	Land	Building and Building Improvements	Machinery and factory equipment	Motor vehicles and office equipment	Building under construction, machinery and factory equipment under production/ installation	Total
Cost						
1 January 2010	645,175	1,525,034	5,828,774	216,239	934,857	9,150,079
Acquisitions	3,178	20,028	134,394	37,005	867,547	1,062,152
Disposals/Write-off	(493)	(43,462)	(97,070)	(27,600)	(8,656)	(177,281)
Transfer in (out)	-	279,018	561,518	3,339	(823,483)	20,392
Capitalised interest	-	-	-	-	1,617	1,617
Acquisition of subsidiary during the year	-	2,201	26,514	2,598	-	31,313
Adjustment during the year	-	(21,015)	(2,235)	-	-	(23,250)
Translation adjustment	-	(2,487)	(24,330)	(723)	-	(27,540)
31 December 2010	647,860	1,759,317	6,427,565	230,858	971,882	10,037,482
Acquisitions	33,850	23,601	132,394	43,513	1,103,104	1,336,462
Disposals/Write-off	-	(27,624)	(41,388)	(25,858)	(15,876)	(110,746)
Transfer in (out)	18,598	149,265	1,291,604	2,038	(1,144,525)	316,980
Capitalised interest	-	-	-	-	12,676	12,676
Acquisition of subsidiary during the year	-	-	-	974	-	974
Translation adjustment	-	3,859	39,897	2,575	1,389	47,720
31 December 2011	700,308	1,908,418	7,850,072	254,100	928,650	11,641,548
Accumulated depreciation						
1 January 2010	-	443,094	3,566,715	156,267	-	4,166,076
Depreciation for the year	-	69,241	326,081	23,422	-	418,744
Depreciation on disposals/ write-off	-	(21,468)	(80,469)	(15,226)	-	(117,163)
Acquisition of subsidiary during the year	-	1,021	20,345	2,592	-	23,958
Adjustment during the year	-	(3,663)	(327)	-	-	(3,990)
Translation adjustment	-	(1,459)	(9,089)	(592)	-	(11,140)
31 December 2010	-	486,766	3,823,256	166,463	-	4,476,485
Depreciation for the year	-	74,885	342,047	24,619	-	441,551
Depreciation on disposals/ write-off	-	(20,287)	(28,871)	(14,215)	-	(63,373)
Acquisition of subsidiary during the year	-	-	-	332	-	332
Translation adjustment	-	2,585	15,904	1,545	-	20,034
31 December 2011	-	543,949	4,152,336	178,744	-	4,875,029
Allowance for impairment loss						
1 January 2010	-	-	8,695	-	-	8,695
Increase during the year	-	-	5,570	-	-	5,570
31 December 2010	-	-	14,265	-	-	14,265
Increase during the year	-	39,226	138,054	1,087	964	179,331
Decrease during the year	-	-	(5,485)	-	-	(5,485)
31 December 2011	-	39,226	146,834	1,087	964	188,111

(Unit: Thousand Baht)

Consolidated financial statements						
					Building under construction, machinery and factory equipment under production/ installation	Total
	Land	Building and Improvements	Machinery and factory equipment	Motor vehicles and office equipment		
Net book value						
31 December 2010	647,860	1,272,551	2,590,044	64,395	971,882	5,546,732
31 December 2011	700,308	1,325,243	3,550,902	74,269	927,686	6,578,408
Depreciation for the years						
2010						418,744
2011						441,551

(Unit: Thousand Baht)

Separate financial statements						
					Building under construction, machinery and factory equipment under production/ installation	Total
	Land	Building and improvements	Machinery and factory equipment	Motor vehicles and office equipment		
Cost						
1 January 2010	110,957	172,815	486,594	55,535	606,094	1,431,995
Acquisitions	-	13,663	11,169	10,083	161,154	196,069
Disposals/write-off	-	-	(880)	(5,371)	-	(6,251)
Transfer in (out)	-	277,725	1,337	553	(279,626)	(11)
Capitalised interest	-	-	-	-	1,463	1,463
31 December 2010	110,957	464,203	498,220	60,800	489,085	1,623,265
Acquisitions	33,850	2,256	42,481	11,221	301,858	391,666
Disposals/write-off	-	-	-	(4,338)	(2,098)	(6,436)
Transfer in (out)	18,599	9,664	582,527	73	(572,809)	38,054
Capitalised interest	-	-	-	-	986	986
31 December 2011	163,406	476,123	1,123,228	67,756	217,022	2,047,535
Accumulated depreciation						
1 January 2010	-	101,835	314,735	48,001	-	464,571
Depreciation for the year	-	23,368	28,102	5,874	-	57,344
Depreciation on disposals/ write-off	-	-	(880)	(5,338)	-	(6,218)
31 December 2010	-	125,203	341,957	48,537	-	515,697
Depreciation for the year	-	23,911	41,246	6,500	-	71,657
Depreciation on disposals/ write-off	-	-	-	(4,296)	-	(4,296)
31 December 2011	-	149,114	383,203	50,741	-	583,058

(Unit: Thousand Baht)

Separate financial statements						
	Land	Building and Building improvements	Machinery and factory equipment	Motor vehicles and office equipment	Building under construction, machinery and factory equipment under production/ installation	Total
Allowance for impairment loss						
1 January 2010	-	-	-	-	-	-
31 December 2010	-	-	-	-	-	-
Increase during the year	-	5,536	47,323	805	-	53,664
31 December 2011	-	5,536	47,323	805	-	53,664
Net book value						
31 December 2010	110,957	339,000	156,263	12,263	489,085	1,107,568
31 December 2011	163,406	321,473	692,702	16,210	217,022	1,410,813
Depreciation for the years						
2010						57,344
2011						71,657

Borrowing costs totaling approximately Baht 15 million and Baht 2 million were capitalised as cost of construction of the project during the years ended 31 December 2011 and 2010, respectively. The weighted average rates used to determine the amount of borrowing costs eligible for capitalisation were 3.3% and 3.4%, respectively.

As at 31 December 2011, the Group had machinery, motor vehicles and equipment under finance lease agreements with net book values amounting to Baht 113 million (2010: Baht 7 million).

Some subsidiaries have mortgaged land with structures thereon, certain machinery and certain factory equipment with a total net book value as at 31 December 2010 of Baht 494 million as collateral for credit facilities granted by banks.

17. Leasehold right

(Unit: Thousand Baht)

	Consolidated financial statements	
	2011	2010
Cost	215,255	138,388
Accumulated amortisation	(27,080)	(20,847)
Allowance for impairment loss	(3,099)	-
Translation adjustment	2,606	601
Net book value	187,682	118,142

A reconciliation of the net book value of leasehold right for the years 2011 and 2010 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements	
	2011	2010
Net book value at beginning of year	118,142	122,306
Acquisition of assets	76,265	-
Amortisation	(6,232)	(4,765)
Allowance for impairment loss	(3,099)	-
Translation adjustment	2,606	601
Net book value at end of year	187,682	118,142

Subsidiaries have pledged their land leasehold right with a net book value as at 31 December 2011 of Baht 109 million (2010: Baht 112 million) as collateral for credit facilities granted by banks.

18. Goodwill

(Unit: Million Baht)

	Balance as at	
	31 December 2011	31 December 2010
Goodwill from purchase of subsidiaries:		
AAPICO Amata Company Limited	230	230
AAPICO Forging Public Company Limited	1,152	1,152
Other companies	5	5
Total	1,387	1,387
Less: Allowance for impairment	(300)	(100)
Net	1,087	1,287

As at 31 December 2011, the Company has examined, estimated and adjusted the fair value of the majority of the net assets of AAPICO Forging Public Company Limited, and the Company is in the process of claiming compensation from that subsidiary's former major shareholders under the terms of representation and warranty in the share purchase agreement, in order to recover the adjusted value of the subsidiary's net assets.

As at 31 December 2011, the Company has set up additional provision for impairment of goodwill of AAPICO Forging Public Company Limited of Baht 200 million. This amount was estimated by the management of the Company based on discounted cash flow projections of the subsidiary prepared under current circumstances. Pre-tax discount rates of 9.3% p.a. and financial parameters provided by third parties, were used, with a growth scenario for the auto industry prepared by the management. However, actual results may differ from these estimates depending on the future economic environment.

19. Intangible assets

The net book value of intangible assets as at 31 December 2011 and 2010 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		
	Cost of product		Total
	Computer software	development	
Cost:			
At 1 January 2010	95,707	48,364	144,071
Transfer in	2,417	-	2,417
Addition during the year	3,995	7,152	11,147
At 31 December 2010	102,119	55,516	157,635
Transfer in	4,859	-	4,859
Addition during the year	2,899	600	3,499
At 31 December 2011	109,877	56,116	165,993
Accumulated amortisation:			
At 1 January 2010	38,997	10,794	49,791
Transfer in	639	-	639
Amortisation	10,231	3,296	13,527
At 31 December 2010	49,867	14,090	63,957
Amortisation	10,964	3,968	14,932
At 31 December 2011	60,831	18,058	78,889
Net book value:			
At 31 December 2011	49,046	38,058	87,104
At 31 December 2010	52,252	41,426	93,678

(Unit: Thousand Baht)

	Separate financial statements
	Computer software
Cost:	
At 1 January 2010	57,076
Addition during the year	203
At 31 December 2010	57,279
Addition during the year	528
At 31 December 2011	57,807
Accumulated amortisation:	
At 1 January 2010	21,621
Amortisation	5,151
At 31 December 2010	26,772
Amortisation	5,186
At 31 December 2011	31,958
Net book value:	
At 31 December 2011	25,849
At 31 December 2010	30,507

20. Non-operating assets

(Unit: Thousand Baht)

	Consolidated financial statements	
	2011	2010
Land and building	47,200	47,200
Less: Accumulated depreciation	(869)	(869)
Accumulated allowance for impairment loss	(1,331)	(1,331)
Net book value	45,000	45,000

21. Bank overdrafts and short-term loans from banks

(Unit: Thousand Baht)

	Interest rate (percent per annum)	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
Trust receipt payable	0.75% and 2.5% above the bank's cost of fund	118,038	70,448	-	-
Short-term loan from banks	2.30% - 7.25%	820,242	606,897	560,444	398,000
Total		938,280	677,345	560,444	398,000

As at 31 December 2011, bank overdrafts and short-term loans from banks are secured by the mortgage of certain machinery, factory equipment and inventories of subsidiaries, the pledge of leasehold land of a subsidiary, and by the guarantees of the directors of the Group, the Company and the subsidiary company.

As at 31 December 2010, bank overdrafts and short-term loans from banks are secured by the mortgage of certain land and buildings thereon of the subsidiaries, the pledge of leasehold land of a subsidiary, and certain machinery, factory equipment and inventories of subsidiaries, and by guarantees provided by directors of the Group, by the Company and by the subsidiary company.

22. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Trade payables - related parties	295,262	191,205	22,264	110,432
Trade payables - unrelated parties	1,075,045	1,743,101	314,874	424,557
Advance received from related parties	-	3,903	15,729	717
Share subscription payable - related party	4,500	-	28,878	24,378
Accrued interest expenses - related parties	-	-	4,473	63,639
Retention payable	13,793	13,540	13,540	13,540
Other payables for purchase of machineries - related parties	4,044	3,921	4,044	-
Other payables for purchase of machineries - unrelated parties	329,702	135,487	176,659	21,022
Accrued expenses - related parties	4,659	14,994	2,400	1,800
Others	169,983	86,261	15,440	17,305
Total trade and other payables	1,896,988	2,192,412	598,301	677,390

23. Long-term loans

(Unit: Thousand Baht)

Loan	Interest rate (%)	Repayment schedule	Consolidated financial statements		Separate financial statements	
			2011	2010	2011	2010
1	THBFIX+0.65%	Repayable in quarterly installments of Baht 75 million each from December 2008 to September 2012	225,000	525,000	225,000	525,000
2	MLR - 1.9%	Repayable in monthly installments within 5 years, with the first of these due in April 2011	339,700	-	339,700	-
3	Fixed deposit+2.25%	Repayable in 60 monthly installments of Baht 6.7 million, with the first of these due in December 2008	152,100	232,500	152,100	232,500
4	Interest rates based on the interest rates announced by bank in Malaysia, minus 1.5%	Repayable in 180 monthly installments, with the first of these due in March 2008	147,860	93,890	-	-
5	LIBOR + 3.0% and interest rates based on the interest rates announced by a bank in the People's Republic of China	Repayable in 34 monthly installments, with the first of these due in October 2009	-	16,996	-	-
6	THBFIX+3.5%	Repayable in quarterly installments of Baht 20 million each from July 2009 to April 2010 and Baht 40 million each from July 2010 to April 2012	80,000	240,000	80,000	240,000
7	FDR + 2.88% and FDR + 3.3%	Repayable in 60 monthly installments, with the first of these due in January 2011	1,880,000	1,617,000	1,880,000	1,617,000
8	MLR - 1.75%	Repayable in quarterly installments within 5 years, with the first of these due in March 2011	1,079,350	893,000	1,079,350	893,000
9	MLR	Installment repayable to December 2011	448	1,798	-	-
10	Interest rates based on PBOC rate (Interest rates based in the People's Republic of China)	Repayable in quarterly installments within 3 years, with the first of these due in December 2012	108,456	-	-	-
Total			4,012,914	3,620,184	3,756,150	3,507,500
Less: Current portion			(840,887)	(729,333)	(832,600)	(705,050)
Long-term loans - net of current portion			3,172,027	2,890,851	2,923,550	2,802,450

Long-term loans of the Company are guaranteed by a subsidiary company and long-term loans of the subsidiaries are secured by the pledge of leasehold land, certain machinery and factory equipment of subsidiaries, and by the guarantee of the Company, a subsidiary company and directors of the Company.

The loan agreements contain covenants relating to various matters as specified in the agreements, including restrictions on providing loans other than loans to intercompany, and the maintenance of certain financial ratios that, among other things, require the Company to maintain certain debt to equity according to the agreements.

24. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Liabilities under finance lease agreements	118,924	7,503	17,169	-
Less : Deferred interest expenses	(8,373)	(772)	(1,113)	-
Total	110,551	6,731	16,056	-
Less : Portion due within one year	(41,519)	(1,732)	(6,165)	-
Liabilities under finance lease agreements - net of current portion	69,032	4,999	9,891	-

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

As at 31 December 2011, Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	Less than 1 year	1-5 years	Total	Less than 1 year	1-5 years	Total
Future minimum lease payments	46,433	72,491	118,924	6,861	10,308	17,169
Deferred interest expenses	(4,914)	(3,459)	(8,373)	(696)	(417)	(1,113)
Present value of future minimum lease payments	41,519	69,032	110,551	6,165	9,891	16,056

25. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2011, which is compensations on employees' retirement, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Cumulative effect of change in accounting policy for employee benefits adjusted against beginning balance of retained earnings (Note 5)	65,057	21,810
Current service cost	6,649	1,517
Interest cost	2,384	692
Benefits paid during the year	(656)	-
Balance at end of year	73,434	24,019

Long-term employee benefit expenses included in the profit or loss for the year ended 31 December 2011 amounted to Baht 9 million.

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated and separate financial statements (% per annum)
Discount rate	4.1%
Future salary increase rate	6.0%
Staff turnover rate	0% - 17.0%

26. Preferred shares

The preferred shares of the Company have the following rights: -

1. Convertible to ordinary shares in a ratio of 1:1 once a period of three years has lapsed from the date of their issue.
2. Voting rights of one vote per share.
3. The preferred shares are non-cumulative and each time a dividend is declared it is to be distributed pro rata to each of the preferred shares and the ordinary shares in an equal amount per share.
4. In case of the liquidation of the Company, after full repayment or provision for all financial indebtedness of the Company, any remaining assets are to be distributed to the holders of the preferred shares and the ordinary shares in the following priority order:
 - a) Each of the preferred shares are entitled to a return on capital equivalent to 75% of the offering price of each preferred share. If the remaining assets are inadequate for the return on capital at this rate, all remaining assets are to be distributed pro rata to each of the preferred shares in an equal amount per share.
 - b) The remaining assets (if any) after the allocation under paragraph a) are to be distributed pro rata to each of the preferred shares and the ordinary shares in an equal amount per share.

27. Dividends

		Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Final dividends for 2010	Annual General Meeting of the shareholders on 26 April 2011		56,463	0.21
Interim dividends for 2011	Board of Directors' Meeting on 15 August 2011		43,020	0.16
			99,483	0.37
Interim dividends for 2010	Board of Directors' meeting on 13 August 2010		69,907	0.26

28. Statutory reserve

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

29. Expenses by nature

Significant expenses by nature are as follow:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Salary and wages and other employee benefits	1,234,531	924,798	206,740	159,275
Depreciation	421,056	418,744	71,627	57,345
Loss on impairment of assets	329,063	5,570	-	-
Amortisation expenses	22,127	18,292	5,186	5,151
Warranty provisions	8	(1,479)	-	-
Loss due to flooding	301,828	-	1,000	-
Rental expenses from operating lease agreements	53,678	35,779	3,873	4,096
Raw materials and consumables used	4,431,694	5,702,802	632,309	781,178
Changes in finished goods and work in process	148,588	(57,191)	66,822	(48,622)

In October 2011, there was severe flooding in Thailand, and the locations of the factories and offices of the Company, certain subsidiaries and associate were inundated, causing these companies to temporarily cease production. The Company and its subsidiaries have preliminarily assessed the damage caused and recorded losses due to flooding of Baht 302 million. However, the insurance company made an initial compensation payment of Baht 200 million in December 2011. The Company recognised the compensation in profit or loss in the current year.

30. Promotional privileges

The Company has received promotional privileges from the Board of Investment for the manufacture of stamping parts, pursuant to the promotion certificates No. 1470(2)/2546 issued on 4 September 2003 and No. 2172(2)/2551 issued on 15 December 2008. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 7 years from the date the promoted operation commenced generating revenues (5 August 2004 and 19 May 2011, respectively) and exemption from income tax on income derived from the promoted operations throughout the period in which the corporate income tax is exempted.

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

(Unit: Thousand Baht)

	Separate financial statements					
	2011			2010		
	Promoted operations	Non-promoted operations	Total	Promoted operations	Non-promoted operations	Total
Sales and service income						
Domestic	210,476	1,126,413	1,336,889	227,592	1,525,813	1,753,405
Export	-	276,787	276,787	-	3,240	3,240
Total	210,476	1,403,200	1,613,676	227,592	1,529,053	1,756,645

Some subsidiaries were granted investment promotional privileges by the Board of Investment (BOI). Important tax privileges granted to the companies are summarised below.

	Exemption from corporate income tax for 3 years commencing from	Exemption from corporate income tax for 7 years commencing from	Exemption from corporate income tax for 8 years commencing from
AAPICO Hitech Parts Company Limited			
Manufacture of stamping parts	-	16 November 2006	-
AAPICO Hitech Tooling Company Limited			
Manufacture of autoparts	-	-	Not yet utilised
AAPICO ITS Company Limited			
Software operation	-	-	1 January 2010
AAPICO Plastics Public Company Limited			
Manufacture of plastic parts	Not yet utilised	-	-
Manufacture of plastic fuel tank	-	-	10 June 2009
A Maction Company Limited			
Development of software	-	-	4 January 2010

	Exemption from corporate income tax for 3 years commencing from	Exemption from corporate income tax for 7 years commencing from	Exemption from corporate income tax for 8 years commencing from
AAPICO Structural Products Company Limited			
Manufacture of autoparts	-	Not yet utilised	-
AAPICO Jackspeed Company Limited			
Manufacture of metal parts	-	Not yet utilised	-
AAPICO Amata Company Limited			
Manufacture of metal parts	-	21 December 2010	-

31. Earnings per share

Basic earnings (loss) per share is calculated by dividing profit (loss) for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

The convertible preferred shares are excluded from determination of the number of potential ordinary shares since the value of the convertible preferred shares exceeds the fair value of the ordinary shares.

32. Provident fund

The Company and some subsidiaries and their employees have jointly established provident funds in accordance with the Provident Fund Act B.E. 2530. Both employees and the Group contribute to the funds monthly at rates of 2%-4% of basic salary. The funds will be paid to employees upon termination in accordance with the fund rules. During the year 2011, the Group contributed Baht 10 million (2010: Baht 10 million) to the funds.

33. Commitment and contingent liabilities

33.1 Capital commitments

- a) As at 31 December 2011, the Group had capital commitments of approximately Baht 39 million, RMB 12 million and RM 1 million, totalling Baht 116 million, relating to the purchase of plots of land, construction of factory buildings, and acquisition of machinery from third parties.
- b) As at 31 December 2011, the Company had outstanding commitment of Baht 94 million in respect of uncalled portion of investments in its subsidiaries.

33.2 Operating lease and service commitments

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

As at 31 December 2011, future minimum lease and service payments required under these non-cancellable operating leases and service contracts were as follows.

	<u>Million Baht</u>
Payable within:	
1 year	20
1 to 5 years	35
More than 5 years	21

33.3 Long-term service commitments

Two subsidiaries have entered into the technical assistance agreements with the Japanese company and German company, under which they have to pay fees at a rate as stipulated in the agreements, on sales of certain products. The agreements are effective until 2013 and 2017, respectively. The Company has entered into a cooperation agreement with a German company, under which it has to pay fees at the rate, as stipulated in the agreement, per tank sender sales. The agreement is for one-year automatically extended annually for a further period of one year. In addition, the Company and a subsidiary have entered into service agreements with the companies, under which they have to pay fees at a certain rate, as stipulated in the agreements, on sales of particular products to the customer of the Company and its subsidiary. These agreements are effective until the Company and its subsidiary finish the projects for the customers. The fees for year 2011 amounted to approximately Baht 37 million (2010: Baht 28 million) were recognised as expenses.

33.4 Guarantee

- a) As at 31 December 2011, the Company had guaranteed bank credit facilities of its subsidiary companies amounting to Baht 15 million, RMB 92 million and USD 12 million.
- b) As at 31 December 2011, there were outstanding bank guarantees of approximately Baht 73 million, USD 0.2 million and RM 0.2 million issued by banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 49 million and USD 0.2 million to guarantee contractual performance and Baht 24 million and RM 0.2 million to guarantee electricity use, among others.

34. Litigation

In late 2011 a subsidiary company which the Company has an equity interest of 60 percent was sued for approximately Baht 450 million for copyright infringement related to map data. The case is currently being heard by the court.

35. Segment information

The Group' business operations involve 2 principal segments: the manufacture of automobile assembly tools and parts, and sales of automobiles and the provision of automobile repair service. These operations are carried on in Thailand, The People's Republic of China and Malaysia. Below is the consolidated financial information for the years ended 31 December 2011 and 2010 of the Group by segment.

(Unit: Million Baht)

	Manufacture of automobiles assembly tools and parts segment		Sales of automobiles and the provision of automobiles repair service segment		Elimination of inter-segment revenue		Consolidation	
	2011	2010	2011	2010	2011	2010	2011	2010
Revenues from external customers								
Thailand	6,616	7,497	1,256	863	-	-	7,872	8,360
The People's Republic of China	865	754	-	-	-	-	865	754
Malaysia	6	-	1,613	2,230	-	-	1,619	2,230
Intersegment revenues	1,002	1,080	27	19	(1,029)	(1,099)	-	-
Total revenues	8,489	9,331	2,896	3,112	(1,029)	(1,099)	10,356	11,344
Segment income	674	735	167	166	(77)	(72)	764	829
Unallocated income and expenses:								
Other income							430	414
Selling expenses							(210)	(198)
Administrative expenses							(868)	(477)
Loss on impairment of assets							(329)	-
Share of income from investments in associates							154	136
Finance cost							(239)	(176)
Corporate income tax							(94)	(134)
Non-controlling interest of the subsidiaries							2	(37)
Profit (loss) for the year							(390)	357
Property, plant and equipment								
Thailand	5,622	4,797	188	195	147	218	5,957	5,210
The People's Republic of China	457	272	-	-	(3)	(3)	454	269
Malaysia	-	-	167	68	-	-	167	68
Other assets								
Thailand	6,745	7,796	184	235	(2,801)	(2,812)	4,128	5,219
The People's Republic of China	814	565	-	-	(224)	(166)	590	399
Malaysia	-	-	280	324	(55)	(15)	225	309
Total assets	13,638	13,430	819	822	(2,936)	(2,778)	11,521	11,474

Transfer prices between business segments are as set out in Note 8.

36. Financial instruments

36.1 Financial risk management

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

Credit risk

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

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its cash at bank, loans, bank overdrafts and interest-carrying loans.

As at 31 December 2011, the Company has outstanding interest rate swap agreements with the banks as follows:

<u>Notional amount</u>	<u>Interest Receipt Rate</u>	<u>Interest Payment Rate</u>	<u>Due date</u>
(Million Baht)			
225	THBFIX plus 0.65%	Fixed rate at 4.77%	28 September 2012
40	THBFIX plus 3.5%	Fixed rate at 5.97%	30 April 2012
300	Fixed rate at 4.77%	6M Deposit Index plus 3.19%	6 February 2012
376	FDR plus 3.3%	Fixed rate at 5.65%	30 December 2015
380	MLR minus 1.75%	Fixed rate at 5.33%	30 December 2015
393	MLR minus 1.75%	Fixed rate at 5.98%	30 December 2015

Foreign currency risk

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

Foreign exchange contracts outstanding at 31 December 2011 are summarised below.

Foreign currency	Bought amount	Sold amount	Contractual exchange rate	
			Bought	Sold
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.3	5.5	31.4	30.4 - 31.1
Euro	0.6	-	40.9 - 41.3	-

36.2 Fair values of financial instruments

As at 31 December 2011, the Company had unrealised loss from change in the fair value of interest rate swap agreements and forward foreign exchange contracts of approximately Baht 8.4 million.

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

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

37. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2011, the Group's debt-to-equity ratio was 1.81:1 (2010: 1.49:1) and the Company's was 1.21:1 (2010: 1.23:1).

38. Reclassification

To comply with the Notification of the Department of Business Development relating to the financial statement presentation as described in Note 2 and as the result of the adoption of revised and new accounting standards as described in Note 3, certain amounts in the financial statements for the year ended 31 December 2010 have been reclassified to conform to the current year's classification, without any effect to the previously reported profit or shareholder's equity.

39. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 29 February 2012.

C Company Contact Informantion

OEM Auto Parts Manufacturing				
Country	Company	Holding	Address	Contact
Thailand	AAPICO Hitech Public Co., Ltd.		99 Moo 1 Hitech Industrial Estate Tambol Banlane Ampur Bang Pa-in Ayuthaya Province 13160	Tel : (66) 35 350 880 Fax : (66) 35 350 881 www.aapico.com
	[2 nd Factory]		7/289 Moo 6 Amata City Industrial Estate Tambol Mabyangporn Ampur Pluakdaeng Rayong Province 21140	Tel : (66) 38 650 888-90 Fax : (66) 38 650 804
	[Corporate Office]		Rm.606, 6 th floor, The offices at Central World 999/9 Rama I Rd., Patumwan Bangkok 10330	Tel : (66) 2 613 1504-6 Fax : (66) 2 613 1508
	AAPICO Amata Co., Ltd.	100%	700/483 Amata Nakorn Industrial Estate Moo 2 Tambol Bankao Ampur Panthong Chonburi Province 20160	Tel : (66) 38 717 200 Fax : (66) 38 717 187
	AAPICO Forging Public Co., Ltd.	100%	700/20 Moo 6 Amata Nakorn Industrial Estate Tambol Nongmaidaeng Ampur Mueng-Chonburi Chonburi Province 20000	Tel : (66) 38 213 355-9 Fax : (66) 38 213 360
	AAPICO Hitech Parts Co., Ltd.	100%	99/2 Moo 1 Hitech Industrial Estate Tambol Banlane Ampur Bang Pa-in Ayuthaya Province 13160	Tel : (66) 35 350 880 Fax : (66) 35 350 881
	AAPICO Mitsuike (Thailand) Co., Ltd.	51%	99 Moo 1 Hitech Industrial Estate Tambol Banlane Ampur Bang Pa-in Ayuthaya Province 13160	Tel : (66) 35 350 880 Fax : (66) 35 350 881
	AAPICO Plastics Public Co., Ltd.	100%	358-358/1 Bangplee Industrial Estate Moo 17 Taparuk Rd., Tambol Bangsaothong Ampur Bangsaothong Samutprakarn Province 10540	Tel : (66) 2 315 3456 Fax : (66) 2 315 3334
	[2 nd Factory]		7/288 Moo 6 Amata City Industrial Estate Tambol Mabyangporn Ampur Pluakdaeng Rayong Province 21140	Tel : (66) 38 650 888 90 Fax : (66) 38 650 804
	AAPICO Structural Products Co., Ltd.	100%	700/16 Moo 6 Amata Nakorn Industrial Estate Tambol Nongmaidaeng Ampur Mueng-Chonburi Chonburi Province 20000	Tel : (66) 38 717 200 Fax : (66) 38 717 187
	Able Sanoh Industries (1996) Co., Ltd.	46%	98 Moo 1 Hitech Industrial Estate Tambol Banlane Ampur Bang Pa-in Ayuthaya Province 13160	Tel : (66) 35 350 880 Fax : (66) 35 350 881
	Minth AAPICO (Thailand) Co., Ltd.	40%	7/290 Moo 6 Amata City Industrial Estate Tambol Mabyangporn Ampur Pluakdaeng Rayong Province 21140	Tel : (66) 38 650 865-7 Fax : (66) 38 650 864
	Sanoh Industries (Thailand) Co., Ltd.	20%	7/209 Moo 6 Amata City Industrial Estate Tambol Mabyangporn Ampur Pluakdaeng Rayong Province 21140	Tel : (66) 38 956 250 Fax : (66) 38 956 252
	Thai Takagi Seiko Co. Ltd.	49%	358-358/1 Bangplee Industrial Estate Moo 17 Taparuk Rd., Tambol Bangsaothong Ampur Bangsaothong Samutprakarn Province 10540	Tel : (66) 2 705 8800 Fax : (66) 2 705 8808

China	Kunshan Chaitai-Xincheng Precision Forging Co., Ltd.	100%	Precision Machinery Industrial Park, Bailin Rd., Kunshan 215331	Tel : (86) 512 5767 1757 Fax : (86) 512 5767 0964
	AAPICO Shanghai Co., Ltd.	100%	3600 Waiqingsong Road Qingpu District, Shanghai 201709	Tel : (86) 21 5974 4843 Fax : (86) 21 5974 4704

Design and Manufacture of Assembly Jigs

Country	Company	Holding	Address	Contact
Thailand	AAPICO Hitech Tooling Co., Ltd.	100%	99 Moo 1 Hitech Industrial Estate Tambol Banlane Ampur Bang Pa-in Ayuthaya Province 13160	Tel : (66) 35 350 880 Fax : (66) 35 350 881

Car Dealership

Country	Company	Holding	Address	Contact
Thailand	Able Motors Co., Ltd.	100%	14/9 Moo 14 Phaholyothin Road Tambol Klong Neung Ampur Klong Luang Pathumthani Province 12120	Tel : (66) 2 908 6001-7 Fax : (66) 2 908 6009
	New Era Sales Co., Ltd.	100%	66/24 Moo 14 Ramindra Road (km 7) Kwang Kannayao Khet Kannayao Bangkok 10230	Tel : (66) 2 519 5800-4 Fax : (66) 2 946 5107 www.newera-th.com
	Hyundai Motor (Thailand) Co., Ltd.	30%	38 Q. House Convent Bldg., 3 rd Floor, Convent Road Silom Bangrak Bangkok 10500	Tel : (66) 2 632 2777 Fax : (66) 2 632 2647-8 www.hyundai-motor.co.th
Malaysia	New Era Sales (Malaysia) Sdn. Bhd.	49%	Lot 39821, Jalan Semenyih 43000 Kajang Selangor	Tel : (60) 3 8737 0403 Fax : (60) 3 8737 7406
	Tenaga Setia Resources Sdn. Bhd.	49%	No. 10, Jalan 51/217, Section 51 46050 Petaling Jaya Selangor	Tel : (60) 3 7784 8411 Fax : (60) 3 7784 7411

Car Navigation

Country	Company	Holding	Address	Contact
Thailand	AAPICO ITS Co., Ltd.	60%	99 Moo 1 Hitech Industrial Estate Tambol Banlane Ampur Bang Pa-in Ayuthaya Province 13160	Tel : (66) 35 350 880 Fax : (66) 35 350 881 www.powermap.in.th
	A Maction Co., Ltd.	51%	99 Moo 1 Hitech Industrial Estate Tambol Banlane Ampur Bang Pa-in Ayuthaya Province 13160	Tel : (66) 35 350 880 Fax : (66) 35 350 881
	Papago (Thailand) Co., Ltd.	12%	184/232 33 Floor, Forum Tower Ratchadapisek Rd. Huaykwang Bangkok 10310	Tel : (66) 2 645 4117
Malaysia	AAPICO ITS Co. Sdn Bhd	29%	No. 17, Jalan Changgai 6/22 46000 Petaling Jaya Selangor	Tel : (60) 3 7956 5158 Fax : (60) 3 7956 6158

Others

Country	Company	Holding	Address	Contact
Thailand	AAPICO Engineering Co., Ltd.	100%	99 Moo 1 Hitech Industrial Estate Tambol Banlane Ampur Bang Pa-in Ayuthaya Province 13160	Tel : (66) 35 350 880 Fax : (66) 35 350 881

Others

Country	Company	Holding	Address	Contact
Thailand	AAPICO Jackspeed Co., Ltd.	60%	99 Moo 1 Hitech Industrial Estate Tambol Banlane Ampur Bang Pa-in Ayuthaya Province 13160	Tel : (66) 35 350 880 Fax : (66) 35 350 881
	A ERP Co., Ltd.	88%	99 Moo 1 Hitech Industrial Estate Tambol Banlane Ampur Bang Pa-in Ayuthaya Province 13160	Tel : (66) 35 350 880 Fax : (66) 35 350 881
	Katsuya (Thailand) Co., Ltd.	76%	229/104-105 Moo 1 Taparuk Rd., Tambol Bangsaothong Ampur Bangsaothong Samutprakarn Province 10540	Tel : (66) 2 706 5915-9 Fax : (66) 2 706 5910
Malaysia	AAPICO Engineering Sdn. Bhd.	49%	No. 10, Jalan 51/217, Section 51 46050 Petaling Jaya Selangor	Tel : (60) 3 7784 8411 Fax : (60) 3 7784 7411
Singapore	AAPICO Investment Pte. Ltd.	100%	745 TOA Payoh Lorong 65, The Actuary #03-01, Singapore 319455	Tel : (65) 6836 1919
	Able ITS Pte. Ltd.	60%	745 TOA Payoh Lorong 65, The Actuary #03-01, Singapore 319455	Tel : (65) 6836 1919
	Jackspeed Corporation Limited	18%	47 Loyng Drive, Singapore 508955	Tel : (65) 6788 2088 Fax : (65) 6789 0020

R eference

1. Thailand Security Depository Co., Ltd. : Security Depository Registrar

Address : 62 Rajadapisek Road, Kwang Klongtoey,
Khet Klongtoey, Bangkok 10110
Telephone : (66) 2 229 2800
Fax : (66) 2 359 1259

2. Ernst & Young Office Co., Ltd. : Auditor

Address : 33th floor, Lake Rajada Building
193/136-137 New Rajadapisek Road, Kwang Klongtoey,
Khet Klongtoey, Bangkok 10110
Telephone : (66) 2 264 0777, (66) 2 661 9190
Fax : (66) 2 2640 0789, (66) 2 661 9192

3. Royal Advocates International Limited : Lawyer

Address : 2/4 Nai Lert Tower, 5th Floor, Wireless Road, Khwang Lumpini,
Khet Patumwan, Bangkok 10330
Telephone : (66) 2 665 2112
Fax : (66) 2 665 2118

Corporate Information

Information as of December 31st, 2011

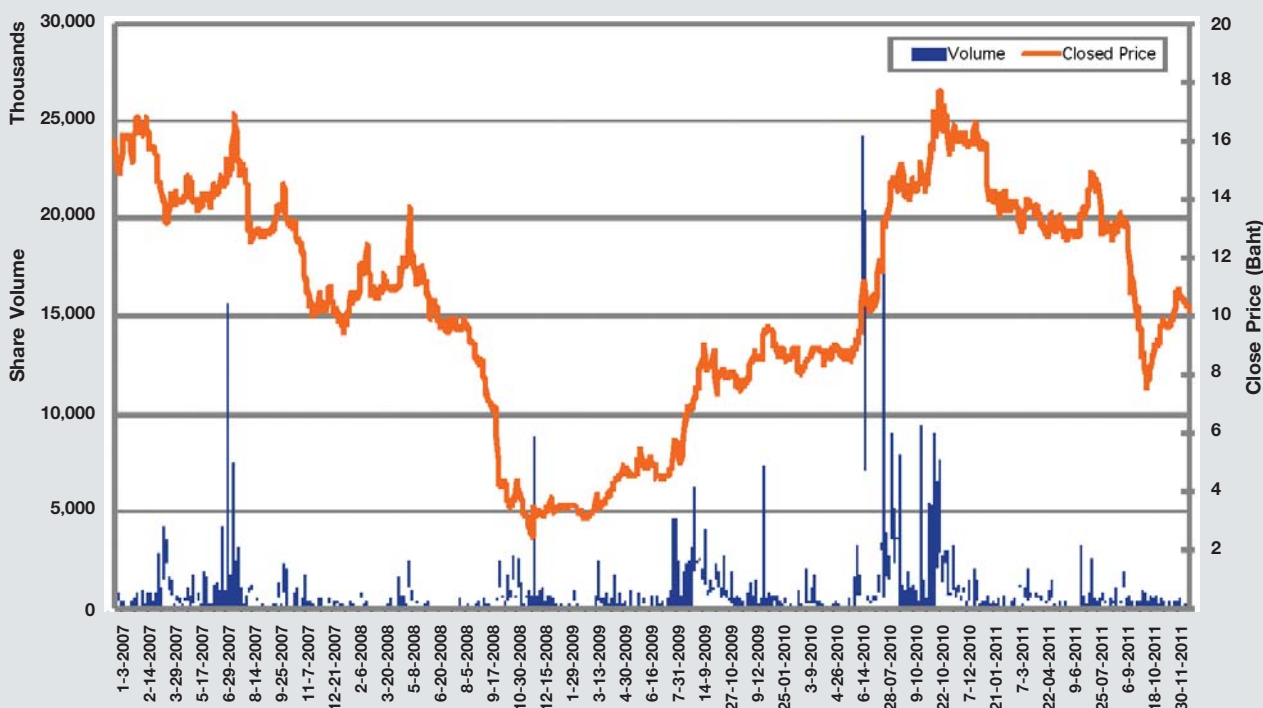
Abbreviation	AH			
Registration Number	0107545000179			
Type of Business	Design, produce, and install assembly jigs, stamping dies, and OEM auto parts which include floor parts, cross members, pillars, brackets, clips, tanks, etc.			
Website	www.aapico.com			
Established	1996			
First day of Exchange in SET	17 October 2002			
Address	: 99 Moo 1 Hitech Industrial Estate Tambol Ban Lane Ampur Bang Pa-in Ayuthaya Province 13160			
Registered Capital	: 271,697,900 Baht	Consist of Ordinary	229,337,900 shares*	
		Preferred	42,360,000 shares*	
Paid-Up Capital	: 268,874,300 Baht	Consist of Ordinary	226,514,300 shares*	
		Preferred	42,360,000 shares*	

*Par Value at 1 baht per share

Accounting Cycle 1 January - 31 December

Shareholders The main shareholders include Mr. Yeap Swee Chuan's Group holding 35.80% and Sojitz Corporation holding 15.75% of the total outstanding shares. The remaining is held by institutional and individual investors.

AH Stock Trading History for 2007 - 2011





AAPICO HITECH PUBLIC COMPANY LIMITED

Factory : 99 Moo 1 Hitech Industrial Estate, Tambol Ban Lane,
Ampur Bang Pa-In, Ayuthaya, Thailand 13160

Tel : (66 35) 350-880 Fax : (66 35) 350-881

Office : Room No.606, 6th Floor, The Offices at Central World,
999/9 Rama 1 Rd. Patumwan, Bangkok, Thailand 10330

Tel : (66 2) 613-1504-6 Fax : (66 2) 613-1508

E-mail : aapico@aapico.com Website : www.aapico.com