



## ANNUAL REPORT 2010

AAPICO HITECH PUBLIC COMPANY LIMITED



## **VISION STATEMENT**

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

*The year ahead, 2011, will be very challenging for the Group as it needs to meet the launch of new products as well as the production demands of the industry. The manufacturing operations will continue to focus on quality as we strive to reduce defective parts and achieve a target of 0 ppm. There will also be a strong focus to build teamwork and increase training throughout the Group.*

AAPICO Group, even as it commemorated its 25<sup>th</sup> Anniversary, reached a momentous milestone in 2010. The year registered the highest sales ever in the Group's history. From one of the toughest years ever faced by the Group in 2009, AAPICO made a positive turnaround in 2010 with sales revenue of Baht 11,758 million and a net profit of Baht 356.57 million. This was due mainly to the strong growth in car production from 1 million to 1.65 million vehicles.

This production figure is forecasted to increase to as high as 1.9 million units in 2011. With this big volume, we expect 2011 to be a golden year for both the Company and the automotive industry. In the coming year, Thailand is expected to experience a strong growth as passenger cars, led by the Eco-

car, gain increasing popularity. Three new assembly plants belonging to Mitsubishi, Ford and Suzuki are being built which will further enhance the growth of car production for Thailand.

Growth for the Group will be mainly driven by the launch of the 4-door Nissan Eco-car, the Honda Eco-car, and the Ford, Mazda, Isuzu and GM pickups. These new models will take up the full capacities of our new factories. Two new factories will start this year, one in Amata City, Rayong will produce press parts for the Ford and Mazda new pickups and the other at Amata Nakorn Industrial Estate, Chonburi will assemble the Isuzu new pick up chassis through a very modern automated robotic system.





In China our operations continue to do well. We have therefore recently bought a new piece of land to build our own factory. The size of the new land is 54.57 mu which is equivalent to 36,380 square meters. This will give us more capability and enhance our customers' confidence as we will be operating from our fully-owned asset. The new factory is expected to be in full operation by mid 2012. A fortuitous and very encouraging compensation from the Chinese government will strengthen our cash flow and reduce our borrowing. The net profit in 2010 was at a record high due to the tremendous growth in the Chinese market.

In Malaysia we will be launching two new wholly-owned 3S Honda showrooms by the 2<sup>nd</sup> quarter of 2011. Our two existing showrooms recorded a sale

of 1,867 Honda cars in 2010 and Malaysia's car dealership operations are expected to perform well in 2011.

The year ahead, 2011, will be very challenging for the Group as it needs to meet the launch of new products as well as the production demands of the industry. The manufacturing operations will continue to focus on quality as we strive to reduce defective parts and achieve a target of 0 ppm. There will also be a strong focus to build teamwork and increase training throughout the Group.

Finally, I would like to take this opportunity to thank all of our employees, business associates and partners, valued customers, bankers and shareholders who always give us strong support throughout the year.

A handwritten signature in black ink, consisting of a stylized 'Y' followed by a series of loops and a long horizontal stroke.

Yeap Swee Chuan  
President & CEO

## Board of Directors



**1. Mr. Yeap Swee Chuan**

President & CEO

**2. Madam Teo Lee Ngo**

Executive Director

**3. Mr. Shigeyuki Eto**

Executive Director

**4. Mr. Hiroto Murai**

Director

**5. Mr. Kenneth Ng**

Independent Director

**6. Mr. Pipat R. Punya**

Independent Director and  
Chairman of Audit Committee

**7. Mrs. Pornnipa Praditsuktavorn**

Independent Director and  
Member of Audit Committee

**8. Mr. Supasak Chirasavinuprapand**

Independent Director and  
Member of Audit Committee

# Management List



## Seated from left

Mr. John Raymond Drew, Director, AAPICO Hitech Tooling  
 Mr. Shigeyuki Eto, Executive Director, AAPICO Hitech  
 Mr. Yeap Swee Chuan, President & CEO, AAPICO Hitech  
 Madam Teo Lee Ngo, Executive Director, AAPICO Hitech  
 Mr. Joe Goh, COO, AAPICO Hitech  
 Mr. Veera Buanwongse, Production Director, AAPICO Hitech

## Standing from left

Mr. Kawee Wasarucharekul, GM, AAPICO Hitech  
 Mr. Satta Peth-In, Asst. GM, AAPICO Hitech Parts  
 Mr. Philippe Vyain, Engineering Director, AAPICO Hitech Tooling  
 Mrs. Kannika Kartiwithcha, Asst. GM, AAPICO Hitech  
 Ms. Yeap Xin Yi, Executive Director, New Era Sales & Able Motors  
 Mr. Yugijo Daud, Senior GM, AAPICO ITS & AMACTION  
 Mr. Roengsuk Viphoonitisikul, GM, AAPICO Hitech



## Seated from left

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

## Standing from left

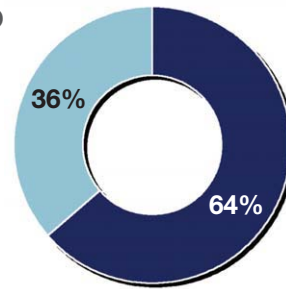
Mr. Koh Lian King, COO, Kunshan Chaitai-Xincheng Precision Forging  
 Ms. Arunee Jarutkanont, Accounting Manager, AAPICO Forging  
 Mr. Jeerapath Tantrarattana, GM, AAPICO Plastics Rayong  
 Mr. Prateep Chumsri, Asst GM, AAPICO Forging  
 Mr. Chalee Nokbin, Accounting Manager, AAPICO Amata  
 Ms. Sirivan Koo-amphorn, Senior GM, AAPICO Forging  
 Ms. Koh Tang Kim, GM, New Era Sales (M) & Tenaga Setia Resources (M)

## Market Share of Single Products

### Chassis Frame



AAPICO

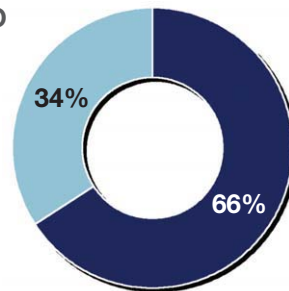


Others

### Steel Fuel Tank



AAPICO

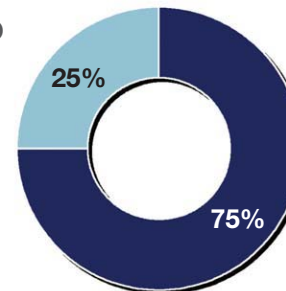


Others

### Door Check



AAPICO

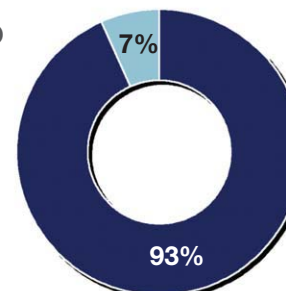


Others

### Plastic Fuel Tank



AAPICO



Others



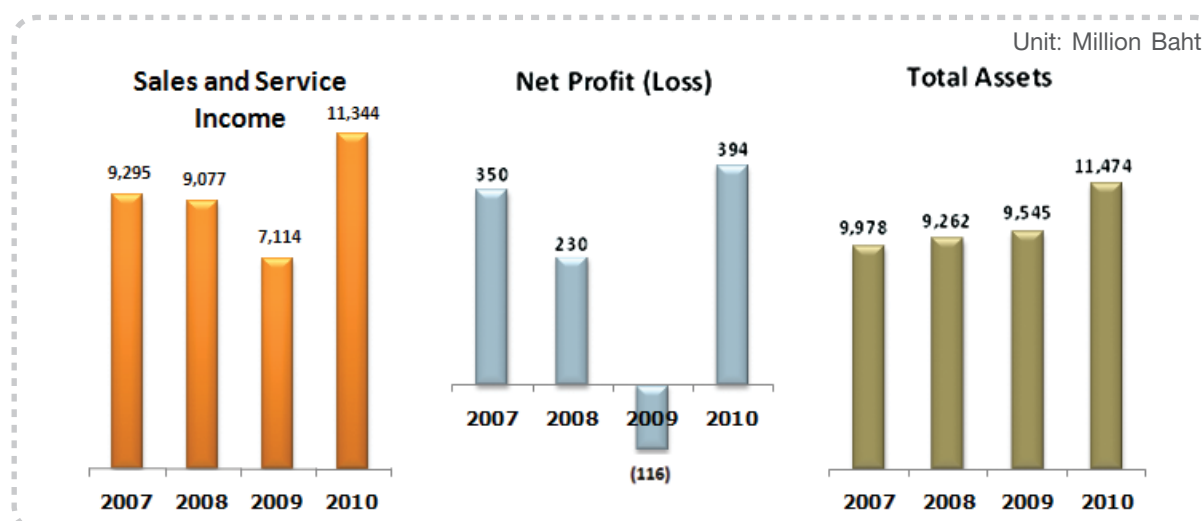
# Financial Highlights



## Consolidated Financial Statements

	2007	2008	2009	2010
<b>Profit and Loss Statements (Million Baht)</b>				
Sales and Service Income	9,295	9,077	7,114	11,344
Gross Profit (Loss)	686	665	358	830
EBITDA	1,190	783	427	1,138
EBIT	531	371	42	705
Net Profit (Loss)	350	230	(116)	394
Net Earnings per share (Baht)	1.55	1.07	(0.48)	1.57
<b>Balance Sheet (Million Baht)</b>				
Total Assets	8,978	9,262	9,545	11,474
Total Liabilities	4,585	4,746	5,244	6,868
Shareholders' Equity	4,393	4,516	4,302	4,606
<b>Financial Ratios</b>				
Current Ratio (times)	0.85	0.73	0.54	0.88
Gross Profit Margin (%)	7.38%	7.32%	5.03%	7.31%
Net Profit Margin (%)	3.61%	2.54%	(1.47%)	3.03%
Return on Total Assets (%)	3.93%	2.52%	(1.24%)	3.75%
Return on Equity (%)	7.97%	5.16%	(2.64%)	8.85%
Debt to Equity (times) *	0.63	0.67	0.67	0.93
Times Interest Earned (times)	3.20	3.07	0.33	4.00
Dividend (% of Net Profit)	29.94%	32.30%	N/A	35.44%

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



# Awards and Achievements

## Prestigious Award in Cost and the Best in Quality and Delivery Improvement Award for 2010



AAPICO Amata Co., Ltd., a subsidiary of AAPICO Hitech PLC., has been awarded with the Best in QCD Improvement Award for 3 consecutive years since 2008.

**Presented by :** Isuzu Motors (Thailand) Co., Ltd. and Isuzu Supplier Group (ISG)

**In the occasion of :** 2010 Annual Isuzu Supplier Group at Impact, Muang Thong Thani.



## Certificate for contributing Automotive Human Resource Development Program (AHRDP) in Toyota Production System (TPS) as Dojo Company



AAPICO Forging PLC., a subsidiary of AAPICO Hitech PLC., has received a certificate for contributing Automotive Human Resource Development Program (AHRDP) in Toyota Production System (TPS) as Dojo Company during 2 periods; January 2010 to April 2010 and May 2010 to August 2010

**Presented by :** Toyota Motor Asia Pacific Engineering & Manufacturing Co., Ltd.

**Date :** November 22<sup>nd</sup>, 2010



## Quality Target Successful Award for the year 2010



AAPICO Forging PLC. and AAPICO Plastics PLC., subsidiaries of AAPICO Hitech PLC., have been awarded with the Quality Target Successful Award by Thai Yamaha Motor Co., Ltd.

**Presented by :** Thai Yamaha Motor Co., Ltd.

**Date :** February 19<sup>th</sup>, 2010



## The AIDS - response Standard Organization Certificate ASO Thailand Silver



AAPICO Plastics PLC., a subsidiary of AAPICO Hitech PLC., has received The AIDS - response Standard Organization Certificate ASO Thailand Silver for their adequacy in providing HIV/AIDS education for employees and community involvement according to the international standard and announcement by the Ministry of Labour on the National Code of Practice on HIV/AIDS Prevention and management in the Workplace

**Presented by :** The Department of Labour Protection and Welfare, Ministry of Labour and the Department of Disease Control, Ministry of Public Health

**Date :** March 31<sup>st</sup>, 2010 effective until March 30<sup>th</sup>, 2012



## Certified for Occupational Health and Safety Assessment Series for manufacture of plastic parts for automotive, electronics and household appliance industrials and molds



AAPICO Plastics PLC., a subsidiary of AAPICO Hitech PLC., has acquired the OHSAS 18001:2007 and TS 18001:1999. from SGS (Thailand) Ltd. The scope of activities covers manufacture of plastic parts for automotive, electronics and household appliance industrials and molds.

**Presented by :** SGS (Thailand) Co., Ltd.

**Date :** July 19<sup>th</sup>, 2010 effective until June 18<sup>th</sup>, 2013



## Network of Engineering Service : NES Award for the year 2010



AAPICO Amata Co., Ltd., a subsidiary of AAPICO Hitech PLC., has been awarded the NES Award for the institution with the best engineering application and organization development.

**Presented by :** Department of Industrial Promotion

**In the occasion of :** DIP Consultant Award 2010, Department of Industrial Promotion

**Date :** September 20<sup>th</sup>, 2010





# Corporate Social Responsibility (CSR)

With firm commitment to conduct business in line with social responsibility, AAPICO Group provides continuous support to social beneficial activities. AAPICO has committed in the continuous educational scholarship program. In addition, the Company places a great emphasis on the improvement of its people, thus established the self-development and social development program called “Quality of Life”. The main purpose is to educate and influence AAPICO’s employees to be a better person. In 2010, AAPICO has committed to the following activities:

## Educational Scholarship

AAPICO Group understands the importance of education, therefore, the AAPICO companies have ongoing scholarship projects for employees’ children and others who seek knowledge but do not have the opportunity due to poverty. The scholarships are provided each year from primary school to university level by selecting from employees’ applications. Some criteria have been set for the recipients qualification e.g. children’s GPA, work performance of employees (parents), income, etc. For the year 2010, AAPICO has supported the scholarship as follows:



### Scholarship for employees’ children, AAPICO Hitech PLC. as of April 27<sup>th</sup>, 2010

In 2010, AAPICO Hitech PLC. provided in the total of 24 scholarships: 2 university level, 7 high school / vocational level and 15 primary level.



### Scholarship for employees’ children, AAPICO Forging PLC. as of August 10<sup>th</sup>, 2010

In the occasion of the Mother Day, AAPICO Forging PLC., a wholly owned subsidiary of AAPICO Hitech PLC., provided 12 scholarships.

## Corporate Donation

In the occasion of AAPICO Group’s 25<sup>th</sup> Anniversary, the Company donated in the amount of Baht 500,000 to Thailand Peace Network Foundation at Grand Hyatt Erawan Hotel, Bangkok on November 8<sup>th</sup>, 2010 with the intention of fostering peace ideology for the Thai younger generation.



Thailand Peace Network Foundation was founded by Gen. Boonsarng Niumpradith with the hope to find the efficient method to foster peace, morality, and virtue ideology to Thai society, especially for the younger generation. In addition, the foundation acts as the center of information and facilitating both people and organizations regarding peace locally and internationally.



## Quality of Life Program

Improvement in people is the main focus of AAPICO Group as the Company believes that people are the foundation of the workplace as well as the society. With a strong foundation, the Company, community and Thai society together can move forward to a better future.

Quality of Life Program consists of four clubs which are Buddhism Club, Sacrifice Club, Committed Saving Club, and Health Club with the main goal to improve the quality of the participants' life. The activities give the opportunity for participants to have their own initiation in creating ideas/projects that would help improve their community.

### The Sacrifice Club

The main target is to encourage a sharing and sacrificing mindset among our employees. It does not imply only to the monetary benefit but rather focus on the intention. The activities include donation of blood/supplies, school renovation, and other social activities.

- Donation**

Quality of Life club recognizes the significance of philanthropy and generosity in the society. Thus, the emphasis has been placed on donation activities. AAPICO Group has committed in continuous blood donation program and acted as a center of distribution of goods to the community in need. The activities are as follows:

#### Blood Donation (to Thai Red Cross)



Banglee Industrial  
April 21<sup>st</sup>, 2010

AAPICO Plastics Rayong  
January 29<sup>th</sup>, 2010



### Flood Donation

Many parts of Thailand have suffered significantly from flood during August to November in 2010.



AAPICO Amata Co., Ltd., donated to people living in Tambol Sri Mahapho, Prachinburi, October 24<sup>nd</sup>, 2010



AAPICO Plastics PLC., donated to people living in Amphur Mueng, Lopburi, October 23<sup>rd</sup>, 2010



AAPICO Forging PLC., donated to Chonburi Industrial Federation, Chonburi in October 2010



AAPICO Forging PLC.  
August 3<sup>rd</sup>, 2010



AAPICO Amata Co., Ltd.  
May 9<sup>th</sup>, 2010

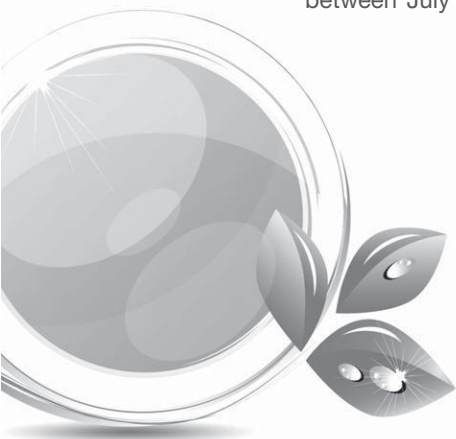
- **Environmental**



“Tree planting reduces emission with Able Motors” at Sam Ian Waterfall National Park on August 22<sup>nd</sup>, 2010.



AAPICO Plastics PLC.’s employees voluntarily planted trees around the company area under the program called “Planting in the company” between July 16-17<sup>th</sup>, 2010



## **The Health Club**

The Health club was established to promote healthy and good life style by giving up vices and being more active in sports.



AAPICO Forging PLC. have launched a campaign “Quit smoking for a better health to celebrate our King’s honor” for 2 consecutive years since 2009 with a total of 19 participants.

## **The Committed Saving Club**

Financial planning is being promoted as the main target for this club with the slogan “Reduce debt, clear debt, save and invest” in accordance with the concept of “Sufficiency Economy”. Activities involve teaching how to record household account with the objective to understand their regular income and expense. The participants will learn to understand more of their situation and being more conscious in their spending.



## The Buddhism Club

The Buddhism club was established to promote moral and ethics through Buddhist teachings, the middle way and giving up vices, activities include:



AAPICO Plastics PLC. prepared Buddhist proverbs and gave to Wat Bang Boo, Samutprakarn Province on September 21<sup>st</sup>, 2010.



AAPICO Plastics PLC attended annual merit making on the Buddhist Lent day at Wat Larn Wai, Samutprakarn on November 14<sup>th</sup>, 2010.



AAPICO Amata Co., Ltd. together with AAPICO Plastics Rayong held a meditation camp at Wat Pa Washirabanphot, Chonburi during May 8-9<sup>th</sup>, 2010.

## Quality of Life Training



AAPICO Group has initiated a training course called “Quality of Life Training” with 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 principles of life, understand the real roots cause of daily problems and work them out in a way that improves 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 strong contributors to our Quality of Life Clubs.

Since 2008 AAPICO Group has conducted in total of 8 training sessions with approximately 850 participants. The Company has a strong intention to continue this activity with the goal of having all our employees to participate.

# Main Businesses

## OEM AUTO PARTS MANUFACTURING



### **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 die, 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 dealership, car navigation system, etc. AAPICO Group comprises total of 29 companies (21 in Thailand and 8 Overseas).

AAPICO Hitech PLC. has paid-up capital of Baht 268.87 million. The main shareholders are Mr. Yeap Swee Chuan's Group holding 32.81% and Sojitz Corporation holding 15.75% of total outstanding shares. The Company is selling mainly to the leading automotive car assemblers both locally and overseas.



### **AAPICO AMATA COMPANY LIMITED [AA]**

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

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 forging and machining parts including steering and suspension system, wheel frames and hubs, ball joint axle and engine parts.

AAPICO Forging PLC. is wholly owned by AAPICO Hitech PLC. with paid-up capital of Baht 500 million. The main customers are AAT, Yamaha, Nissan, Isuzu, TRW, NTN, GETRAG, Dana, and American Axle.



### **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 customers are Nissan and AAT.



## OEM AUTO PARTS MANUFACTURING



### **AAPICO MITSUIKE (THAILAND) COMPANY LIMITED [AMIT]**

AAPICO Mitsuike (Thailand) 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 its manufacturing facility.

AAPICO Mitsuike (Thailand) Co., Ltd. is jointly owned by AAPICO Hitech PLC. and Mitsuike Corporation (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 plastic 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 AAT, GM, Nissan, Yamaha, and Isuzu.



### **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 100 million.



### **AAPICO SHANGHAI COMPANY LIMITED [AS] - China**

AAPICO Shanghai Co., Ltd.'s main business is to manufacture automotive machining parts to support our facility at KCX.

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**

KCX's main business is to manufacture forging parts including connecting rods and gears to support car assemblers in China.

KCX is wholly owned by AAPICO Hitech PLC. with paid-up capital of USD 6.1 million. The main customers are Schneider, Chery, and GM-Wuling.



### **ABLE SANOH INDUSTRIES (1996) COMPANY LIMITED [ASICO]**

Able Sanoh Industries (1996) Co., Ltd.'s main business is to make brake lines, fuel lines, and engine parts for automotive car assemblers in Thailand.

Able Sanoh Industries (1996) 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 with paid-up capital of Baht 117.7 million. The main customers are AAT, Honda, Toyota, Nissan, and Mitsubishi.

## OEM AUTO PARTS MANUFACTURING



### MINTH AAPICO (THAILAND) COMPANY LIMITED [MA]

Minth AAPICO (Thailand) 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 (Thailand) 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 178.5 million. The main customers are AAT and GM.



### SANOH INDUSTRIES (THAILAND) COMPANY LIMITED [SJ]

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

Sanoh Industries (Thailand) Co., Ltd. is held by AAPICO Hitech PLC. owning 20% of shares with paid-up capital of Baht 146.25 million. The main customer is AAT.



### THAI TAKAGI SEIKO COMPANY LIMITED (TTSC)

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

Thai Takagi Seiko Co., Ltd. is a 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, manufacture and install assembly jigs mainly to support AAPICO Group's operation.

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

## CAR DEALERSHIP



### ABLE MOTORS COMPANY LIMITED [AM]

Able Motors Co., Ltd. is a car dealer for Mitsubishi vehicle involving sales and after-sales services with a showroom and service center located in Navanakorn, Pathumthani.

Able Motors 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 vehicle supporting both sales and after-sales services with total of 3 showrooms in Ramintra, Ladprao, and Samutprakran Province.

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

## CAR DEALERSHIP



### 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 Kuala Lumpur.

New Era Sales (M) Sdn. Bhd. is jointly owned by AAPICO Hitech PLC. and Tenaga Setia Enterprise, with equity participation of 49% and 51% respectively. The company has paid-up capital of RM 1.5 million or equivalent to Baht 16.5 million.



### TENAGA SETIA RESOURCES SDN. BHD. [TSR] - 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 or equivalent to Baht 66 million.



### HYUNDAI MOTOR (THAILAND) COMPANY LIMITED [HM]

Hyundai Motor (Thailand) Co., Ltd. is a sole distributor with responsibility to manufacture, market, sell and provide after-sales services of both CKD and CBU models of Hyundai cars in Thailand.

Hyundai Motor (Thailand) Co., Ltd. is jointly owned by AAPICO ITS Co., Ltd., Sojitz Corporation (Japan), and Sojitz Asia Pte. with shareholding percentage of 22%, 61% and 17% 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 60% owned by AAPICO Hitech PLC. The company has paid-up capital of Baht 100 Million. The main customers are JVC, Priority, Zulex, etc.



### 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) with the equity participation of 51% and 49% respectively with paid-up capital of Baht 20 million.



### 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) with the equity participation of 30% and 70% respectively. The company has paid-up capital of Baht 10 million.



## OTHERS



### **ABLE ITS PRIVATE LIMITED [AITSPL] - Singapore**

Able ITS Pte. Ltd. is a holding company for future business operation in Singapore.

Able ITS Pte. Ltd. is wholly owned by AAPICO ITS Co., Ltd. with paid-up capital of SGD 310,000.



### **AAPICO ENGINEERING COMPANY LIMITED [AE]**

AAPICO Engineering Co., Ltd. focuses 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 wholly owned by Tenaga Setia Resources Sdn. Bhd. with paid-up capital of RM 1 million.

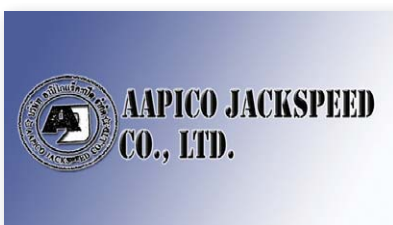
## OTHERS



### **AAPICO INVESTMENT PRIVATE LIMITED [AI] - Singapore**

AAPICO Investment Pte. Ltd. was established with the purpose of carrying on the transactions related to merger and acquisition.

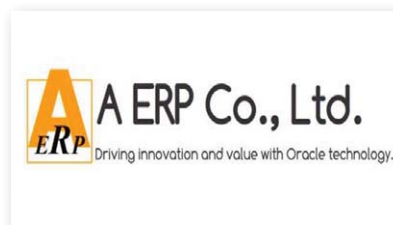
AAPICO Investment Pte. Ltd. is wholly owned by AAPICO Hitech PLC. with paid-up capital of SGD 6.97 million.



### **AAPICO JACKSPEED COMPANY LIMITED [AJ]**

AAPICO Jackspeed Co., Ltd.'s main business is to manufacture sport bars for pickup truck.

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.



### **A ERP COMPANY LIMITED [AERP]**

A ERP Co., Ltd. is established to support the Oracle implementation of the AAPICO Group.

A ERP Co., Ltd is 88% owned by AAPICO Hitech PLC. with paid-up capital of Baht 1.25 million.



## OTHERS



### **JACKSPEED CORPORATION LIMITED [JCL] - Singapore**

Jackspeed Corporation Ltd. is a manufacturer of 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 and metal flocking.

Katsuya (Thailand) Co., Ltd. is jointly owned by AAPICO Hitech PLC. and a Singaporean investor with the portion of 76% and 24% holding 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 1<sup>st</sup> AAPICO Factory on 15 rai of land in Hitech Industrial Estate, Ayuthaya.
- Established 1<sup>st</sup> Japanese joint venture with Sanoh Industrial Co., Ltd. of 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 17<sup>th</sup>, 2002

## 2003

- Purchased Parish Structural Products company (renamed AAPICO Amata Co., Ltd.) from Dana Corporation, USA.

## 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 Baht148) 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 Co., Ltd., 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 Co., Ltd.)
- Established a new strategic joint venture in Thailand with Mitsui Co., Ltd. of Japan, named AAPICO Mitsui (Thailand) 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. KG of Germany to manufacture plastic fuel tanks.

## 2008

- Established Minth AAPICO (Thailand) 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.

### April

- AAPICO ITS Co. Ltd. (Thailand) has launched the most advanced Car Navigation software and map in Thailand: **POWERMAP Z9**
- Commenced operation of AAPICO Hitech PLC.'s second factory at Amata City Industrial Estate, Rayong, a new stamping factory with world-class tandem line of Komatsu high speed presses.



### June

- Established Thai Takagi Seiko Co., Ltd., a joint venture between AAPICO Hitech PLC., Takagi Seiko Corporation of Japan and Sojitz Managemet (Thailand) Co., Ltd., to manufacture plastic parts for Honda motorcycles and Suzuki Eco-car.



### July

- AAPICO Plastics Rayong Factory has recently started its first mass production of Windshield Washer System, a new product using Blowing process.



### November

- Celebrated AAPICO Group's 25<sup>th</sup> Anniversary on November 8<sup>th</sup>, 2010 at Grand Hyatt Erawan Hotel, Bangkok.
- Purchased a new piece of land in Khunshan, China with the size of 54.57 mu which is equivalent to 36,380 sq. meter.
- Constructing 3S Honda Showrooms in Petaling Jaya and Kajang, Malaysia, expected to be completed by mid 2011.



Petaling Jaya



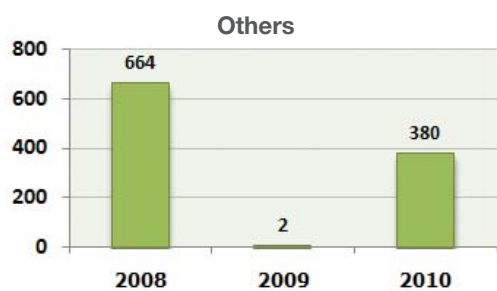
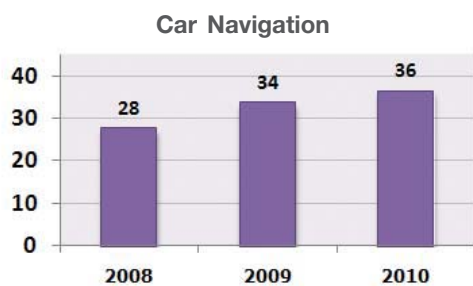
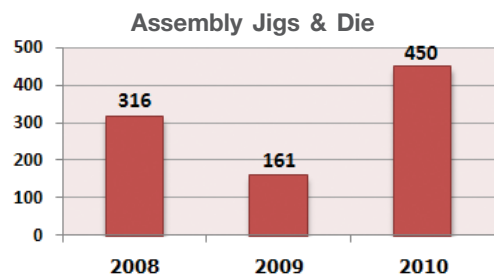
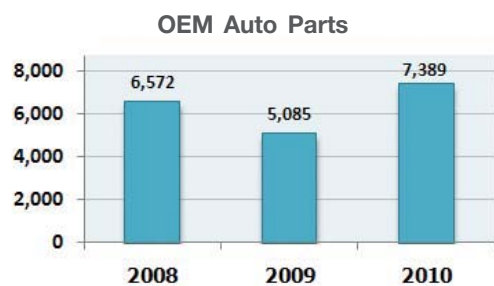
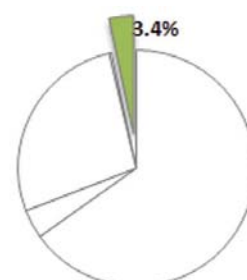
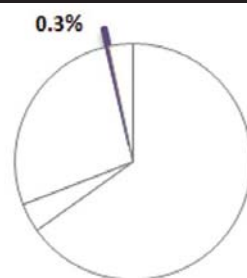
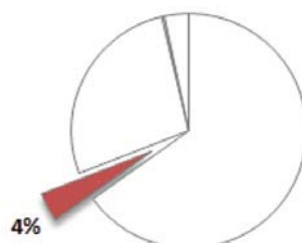
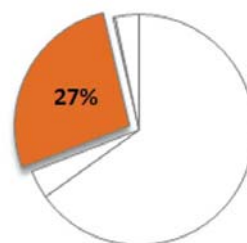
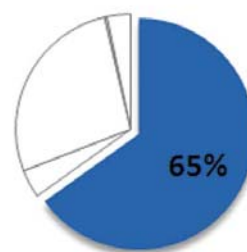
Kajang



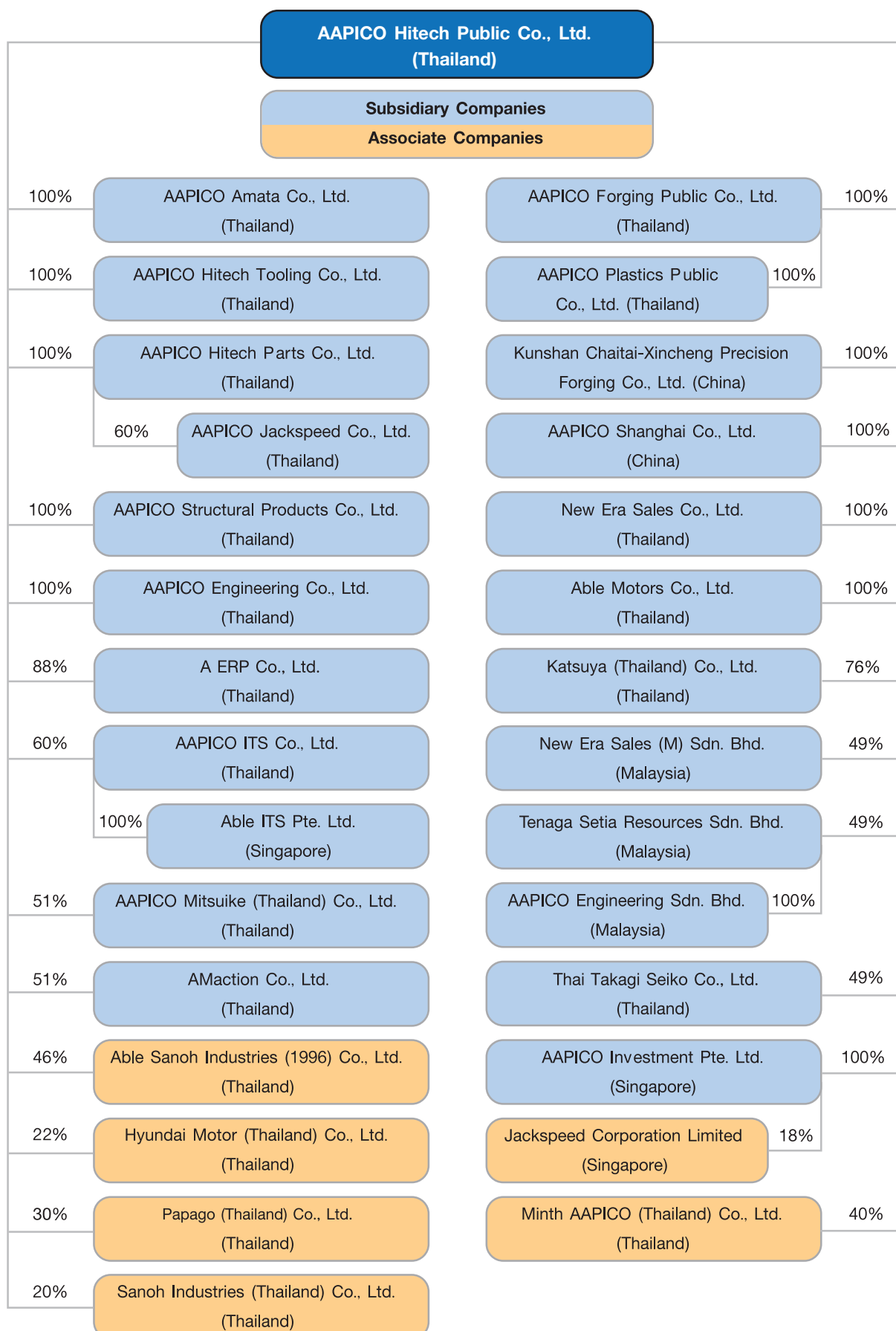
# Revenue Structure

BUSINESS					
OEM Auto Parts		2008	2009	2010	
	Manufacture the following parts				
	- Chassis Frames	AA	3,062	1,879	2,772
	- Stamping Parts	ASP	-	-	73
	- Forging & Machining Parts	AH	1,525	1,120	1,704
	- Parts, Plastic Parts and Fuel Tank System	AHP	-	367	403
		AF & AP	1,605	1,156	1,682
		KCX & AS	380	563	755
		<b>Total</b>	<b>6,572</b>	<b>5,085</b>	<b>7,389</b>
Car Dealership		2008	2009	2010	
	Sales & after-sales service				
	- Mitsubishi	NESC	512	361	489
	- Ford	AM	209	138	369
	- Honda	NESM	-	303	736
		TSR	1,211	1,282	1,493
		<b>Total</b>	<b>1,933</b>	<b>2,084</b>	<b>3,087</b>
Jigs and Die		2008	2009	2010	
	Design and manufacture				
	- Jigs	AH	316	145	53
	- Die	AHT	-	16	397
		<b>Total</b>	<b>316</b>	<b>161</b>	<b>450</b>
Car Navigation		2008	2009	2010	
	Manufacture and develop				
	- Maps	AIT5	22	31	36
	- Car Navigation Software	AMAC	5	3	0.3
		<b>Total</b>	<b>28</b>	<b>34</b>	<b>36</b>
Others		2008	2009	2010	
	- Car Accessories	OTHERS	664	2	380
	- Engineering				

(Unit in Million Baht)

**SALES TREND 2008-2010****SALES CONTRIBUTION**

# Company Holding Structure





# 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	Steel Fuel Tanks	AAPICO Hitech PLC.	
	Chassis Frames	AAPICO Amata Co., Ltd. AAPICO Structural Products Co., Ltd.	
	Forging and Maching Parts	AAPICO Forging PLC.	AAPICO Shanghai Co., Ltd. Kunshan Chaitai-Xincheng Precision Forging 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.	
	Fuel Lines, Brake Lines, Engine Parts	Able Sanoh Industries (1996) Co., Ltd.	
	Roof Ditch Molding, Belt Line Molding, Door Sash	Minth AAPICO (Thailand) Co., Ltd.	
	Brazed Steel Tubing	Sanoh Industries (Thailand) Co., Ltd.	
2 Design, Manufacture and Installation of Assembly Jigs		AAPICO Hitech Tooling Co., Ltd.	
3 Design & Manufacture of Die		AAPICO Hitech PLC.	
4 Car Dealership		Able Motors Co., Ltd.	Tenega 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 Co., Ltd.,	
		Papago (Thailand) Co., Ltd.	
6 Others	Engineering Research and Development	AAPICO Engineering Co., Ltd.	
	Manufacture of Accessories for Transporatation	AAPICO Jackspeed Co., Ltd.	Jackspeed Corporation Ltd.
	Investment Activities, Merger & Acquisition		AAPICO Investment Pte. Ltd. AAPICO Engineering Sdn. Bhd.
			Able ITS Pte. Ltd.
	Oracle System	A ERP Co., Ltd.	

# Competition and Industrial Trend

## Thailand's renewed strength after the global financial crisis

Thailand is currently host to a number of leading assembling and production companies, 16 in vehicles and 7 in motorcycles. Almost all of the world's major automakers and parts manufacturers are attracted to the local industry here, and many are planning to expand their operations. It is almost certain that the recent global financial crisis, the most devastating since the Great Depression, is behind us now; and that the country is heading in the right direction towards economic recovery that would gather further momentum in 2011.

There are several bright indicators worldwide that signal the beginning of a clear recovery in the automotive industry:

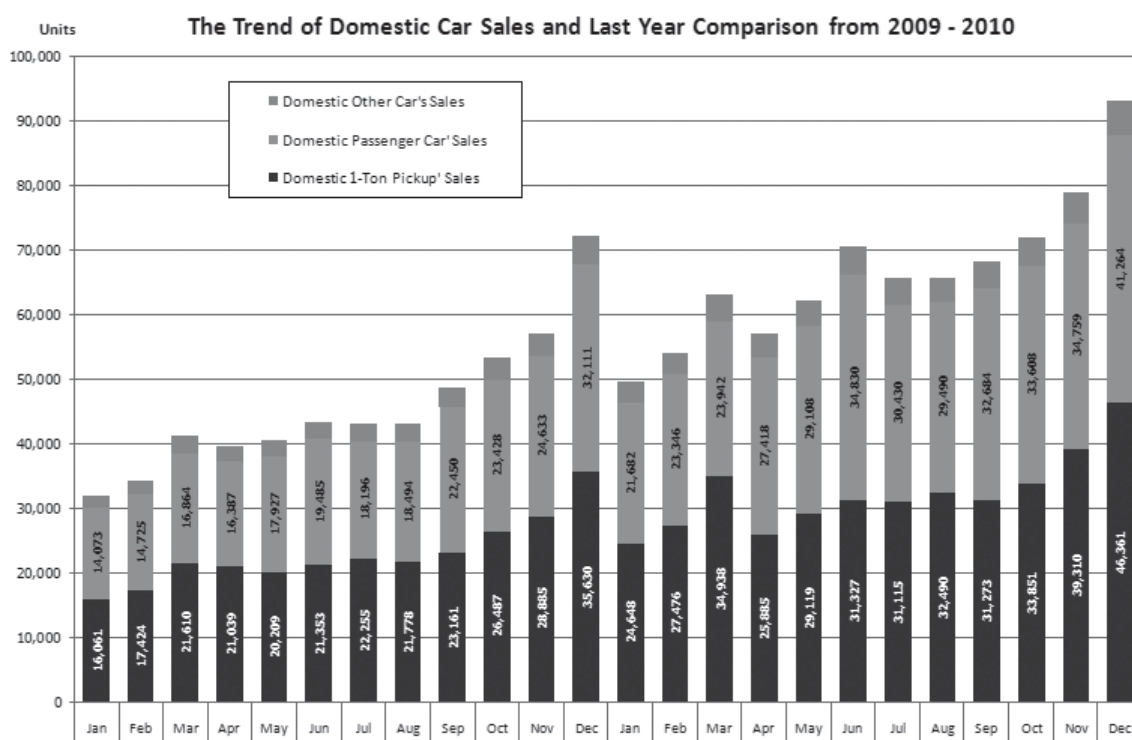
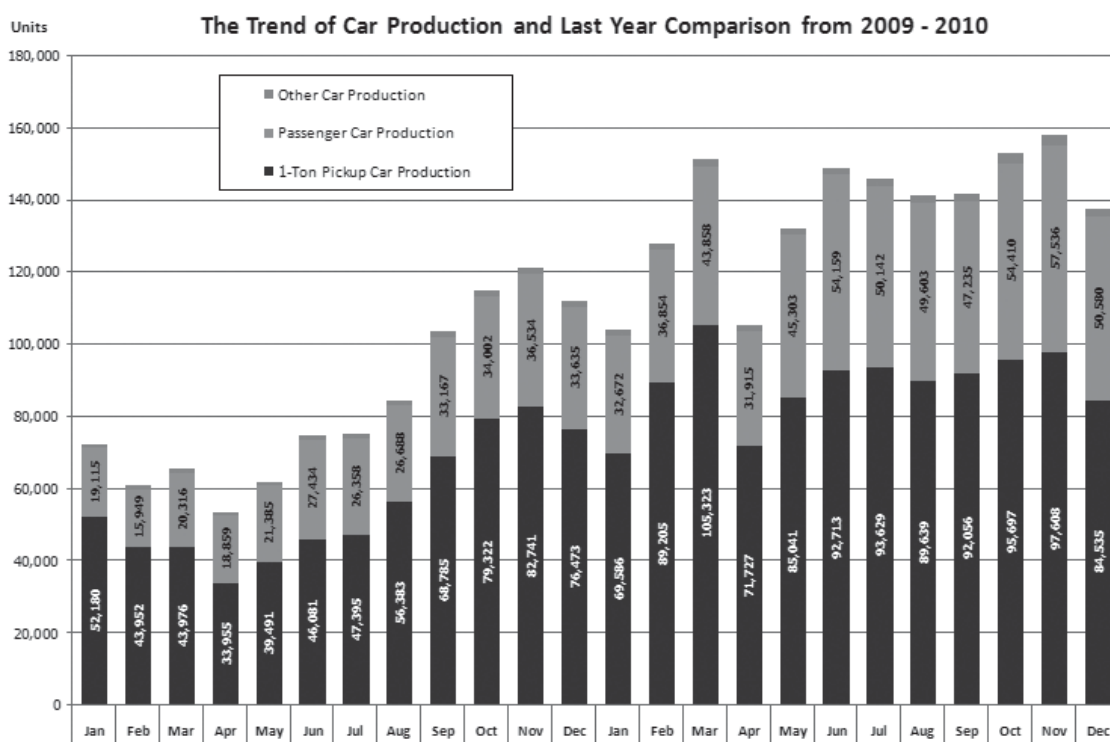
- Australia's sales in motor vehicles reached 1.04 million units in 2010, an increase of 10.50% from 2009. Thailand is the fourth ranking-exporter in the passenger cars' market and the first ranking-exporter in the commercial vehicles' market in Australia.
- The European Union's sales in passenger cars in 2010 reached 10.26 million units, a decline of 4.38% but sales in commercial vehicles in 2010 reached 1.10 million units, an increase of 8.91%.
- China's sales in motor vehicles in 2010 grew sharply by 32.40% and reached 18.06 million units. Thailand is the 15<sup>th</sup> ranking-exporter in the auto market in China.
- India's sales in passenger cars and commercial vehicles in 2010 increased dramatically by 25.57% and 38.31% respectively; the total volume was 1.95 million units and 0.53 million units respectively. Thailand is the 13<sup>th</sup> ranking-exporter in both the passenger car market and the commercial vehicle market in India.
- ASEAN registered a rapid growth of 35.40% in motor vehicle sales in 2010, totaling 1.82 million units. Thailand ranks as the third leading exporter in the automobile market in Malaysia, first in the Philippines, and also first in Indonesia.

Thailand's production currently accounts for 52.50% of the total production in ASEAN.

- Sales in passenger cars and commercial vehicles in the USA in 2010 were 5.77 million units and 5.82 million units respectively, a growth rate of 5 % and 17.90% respectively.

Taking part in this revival of the automotive industry, Thailand is determined to be one of the industry leaders with a current production capacity of 2.1 million automobile units per year. The country ranks among the top 15 of automotive production countries and is already the world's largest manufacturer for one-ton pickup trucks. The pickup truck has become the country's first production champion and the Eco-car is expected to follow suit as it is heavily promoted by the Board of Investment (BOI). When measured by the forecast for average annual production growth of 7.7% to 10% for the period 2010-2016, it is evident that Thailand is back on track as the bastion for the automotive industry in South East Asia. With a capacity target of 3.72 million units by 2016, Thailand will be among the world's top ten producers overtaking Spain, Canada and Mexico.

Thailand's automotive production already accounts for more than half of ASEAN's. In 2010, Thailand produced 1.65 million vehicle units, an increase of 64.63%; exported 844,917 units, an increase of 87.55%; and sold domestically 800,357 units, an increase of 45.82%. The production of passenger cars grew by 51.84% and that of commercial vehicles grew by 41.18%. The increase was a result of the continual growth of the overall economy, and the inflow of capital which increased the money supply in the system, and benefitted the car leasing industry. Another factor was the incessantly rising demand in the passenger car market, including the demand for new models and for the exclusive models which were recently introduced into the market. The growth in the Thai automotive industry is among the highest in the world, and can be considered a national record.



According to the impressive vehicle production and sales volume in 2010, it implies the continuously better economic situation led to the higher consumer confidence index. These benefits directly to the automobile market in 2010 and will continue to the year 2011. Therefore, the market trend and projection

of sales volume have been foreseen that the growth of the automotive market in 2011 is expected to be at about 1.9 million vehicle units, or 15.48% increase from 2010 including 1 million vehicles for export, or 18.35% increase and 900,000 others for sales domestically, or 12.45% increase.



## **Government policy to enhance Thailand's strength**

The Thai government sets the vision for Thailand to become “the automotive production hub of Asia” and have emphasized on the “clear, consistent, and continuous International Car Policy” for multinational investors since early 1960s and expanded production capacities from strength to strength. Thailand is indeed a competitive automotive export-oriented country with liberal, transparent, and fair environment.

Thailand position itself for many years as the production base of “global niche products” which have higher quality than low-cost cars manufactured in other countries. The country is now well-known as the global production base in 3 niche products namely one-ton pickup trucks, Eco-cars and high quality motorcycles. Eco-car in particular has strong prospect from changing consumers' preference in favor of energy efficiency.

Thailand has strong 1,700 factories and more than 420,000 skilled workers in automotive supporting industry. Comparative advantages lie in skilled labor at a competitive wage rate than most countries in the region.

The Thai Government has ensured a most attractive business environment in the region for automotive business through its investment incentive schemes. These include provision of investment incentives for high technology cars such as the vehicles with hybrid drive system, brake energy regeneration, electronic stability control, and etc.

The fast development of ASEAN regional integration will yield tangible benefits to the automotive industry. This burgeoning community of 580 million people with a combined GDP of over USD 1.8 trillion is developing into an Economic Community in 2015, whereby the population is expected to reach 700 million and the GDP USD 2.69 trillion.

The ASEAN Free Trade Area, or AFTA, is at the heart of this emerging economic community. Since January 1<sup>st</sup>, 2010, ASEAN-6 have made great strides in reducing tariff barriers to zero covering 98.6% of the total tariff lines traded under the Common Effective Preferential Tariff Scheme for ASEAN Free Trade Area (CEPT-AFTA). The ASEAN Trade in Goods Agreement (ATIGA) also came into effect on May 17<sup>th</sup>, 2010.

The region's potential is further enhanced with its FTA agreements with several strategic partners in Asia and beyond. As an example, Thailand is the number 4 exporter of passenger cars to Australia, not to mention being number one exporter of commercial vehicles to Indonesia and the Philippines.

As rising oil prices could present a renewed challenge to the automotive industry, the Government is promoting the development and use of alternative fuels such as gasohol, biodiesel, and Compressed Natural Gas (CNG) in the transport sector. We set the target to replace 20% of oil consumption with CNG by 2012.

Furthermore, Thailand is moving towards production of more fuel-efficient vehicles including those R&D-based productions of hybrid vehicles, plug-in hybrid vehicles, electrical vehicles and fuel cell powered vehicles. To support this trend, the Government provides special excise tax reduction rate of only 3% for hybrid, electric and fuel cell vehicle with engine capacity less than 3,000 CC as well as a reduced duty rate for imported E85 vehicles.

## Business Operation Goals and Future Projects

AAPICO, which celebrated its 25<sup>th</sup> Anniversary in 2010, had grown from its humble beginning into a permanent feature in the landscape of the automotive industry in Thailand.

A strong believer of home grown skills, AAPICO had its beginning in the design and manufacture of automotive assembly jigs twenty-five years ago before venturing further afield into the production of die 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.

Using the simple philosophy of being a lean and happy organization and operating with excellent corporate governance, AAPICO has set its goal which has always been based on the criteria SQCDM:

- **Safety:** Safety always come first
- **Quality:** Quality built-in process; strive to achieve '0' PPM
- **Cost:** Competitive pricing at reasonably low cost
- **Delivery:** 100% Delivery at all times with JIT philosophy
- **Engineering:** Kaizen mind in Engineering
- **Management:** Competent, transparent and hands-on Management

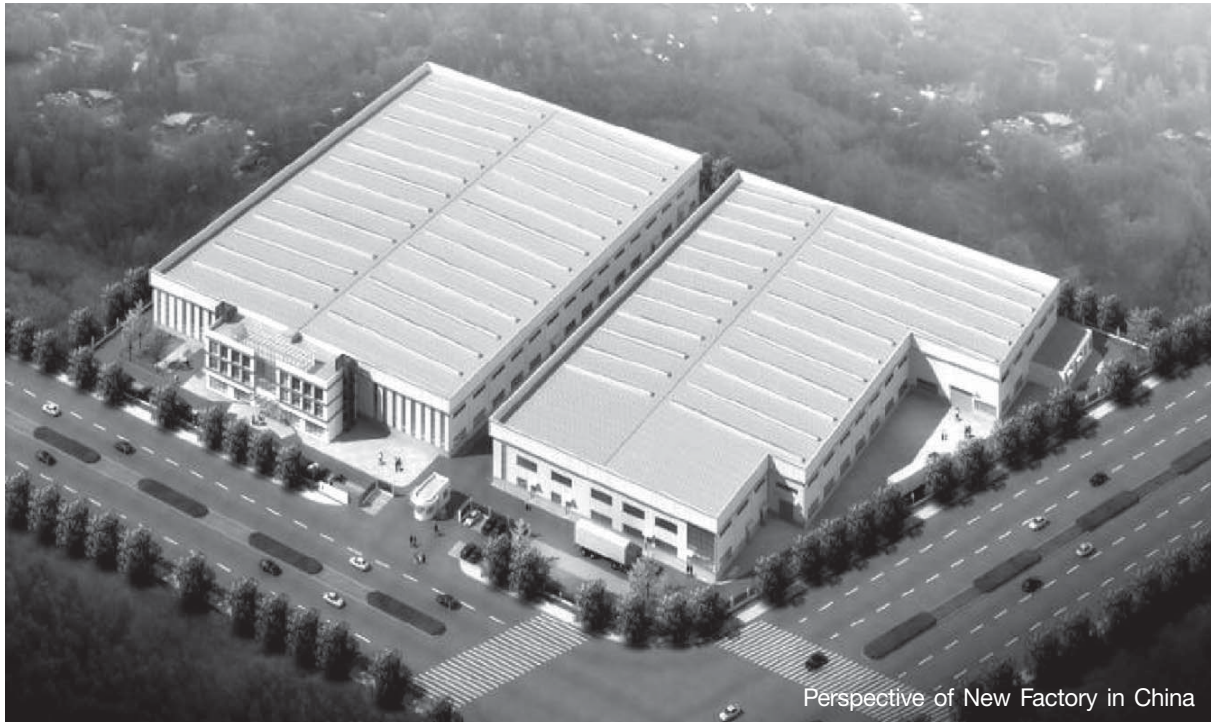
This has served the Company well and will remain the main focus and roadmap for AAPICO to continuously develop and become a world class manufacturing company.

### Future Projects

The continuously improving economic situation which led to a higher consumer confidence index was a direct benefit to the automobile market in 2010 and will continue well into 2011 with the launch of seven brand new models; namely, the Honda Eco-car in April, the Ford and Mazda pickup trucks in June, the Isuzu pickup truck in July, the Nissan Eco-car 4-door in September and lastly, the GM pickup truck in October. Concomitant with this great demand, the Company has expanded its capacity and capability to meet this growth by equipping the stamping factory in AAPICO Hitech PLC. Rayong operation with new state-of-the-art press machines of various sizes. At the same time, AAPICO Structural Products Co., Ltd. (ASP) in Chonburi is fully equipped with world-class machines including 57 robots for welding; it is ready for the start of production for the Isuzu new pickup chassis frames with a capacity of 420,000 units in 2011.

With 2010 as the golden year for the automotive industry, the Company is satisfied and confident that



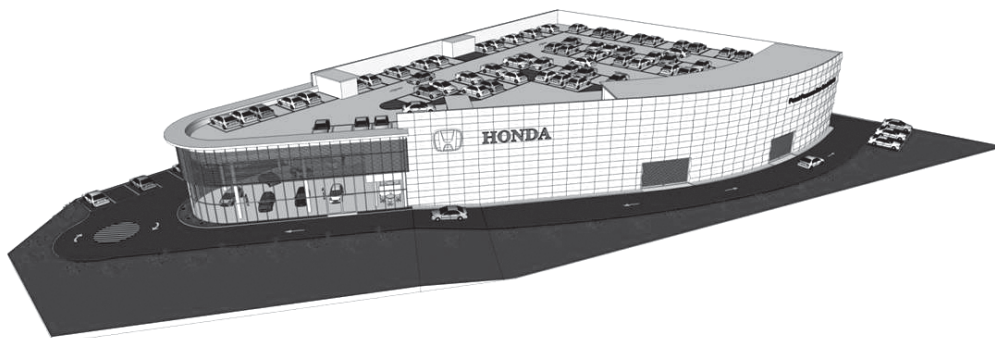


Perspective of New Factory in China

it has established the right foundation for the next stage of development to meet with growth in the region and beyond. AAPICO is emphasizing on acceleration in its overseas business development, particularly in China and Malaysia. Expansion in Kunshan, China will be through the setting up of AAPICO's first totally owned factory of 54.57 mu with a covered area of 36,380 square meters. This project will be completed in 2012 consisting of two new

world-class factories, one for machining and the other for forging, with a factory area of 13,519 square meters and 9,415 square meters respectively.

In Malaysia, two new 3S Honda showrooms are being built to cope with the high demand for Honda vehicles in the Malaysian market. They will be the largest Honda showrooms in the country, which will be completed in mid 2011.



Perspective of New Honda Showroom in Petaling Jaya, Malaysia



# Risk Factors

## External Risk

### 1. Political Risk

**a. Description:** Uncertainty of political movement

**b. Reason:** The Board of Investment under current government has launched the Eco-car program, initiated to encourage auto manufacturing companies to develop small, fuel efficient cars for local and export marketing. These policies have significant impact on the expansion and profitability of automotive industry.

**c. Possible outcome:** Thailand's changeable political situation may affect the consumers' confidence, stability, and continuity of government's policy which could pose a threat to the operational activities of the Company. Also, the change may cause the stoppage of current projects such as Eco-car program that is favorable to the Company.

**d. Likelihood:** With the current situation, it is very difficult to predict the outcome. The uncertainty level is still high.

**e. Risk Management system:** In order to realize the highest opportunity from the government policy, the Company has always kept up to date on the new policies and invests in developing new products accordingly. One example of the Company in realizing such opportunity is its ability to win many Eco-car projects in Thailand in the year 2009.

### 2. Economic Risk

**a. Description:** The possibility that an economic downturn will negatively impact an investment.

**b. Reason:** The Company highly depends on supply and demand of the market as a whole.

**c. Possible outcome:** Economic slowdown would reduce consumption of goods especially luxury goods. Car is one of the items in this category. Therefore with the reduction in the consumption rate, the order and sales of the Company will be affected. It, in turn, has an effect on overall

performance of the Company in terms of both profitability and cash flow. This might result in breach of loan covenants as happened in 2009.

**d. Likelihood:** Currently as the world economy appears to recover, the possibility of downturn is relatively low. However, there is still uncertainty in the European market. If the situation worsens, it might have an impact on overall economy again. From the Company perspective, the possibility is relatively low since most of the orders received are to satisfy Asian consumption which is not dependent on European market performance and the Asian economic growth seems to be rather strong especially for the automotive industry.

**e. Risk Management system:** AAPICO Group has implemented a close monitoring system by the top management and focused on cost reduction and efficiency in the operation. These methods would minimize the affect on bottom line. Also, AAPICO Group has a diversified portfolio of investment within automotive industry which includes auto parts manufacturing, dealership and car navigation system as well as having subsidiaries in foreign countries, namely China and Malaysia. This diversification would help reduce the concentration of the impact, for example in the year 2009, our overseas operation performance was strong compared to Thailand operation.

### 3. Risk from uncertainty in raw material price fluctuation

**a. Description:** Risk of change in steel price

**b. Reason:** Steel is the Company's main raw material used in production process. The steel price is highly volatile depending on supply and demand in the worldwide market.

**c. Possible outcome:** Increase in cost of material will have a direct impact on our value added, and hence reduce our profitability.

**d. Likelihood:** The price of steel in the market is highly volatile and the current trend is expected to continue with price increasing.

**e. Risk Management system:** The Company has the policy to have centralized purchasing which accounts for 80% of material used. The centralized purchasing refers to a system in which our customers choose the material supplier for the Company, then the Company purchases the material at designated price set from the customers. Once the price of material moves, the supplier adjusts the price and customers compensate for such an adjustment. Therefore, the fluctuation in steel price does not have significant impact on the Company's performance.

#### 4. Exchange rate risk

**a. Description:** Risk that results from fluctuation in foreign currencies.

**b. Reason:** AAPICO Group has both income and expense in terms of foreign currency as follows:

**d. Likelihood:** The world market is constantly changing and the exchange rates move in accordance with the market. The possibility of exposure to movement of exchange rate in an unfavorable direction is relatively high.

**e. Risk Management system:** For the companies within AAPICO Group that have both foreign currency income and expense, the policy stated that they should naturally hedge the transactions. In other words, use money that they receive in such currency to pay for their obligation. Additionally, the Company has engaged in several hedging transactions with the bank such as using forward contract or option.

#### 5. Interest Rate risk

**a. Description:** Risk that results from fluctuation in interest rates which affect the cost of financing of 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

Currency	Revenue (in thousands)	Expense (in thousands)	Usage
US Dollar (USD)	9,635 USD	3,776 USD	Payment for expense overseas, material, machines or spare parts
Japanese Yen (YEN)	None	1,955,720 YEN	Payment for machines and spare parts
Euro (EUR)	None	1,106 EUR	Payment for spare parts and material
British Pound (GBP)	None	5 GBP	Payment for material
Swedish Krona (SEK)	None	384 SEK	Payment for material

In the year 2010, our expenditure in foreign currency was mainly due to payment for machines in terms of Japanese Yen which accounted for 81% of total payment.

**c. Possible outcome:** The fluctuation in exchange rates may result in the drop of revenue and increase in expense or 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.

receiving income). 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 recent recession, the interest rates tend to rise. Therefore with floated rate interest, the Company will be experiencing a

higher cost of financing which would directly affect the profitability of the Company.

**d. Likelihood:** Since the trend of interest rate is rising, the likelihood is high.

**e. Risk Management system:** In order to mitigate this risk, the Company has fixed some portion of the outstanding loans interest rates with the banks as follows:

Principle	Outstanding (as of Dec 2010)	Hedge Ratio	Interest Rate	IRS
1,200 MB	525 MB	100%	THBFix (1 month) + 0.65%	4.77%
	300 MB	57%	4.77%	FDR(6M)+3.19%
400 MB	240 MB	50%	THBFix (1 month) + 2.25%	5.97%
2,000 MB	1,617 MB	25%	FDR(6 month) + 3.3%	5.65%
1,200 MB	893 MB	44%	MLR – 1.75%	5.33%

In 2010 as per table above, the Company has fixed approximately 21% of its existing debt. In fixing the interest rates, the Company has borne some extra cost.

## Internal Risks

### 1. High Reliance on only one top management

**a. Description:** The possible adverse effect that results from high reliance on only one top management.

**b. Reason:** Mr. Yeap Swee Chuan, President & CEO, has not only been the top management of the Company, but also been responsible for managing sales and been 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:** The risk of inability to ensure check and balance when the majority of shareholders have the management control.

**b. Reason:** The Company has two major shareholder groups, namely Yeap family, and Sojitz Corporation, together holding a combined share of almost 50% of the Company's registered and paid-up capital. Furthermore, they have management control of the Company.

**c. Possible Outcome:** At the Shareholders' Meetings, other minority shareholders may be unable to collect

enough votes to ensure check and balance for matters proposed by the majority of shareholders.

**d. Likelihood:** The risk that majority shareholders might exercise absolute control that may be used in matters that conflict with the Company's interests is unlikely to happen because the Company's Board of Directors comprises 4 independent directors, out of 8 directors to enhance adequate inspection of the executives.

**e. Risk Management system:** With 4 current external and independent directors, they are allowed to oversee actions of the management to ensure the minority shareholders' interests are protected.

### 3. Uncertainty of income from car assembly jigs

**a. Description:** The risk resulting from uncertainty of income from one of the Company's project based businesses, car assembly jigs.

**b. Reason:** The nature of jigs business is normally conducted on a project by project basis. With 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 jigs business.

**c. Possible Outcome:** In comparison to other businesses of the Company, car assembly jigs currently had the highest uncertain income during the year.

**d. Likelihood:** As it is the business nature of car assembly jigs, fluctuating income is rather inevitable.

**e. Risk Management system:** In spite of this risk, the Company does have a long-term relationship with customers, along with high product quality, which enables it to secure the sales of jig products. The low volume jigs from the Company are regarded as products from the best designers and manufacturers in South East Asia. For high volume projects, the Company is able to fulfill the requirement as a second-tier supplier for full service and as a global supplier. We have been contacted by major companies to support their projects in China and Thailand.

#### **4. Competition within automotive component manufacturing industry**

**a. Description:** The risk of losing market share to its competitors because of intense competition within the automobile and motorcycle component manufacturing industry both domestically and abroad.

**b. Reason:** Before ordering components for each model of automobile or motorcycle, the vehicle manufacturers will select the auto part manufacturers before actual production. The selected component manufacturers will consequently receive ongoing orders from the customers throughout the production run of that particular model. As a result, there is fierce competition from component parts suppliers to receive projects from customers in order to ensure constant income for an extensive period of time.

**c. Possible Outcome:** Losing potential projects is a risk that could significantly affect the Company's operations.

**d. Likelihood:** Due to the Company's reputation for producing high quality and competitively priced products, supported by efficient services and coupled with punctual deliveries, the Company has incessantly achieved trust from most global OEM companies.

**e. Risk Management system:** The Company is equipped with cutting edge technology and is also challenging the next level of engineering. Moreover,

the Company has a long-standing relationship with customers. With all these factors, the Company remains one of the most competitive automotive parts suppliers in the market.

#### **5. Quality Control**

**a. Description:** The risk that arises from product quality control, which is one of the key success factors in the automotive manufacturing industry.

**b. Reason:** Defective products would have a negative impact on both financial performance and reputation of the Company.

**c. Possible Outcome:** The Company will face the risk of losing customers if it could not meet the quality standard set by customers.

**d. Likelihood:** As the Company puts a great emphasis on quality control of its products in order to meet the 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%, thus has extensively invested in standardizing and controlling its products' quality. The Company has successfully passed and been certified for ISO/TS 16949 in 2005. 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 problems might have an effect on the operations.

**b. Reason:** Labor union in the automotive industry is considered to be a strong and binding entity. With the strong growth of the car industry, the labor force has demanded higher compensation which could result in conflicts between manufacturing companies and the labor union.

**c. Possible Outcome:** In the case that strikes occur, the normal operation of the Company could be largely affected.



**d. Likelihood:** As the Company has put a great effort in building a close relationship with the labor union, the risk that the Company will encounter an issue with labor union is reduced.

**e. Risk Management system:** The Company has engaged in developing communication and providing adequate fringe benefit to avoid labor disputes and production disruptions.

## 7. Implementation for safety, environment and communities

**a. Description:** The potential risk of dangers and losses associating with safety, environment, and communities

**b. Reason:** By the nature of auto part business and the production process, 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:** On the aspect of the safety, any unsafe act or unsafe condition could cause an accident which might result in danger or loss of staff. On the aspect of the environment and community, lack of good management, including pollution control and waste treatment, could have an adverse effect on the operating productivity 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 promote standardization to increase the product number per work unit, establishing a work environment to be safe, clean, stay in perfect order, and enable easy detection of any unusual occurrence.

Furthermore, the Company has achieved the Environmental standard ISO 14001, a certified standard for environmental management. This acts as a proof for the Company in its ability to effectively deal with environmental issues.

## 8. Liquidity Risk

**a. Description:** The risk stemming from the difficulty of selling assets or investments

**b. Reason:** Liquidity risk may also happen if the customers are not able to pay according to the credit term.

**c. Possible Outcome:** Without good cash management, the Company may result in lack of cash which would have a serious impact on the Company's operation.

**d. Likelihood:** AAPICO Group manages its cash flow very closely by utilizing the cash flow within the Group efficiently. Also, AAPICO is a Tier 1 supplier to the global brand OEM manufacturers with strong financial condition. However for smaller customers, the Company periodically assesses the customers' financial performance and may require certain customers to provide bank guarantees, postdated checks or other instruments.

**e. Risk Management system:** The Company has maintained its cash and cash equivalent balance at a sufficient level with availability of both committed and uncommitted facilities with the banks. AAPICO as a Group plans its cash flow requirements a year ahead to analyze possible future needs and prepare the appropriate funding facilities in advance.

AAPICO Group currently has adequate financing sources. As of December 31<sup>st</sup>, 2010, the Company has facility available in the amount of Baht 1,679.5 million in term of short-term financing and Baht 633 million in term of long-term financing.

# Shareholding Structure and Management

## Shareholding Structure

As of February 14<sup>th</sup>, 2011, the Company has total shares of 268,874,300 and the top ten list of shareholders according to the share registrar book is shown below.

No.	Shareholders	Number of shares	Percentage
1	Yeap Family	88,218,910	32.81%
2	Sojitz Corporation	42,360,000	15.75%
3	Jurangkool Family	17,500,000	6.51%
4	Thai NVDR Co., Ltd.	10,217,301	3.80%
5	Mrs. Kannika Kartiwithcha	7,103,045	2.64%
6	Mr. Preecha Leelasithorn	6,100,000	2.27%
7	Mr. Surin Napapruekchart	5,077,800	1.89%
8	Mr. Somphong Paernchoke	4,889,700	1.82%
9	Ms. Sunee Seireepanu	4,198,200	1.56%
10	Morgan Stanley & Co. International PLC.	3,231,300	1.20%

## Limited of Foreigner Shareholders

Foreign shareholders cannot hold shares of the company more than 49 percent of the outstanding and paid-up shares. On February 14<sup>th</sup>, 2011, 44.08% 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 31<sup>st</sup>, 2010 consists of three groups of committees as follows;

- The Board of Directors
- The Audit and Corporate Governance Committee
- The Nomination and Compensation 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 companies, 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 sales 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 transactions 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 of Thailand
- 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) Approval of the amount of salaries and bonuses of the annual remuneration adjustment of the executives and employees
- 8) The purchase of business and the participation in co-investment project
- 9) The change of policy and practical methods with significant effect on the accounting, risk management and internal audit
- 10) The appointment and the determination of the authority of the Sub-Committee
- 11) The appointment, proposal and the termination of the Company's Directors and secretary status
- 12) Any other actions in accordance with laws, objectives, Articles of Association and resolutions of the meeting of shareholders

## **B. Powers and Duties of the Audit and Corporate Governance Committee**

The Audit Committee has the following duties and responsibilities:

- 1) Ensure that the Company maintains accurate and sufficient financial information 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 Department, in order that the Internal Audit Department would have true independence.
  - b. Consider the independence of the Internal Audit Department by considering the operation, reporting as well as the organization structure of the department.
- 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 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 matters 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.

### **C. Powers and Duties of the Nomination and Remuneration Committee**

The scope of duties and authorities of the Nomination and Compensation Committee is 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 payment policy 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 oversee the Directors and the Executives from the level of the Division Manager to receive the compensation appropriate to their duties and responsibilities
6. To determine the guideline to evaluate the works of the Board of Directors and the Executives from the level of the Division Manager. It 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 shareholder's equity
7. To be able to call the documents from related persons for consideration and provision of opinion



8. To report its performance result to the Board of Directors at least once a year
9. To carry out other tasks designated by the Board of Directors
10. To consider other related matters
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 Baht 2 million per year from the Company and any affiliated company;
6. Shall not have the business with the Company with the value exceed Baht 20 million or higher

### List of Directors

Below is the list of Directors and positions in the Audit Committee and Nomination and Remuneration Committee as of December 31<sup>st</sup>, 2010:

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. 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 percent 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 a close relative of the Company's executive or major shareholders;

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 shareholders;
8. Shall be capable of performing duties, giving opinions, and reporting 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 2010, 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 2010, the Company held total 7 Board of Director Meetings, 4 Audit & Corporate Governance Committee Meetings and 1 Nomination and Compensation Committee Meeting.

- b) Each shareholder can vote for some or all of the directors but cannot 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

Name	Board of Directors Meeting	Audit & CG Committee Meeting	Nomination & Compensation Committee Meeting
Mr. Yeap Swee Chuan	7/7	N/A	N/A
Mrs. Teo Lee Ngo	6/7	N/A	N/A
Mr. Hiroto Murai	0/7	N/A	N/A
Mr. Shigeyuki Eto	7/7	N/A	N/A
Mr. Kenneth Ng	4/7	N/A	N/A
Mr. Pipat R. Punya	4/7	2/4	1/1
Ms. Porntipa Praditsuktavorn	7/7	4/4	1/1
Mr. Supasak Chirasavinupapand	7/7	4/4	1/1

### 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

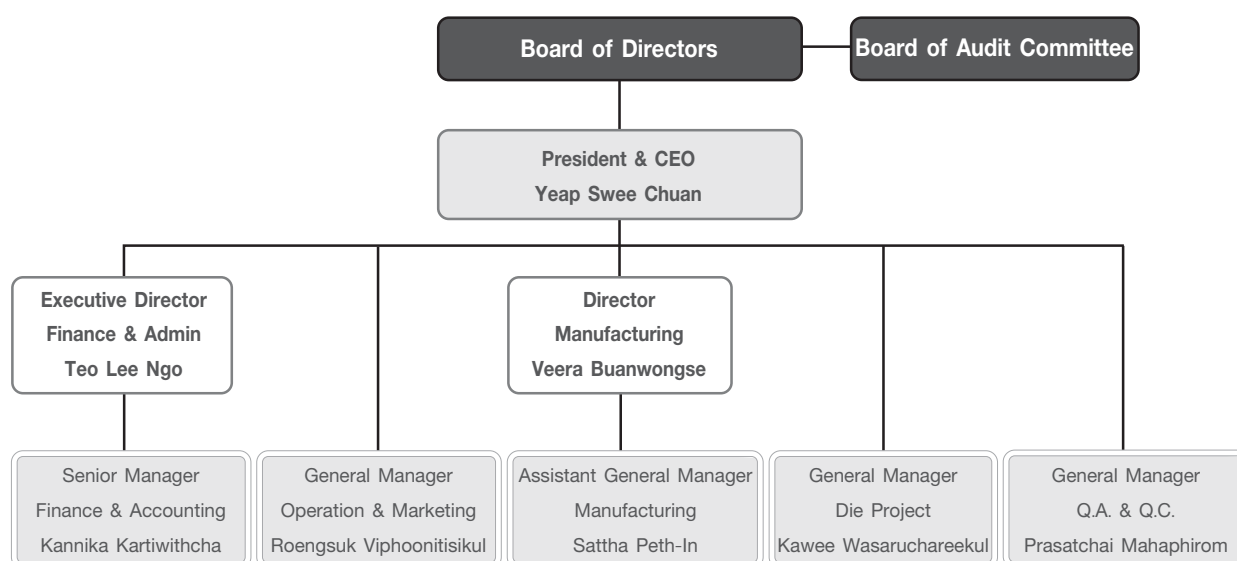
The appointment of director should be nominated and approved by the Nomination and Remuneration Committee.

1. The directors are elected by the shareholders' meeting as follows:
  - a) Each shareholder has one share equal to one vote.

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 2010

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	225,000	22,500	-	-	-	247,500
Mr. Pipat R. Punya	250,000	34,000	-	5,000	-	289,000
Ms. Pornnipa Praditsuktavorn	225,000	45,000	-	5,000	-	275,000
Mr. Supasak Chirasavinuprapand	225,000	45,000	-	5,000	-	275,000

### Remuneration of Executives

	2010 No. of executives	Amount	2009 No. of executives	Amount
Salary		Baht 14.00 Million		Baht 11.25 million
Bonus		Baht 2.89 Million		Baht 0.95 million
Provident Fund		Baht 0.41 Million		Baht 0.39 million
Total	19	Baht 17.30 Million	15	Baht 12.95 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

subjected to the future investment plan and other necessities as the Company deems appropriate in the future.

# Board of Directors' Information

## Mr. Yeap Swee Chuan : Age 63

- 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

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

## Mrs. Teo Lee Ngo : Age 60

- 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.
- 1996-present : Director  
Able Sanoh Industries (1996) Co., Ltd.

## Mr. Shigeyuki Eto : Age 56

- 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 44

- 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 42**

- 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**

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

**Mr. Pipat R.Punya : Age 61**

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

**Education**

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

**Training Courses**

- Director Accreditation Program (DAP)

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

- 1973-present : First class lawyer  
Nitipat Law Firm
- 1988-present : Director  
Go Thailand Tour Ltd.
- 1996-present : Independent Director, Chairman of Audit Committee and Chairman of Nomination and Compensation Committee  
AAPICO Hitech PLC.
- 2004-present : Director  
Villa Comforta Ltd.

**Mrs. Porntipa Praditsuktavorn : Age 57**

- Independent Director
- Member of Audit Committee
- Member of Nomination and Compensation 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**

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

**Mr. Supasak Chirasavinuprapand : Age 46**

- 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, San Diego, California
- LL.M., Arizona State University, Tempe, Arizona

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

- 2002-present : Independent Director, Member of Audit Committee and Member of Nomination and Remuneration Committee,  
AAPICO Hitech PLC.

# Employees

*AAPICO Group's total head count: 3,848 Employees (as at December 31<sup>st</sup>, 2010)*

AH has recruited a number of competent expatriates with relevant skills to enhance the development of the Company,

## Expatriate Staff (In Thailand)

Japanese	11	Persons
Malaysian	4	Persons
Australian	2	Persons
Chinese	2	Persons
Burmese	1	Person
Indian	1	Person
German	1	Person
French	1	Person
Filipino	1	Person
British	1	Person
American	1	Person

Department	Number of persons as at December 31 <sup>st</sup> , 2010
Jigs	63
Die	67
OEM Auto Parts	960
Chassis Frame	612
Forging & Machining Parts	1,425
Car Dealership	190
Plastic Parts	493
Car Navigation	31
Others	24
<b>Total</b>	<b>3,848</b>

# Corporate Governance

The Board of Directors adheres to the guideline for listed companies and conforms to good governance practices under the guidance of the Stock Exchange of Thailand. This guideline comprises five principles which shaped the Company's governance practices in 2010:

## 1) Rights of Shareholders

The Company's policy is to facilitate the exercise of its shareholders' rights, including the right to attend the Shareholders' Meeting, where as owners of the Company, the shareholders can communicate and express their opinions and make decisions on issues that have an impact on the Company.

1.1 The Company shall comply with all rules and regulations of the SEC.

1.2 The Company's shareholders shall receive adequate information on all items on the agenda, together with a complete set of supporting data, at least seven days prior to the Shareholders' Meeting, and the Company will also provide such information on the website of the Company in both English and Thai.

1.3 The Company shall facilitate the participation of shareholders in the meeting. The meeting venue shall be in Bangkok or nearby provinces that are convenient, accessible and has the capacity to accommodate all shareholders.

1.4 Shareholders shall be able to propose items for the agenda of the Annual General Meeting or nominate a director. The Company shall disclose such information on the website of the Company.

1.5 Shareholders shall be able to attend any meeting session and be given equal opportunity to express their opinions, raise questions relating to the agenda and the issues presented and vote at the meeting. The chairman of the meeting shall allocate sufficient time and encourage shareholders to participate in the meeting.

## 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.

2.1 Every shareholder has the right to receive information and documents either in Thai or in English.

2.2 Shareholders can appoint a proxy to attend the Shareholders' Meeting instead of the shareholder himself. A shareholder may, alternatively, appoint an independent director as the proxy.

2.3 The Company shall not have any additional items on the agenda of the Shareholders' Meeting or make changes to any important information without informing shareholders in advance.

2.4 The Board of Directors shall prepare the minutes of Shareholders' Meetings and distribute them to shareholders via the Company's website within 14 days after the meeting date.

## 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.

### 3.1 *Minority Shareholders, Majority Shareholders, Institutional Investors*

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

### 3.2 Creditors and Debtors

The Company shall comply with all the 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.

### 3.3 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.

### 3.4 Trade Partners

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

### 3.5 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 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.

### 3.6 Community

The Company has continuously been providing support and contribution to the community and society as a whole. The Company strongly encourages each plant to protect the environment and maintain safety in its operations. Also, the Company promotes Corporate Social Responsibility Clubs for its personnel, so that everyone will recognize the importance of their community.

## 4) Information Disclosure and Transparency

The Company has a responsibility to disclose 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.

4.1 The Company shall disclose the information through channels such as the Stock Exchange of Thailand (SET), Form 56-1 and Annual Report, as well as make it available on the Company's website according to the regulations.

4.2 The information must be compiled with care in a clear, accurate, and transparent manner. It should be conveyed in simple and concise language, and should be updated regularly in order for the stakeholders to receive the information in a timely manner.

4.3 The Board of Directors must ensure that the balance sheet, profit and loss statement and the Company's audited financial report are prepared fairly and accurately. The audited financial report shall be announced to the public in a timely manner. Also the Board shall report the Auditor's remuneration and present it to the shareholders at the Shareholder's Meeting for their approval.

4.4 The Board shall disclose any changes in the Company's securities holding in accordance with the regulations established by the Securities and Exchange Commission of Thailand.

## 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 consideration of 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.

#### 5.1 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 of Thailand.
- 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 listed companies for not more than 5 companies excluding the Company's subsidiaries. To hold a position in other boards of listed companies 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.

#### 5.2 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.

### 5.3 Independence of the Board

To ensure the independence of the Board of Directors, one third of its number shall consist of independent directors and will not be less than three.

- 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 director shall work equitably on behalf of the shareholders to prevent any possible conflict of interests in the Company.

### 5.4 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 the related and connected transactions and overseeing the risk management system.

### 5.5 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 transactions which may cause conflict of interests including related transactions and connected transactions
- Review and approve the appointment and the remuneration of the Board of Directors and auditors

### 5.6 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 when 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 companies' 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 staffs 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 staffs 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 to 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 has 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's website at [www.aapico.com](http://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 2010, 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 6 of the Notes to the Financial Statements for year ended December 31<sup>st</sup>, 2010.

## Necessity and justification for related transactions

The Company increased the capital in some of its subsidiaries during 2010. 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 die 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 banks. 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, 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.

# Management Discussion and Analysis

## Overview of Business in 2010

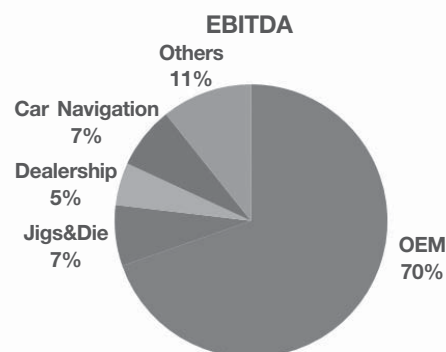
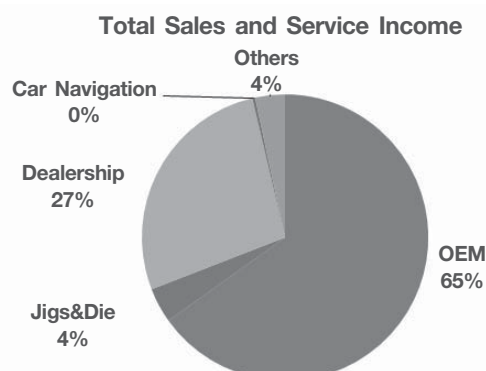
AAPICO Hitech PLC. and its subsidiaries operate in 3 countries, namely, Thailand, Malaysia and China where the main focus is the manufacture of automotive parts. The operation can be separated into 5 major sectors:

1. Manufacture of OEM auto parts
2. Automobile sales and services
3. Design, manufacture and installation of assembly jigs
4. Design and manufacture of die
5. Car Navigation (Powermap) sales and services

In terms of sales, the main contribution to the Company came from the manufacturing of OEM auto parts which accounted for 65% of total earnings, primarily from the Chassis Frame operation. Sales from the dealership business contributed to 27% of total earnings.

The improvement in revenue resulted from the growth of the automotive industry as domestic car production increased by 64% to 1.65 million units in 2010. The forecast for progress in the auto industry remains strong for the next few years.

Besides recording an increase in sales, the Company has also become more efficient in its operations as accounts receivable/ accounts payable/ inventory turnovers have improved. Consequently, the Cash Conversion Cycle of the Company has been shortened from 29 days in 2009 to 12 days in 2010. This indicates that cash has been utilized more effectively as the Company was better at converting its products into cash through sales.



## Profit and Loss Analysis

### Revenue Analysis

AAPICO's consolidated total revenue improved from Baht 7,365.8 million in 2009 to Baht 11,758.1 million in 2010, an increase of Baht 4,392.3 million or 59.6%. Total revenue consisted of sales and service income and other income.

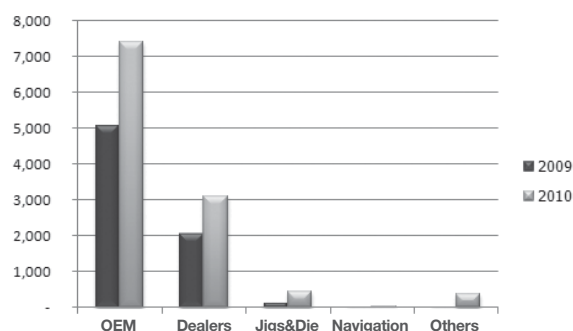
The breakdown of sales and service income by countries is as follows:

	2010	2009	Change	(%)
Thailand	8,360	5,025	3,335	66%
China	754	525	229	44%
Malaysia	2,230	1,564	666	43%
<b>Total</b>	<b>11,344</b>	<b>7,114</b>	<b>4,230</b>	<b>59%</b>

The growth came mainly from the improvement in Thailand's operations which accounted for 74% of total earnings.

'Other income' shown in the consolidated financial statements came mostly from the sales of blanks after a part is manufactured. This is a standard income from the press parts business.

AAPICO Group comprises the following business sectors:



	OEM	Dealer	Jigs&Die	Navigation	Others
%	65%	27%	4%	0%	4%

#### *OEM Press Parts Manufacturing:*

Sales rose by 45% or Baht 2,303.9 million in 2009 from Baht 5,085.1 million to Baht 7,389 million in 2010. The upturn was in accordance with the growth of the industry.

#### *Dealership Business:*

The dealership business also registered a significant growth in sales of 48% or Baht 1,003.2 million. The main contribution came from the substantial gain in the Malaysian operation which represented 72% of the total sales in this sector.

#### *Assembly Jigs Business:*

AAPICO's Jigs operation had a substantial gain of Baht 381.6 million. The main contribution to the sales volume came from the trading transactions (approximately Baht 360 million) where AAPICO earned about 3% commission. Hence, this sales volume did not have a significant impact on the bottom line. The actual sales amount was about Baht 30 million which was an increase of about 50% from the year 2009. The jigs business is mainly to support AAPICO Group customers where most of its sales are regarded as related transactions and therefore eliminated from the consolidated financial statement.

#### *Die Designing and Manufacturing:*

The Die operation has slightly dropped in revenue from Baht 145.3 million in 2009 to Baht 52.5 million in 2010. This revenue is only recognized when there is a lump-sum payment after the launch of a new model or in the case of amortization throughout the life of the model's production. In 2010, only 3 models were launched. Approximately Baht 100 million of sales of Die were sold to one of AAPICO subsidiaries; this was regarded as a related transaction. Thus, this sales amount was eliminated from the consolidated financial statements.

#### *Car Navigation Business:*

Car Navigation business is a small contributor to total revenue, with a slight increase of 8% from Baht 33.5 million in 2009 to 36.3 million in 2010.

However, it should be noted that its contribution is relatively high in terms of value added.

### **Cost and Expense Analysis**

	2010	2009	Change	(%)
Cost of sales and services	10,515	6,756	3,759	55.6%
Administrative expenses	451	423	28	6.6%
Selling expenses	198	99	99	100%
Finance cost	176	129	47	36.4%

#### • **Cost of Goods Sold**

The consolidated cost of goods sold has increased by Baht 3,758.3 million or 55.6% which is slightly lower than the growth of total revenue of 59.6%. The cost of goods sold accounted for 89.4% of the total revenue, a reduction of 2.3% from 2009.

#### • **Selling and Administrative Expense**

The selling and administrative expense increased by Baht 126.83 million or 24.3% which was caused mainly by the increase in selling expense of Baht 99.3 million and administrative expense of Baht 27.5 million. The major part of the increment resulted from the increase in salary and wages as well as the higher level of depreciation.

#### • **Financial Expense**

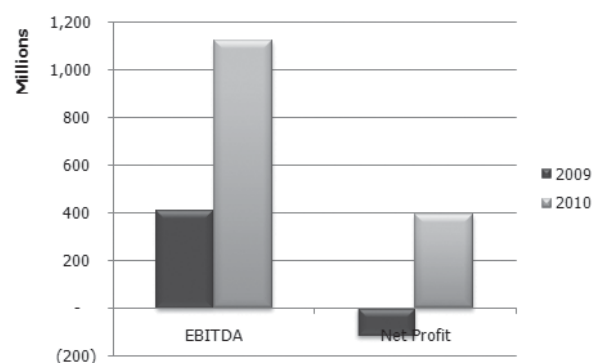
In 2010, the cost of financing was Baht 176.3 million, which when compared to 2009 represents an increase of Baht 47.8 million or 37%. The higher cost came from additional bank borrowing to support investments, in the form of long-term loans which increased by Baht 1,325.3 million. The upward trend in interest rates also adds to the cost of borrowing.

#### • **Tax Expense**

In 2010, the Company had to pay more corporate income tax because of the expiry of the BOI status of one of our main subsidiaries, AAPICO Amata, which generated 24% of the total revenue. Hence the tax payment increased by Baht 104.2 million or 346%, of which approximately 80% were from AAPICO Amata.



## Profitability Analysis



### • EBITDA

EBITDA has enormously recovered from Baht 410.5 million in 2009 to Baht 1,123.5 million in 2010, an increase of Baht 713 million or 174%. This upsurge corresponds to the change in sales. The auto parts manufacturing contribution to EBITDA was proportionate to its contribution to sales. On the other hand, the dealership business had only a small impact on EBITDA despite the large amount in sales. This is the nature of the dealership business.

### • Net Profit

Likewise, profitability increased from a loss of Baht -116.3 million in the year 2009 to a profit of Baht 394.2 million for the year 2010. This profit is equivalent to a net profit margin of 3.03%.

## Financial Standing Analysis

### Assets

AAPICO Group's consolidated total assets were at Baht 11,474.2 million in 2010 compared to Baht 9,545.5 million in 2009. The growth in total assets is Baht 1,928.7 million or 20.2%. This resulted mainly from an increase in the portion of current assets, namely cash and cash equivalent and current investment, accounts receivable and inventory, an increase in accordance with sales growth.

The return on assets for the year 2010 is at 3.75% which is better than the level of 2.52% for the year 2008. The Company is becoming more efficient in the usage of its assets to generate revenue.

	2010	2009	Change	(%)
Total trade accounts receivable - net	1,555	1,115	441	28.3%
Inventories - net	912	644	268	29.4%
Property, plant and equipment - net	5,547	4,975	571	10.3%

### • Accounts Receivable

The Company's net accounts receivable is the main portion of the Company's current assets which accounted for 14% of total assets. As of 31 December 2010 and 31 December 2009, the net accounts receivable was Baht 1,555.4 million and Baht 1,114.7 million respectively, equivalent to an increase of 40%. The average collection period for the year 2010 is 43 days compared to 58 days in the year 2009. Hence, in spite of the increase in accounts receivable, the Company has become more efficient in its collection as the number of accounts receivable turnover days was reduced.

### • Inventory

The level of inventory has increased from the year 2009 when the amount was Baht 643.8 million to Baht 911.7 million in the year 2010, equivalent to a gain of 41.6%. The inventory turnover day in 2010 is at 27 days which is shorter than 38 days in 2009. This means the Company can sell off its inventory faster.

### • Property, plant and equipment

	2010	2009	Change	(%)
Land	648	645	3	0.4%
Building and Building Improvements	1,273	1,082	191	17.6%
Machinery and factory equipment	2,590	2,253	337	14.9%
Motor vehicles and office equipment	64	60	4	7.4%
Building under construction, machinery and factory equipment under production/installation	972	935	37	4.0%

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 4,975.3 million in 2009 to Baht 5,546.7 million in 2010. An increase of 11.5% was mainly from a purchase of new machines and factory equipment as well as from an investment in new buildings and building improvement which altogether accounted for 70% of total property, plant and equipment portion.

### Liability

AAPICO Group's consolidated total liabilities have significantly increased from Baht 5,243.9 million as of December 2009 to Baht 6,867.6 million as of December 2010. The 31% increase of the liability level was generated mainly from the increase in long-term financing from the banks as well as from the rise in accounts payable. The major causes of borrowing were the purchase of machines which were installed to support the increase in orders, and the preparation for new car models which required payment of Jigs and Die which the Company had to advance before it can be reimbursed by the customers. Moreover, the Company had increased the capital in its China subsidiary as a requirement to support the purchase of land for a new factory which is expected to be completed in 2012.

The debt to shareholders' equity ratio in 2010 was 0.93 which is higher than 0.67 in 2009. Even with the substantial increase in the Company's debts, the ability to repay has improved as shown below in terms of current ratio and times interest earned.

	2010	2009
Current Ratio (times)	0.88	0.54
Times Interest Earned (times)	4.00	0.33

This indicates that the Company has a higher capability to cover its short-term obligations as well as its interest payment.

### • Accounts payable

The Company trade accounts payable as of December 2010 and December 2009 were

Baht 1,934.3 million and Baht 1,428.3 million respectively, an increase of Baht 506 million or 35%. The accounts payable turnover day in 2010 was 58 days compared to 67 days in 2009.

### • Banks financing

	2010	2009	Change	(%)
Bank overdrafts and short-term loans from banks	677	662	15	2.3%
Current portion of long-term loans	729	1,408	(679)	(48.2%)
Long-term loans - net of current portion	2,891	887	2,004	226.0%

There was a minor change in the short-term loans from banks. The current portion of long-term loans noticeably declined as it was subjected to the reclassification of long-term loans to short-term loans in 2009 as a result of the unmet covenant. The Company has resolved this issue since the first quarter of last year. Although, the long-term liability has increased by Baht 1,325.3 million or by 58%, the Company can maintain good ratio which satisfied the covenant requirements from the banks throughout the year 2010.

The new financing structure which concentrates in long-term portion compensate for the Company's performance where most of the assets are also long-term.

### Shareholders' Equity

As of December 2010, the consolidated total shareholders' equity was Baht 4,606.6 million. The Company's total net worth increased by Baht 305 million or 7% compared to the end of 2009. This was mainly because the AAPICO Group reported a net profit of Baht 394.2 million in 2010. Based on its performance, the Company distributed interim dividend payment to its shareholders in September 2010 at Baht 0.26 per share which amounted to a total of Baht 69.9 million.

The return on shareholders' equity ratio for 2010 is 8.85% which is considerably higher than the year 2009.

## Cash Flow Analysis

For the year ended December 2010, cash and cash equivalent stood at Baht 281.6 million, an increase of Baht 61.8 million or 28%, a result mainly of the following activities:

	2010	2009	Change	(%)
Cash flows from operating activities	594	697	(103)	(14.9%)
Cash flows from investing activities	(1,595)	(470)	(1,125)	239.0%
Cash flows from financing activities	1,085	(193)	1,278	(662%)
Translation adjustment	(22)	(14)	(8)	64%
Net increase (decrease) in cash and cash equivalents	62	20	42	207%

### *Cash flows from operating activities:*

The net cash flow from operating activities declined by Baht 103.7 million caused primarily by the increase of current investments in open-ended funds. The Company invested in open-ended funds that are highly liquid and can be transferred to cash within 2 days. The Group was also paying more taxes as explained above (under Tax Expense).

### *Cash flows from investing activities:*

The Company has spent Baht 1,124.4 million mainly on the acquisitions of property, plant, equipment, leasehold right and software.

### *Cash flows from financing activities:*

To support its investments, the Company borrowed from the banks which resulted in a Baht 1,085.3 million outstanding in cash flow from financing activities.

## Major factors and influences potentially affecting future operations or financial standing

Currently, there are no major factors that would significantly influence future business operations and financial standing of the Company. The Company's operation is largely dependent on the industry's performance. In view of the substantial improvement in car sales and car production volume in 2010, the automotive industry will tend to be strong for the next two to three years due to the growing global demand and the launch of new models. In 2011, the AAPICO Group has already received orders for five models which are expected to be launched. In addition, more models are expected to be launched in the following years. With these new launches, the AAPICO Group can enjoy a higher margin for the first year of production before cost reduction is required. To support the expected acceleration in production, AAPICO has been preparing its facilities by investing in three new factories in Rayong and in new machineries to increase production speed. With good preparation, the Company is able to respond well to the customers' requirements. Activities and projects on cost reduction have been vigorously initiated in order to improve production efficiency. With all these factors, the Company believes it can successfully handle the increase in volumes and grow together with its customers and the automotive industry.

# Audit Committee's Report

The Audit Committee of AAPICO Hitech PLC. 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             | Audit Committee Chairman |
| 2. | Mrs. Porntipa Praditsuktavorn  | Audit Committee Member   |
| 3. | Mr. Supasak Chirasavinuprapand | Audit Committee Member   |

During the fiscal year ended as at December 31<sup>st</sup>, 2010, the Audit Committee held 4 meetings in total, in which the attendance of each member in the Audit Committee is as follows

Name	Audit & CG Committee Meetings
	Total Held 4 Times
Mr. Pipat R. Punya	2
Ms. Porntipa Praditsuktavorn	4
Mr. Supasak Chirasavinuprapand	4

The meetings were 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 statements are 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 statements of the Company conforms to the general accounting standard and 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 and 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 Shareholders for further approval.

**Transactions which might cause conflict of interest**

The Audit Committee has reviewed the audit report and provide opinion that the transactions which might cause conflict of interest are 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 Chirasavinuprapund, Mrs. Porntipa Praditsuktavorn where Mr. Pipat is the Chairman of the Board.

In 2010, there was one meeting 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 Managing Directors 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 for 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 supervise Directors and Managing directors to ensure that their remuneration is appropriate to their duties and responsibilities assigned as well as comparable with other listed companies in the same industry within the Stock Exchange of Thailand.
5. To determine the guideline to evaluate the works of the Board of Directors and the Executives from the level of Division Manager. It includes the consideration of the annual remuneration adjustment, by taking into account the responsibilities and the risks involved.
6. To review and approve the remuneration of the Board of Directors.
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 balance sheet of AAPICO Hitech Public Company Limited and its subsidiaries as at 31 December 2010, the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, and 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 2010 as discussed in Note 11 to financial statements. As at 31 December 2010, the subsidiaries' financial statements as included in the consolidated financial statements present total assets of Baht 1,516 million and revenues for the year then ended of Baht 3,844 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 2009, 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 her audit and the reports of other auditors of some subsidiaries expressed an unqualified opinion on those statements under her report dated 2 March 2010.

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 2010 and the results of their operations and their cash flows for the year then ended, in accordance with generally accepted accounting principles.



Chayapol Suppasdtanon

Certified Public Accountant (Thailand) No. 3972

Ernst & Young Office Limited

Bangkok: 1 March 2011

# Balance sheets

AAPICO Hitech Public Company Limited and its subsidiaries

As at 31 December 2010 and 2009

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	281,597,310	219,752,569	14,203,196	21,085,858
Current investment - investment unit in open-end funds		303,112,191	85,240,276	83,746	19,047,330
Trade accounts receivable					
Related parties	6	9,103,174	2,462,432	25,431,967	52,650,283
Unrelated parties - net		1,546,256,519	1,112,210,053	236,412,641	205,901,496
Total trade accounts receivable - net	8	1,555,359,693	1,114,672,485	261,844,608	258,551,779
Unbilled contract works receivable		2,838,481	6,859,876	2,838,481	1,850
Advances and short-term loans to related parties - net	6	116,472,175	25,992,563	415,859,926	273,277,073
Dividend receivable from related party	6	-	5,262,404	-	5,262,404
Share subscription receivable - related party	6	150,004	2,400,000	-	-
Inventories - net	9	911,742,561	643,784,524	238,662,919	199,446,230
Other current assets		327,067,612	228,760,592	17,712,193	14,640,931
<b>Total current assets</b>		<b>3,498,340,027</b>	<b>2,332,725,289</b>	<b>951,205,069</b>	<b>791,313,455</b>
<b>Non-current assets</b>					
Restricted bank deposits	10	362,280	10,517	-	-
Long-term loans to related parties	6	11,071,365	89,390,000	2,963,454,107	2,395,493,350
Investments in subsidiaries - net	11	-	-	3,761,336,705	3,682,620,259
Investments in associates - net	12	523,675,853	378,216,078	261,597,112	245,368,111
Other long-term investments - net	13	74,397,208	104,245,813	-	-
Deposit for purchase of assets - related parties	6	10,390,920	30,295,913	-	-
Deposit for purchase of assets - unrelated parties		246,427,479	42,561,593	39,686,820	13,353,732
Goodwill - net	14	1,286,861,862	1,286,861,862	-	-
Property, plant and equipment - net	15	5,546,732,413	4,975,308,522	1,107,567,656	967,424,368
Leasehold right - net	16	118,141,636	122,306,267	-	-
Intangible assets - net	17	93,677,955	94,280,988	30,507,292	35,455,354
Non-operating assets - net	18	45,000,000	45,000,000	-	-
Other non-current assets		19,102,600	44,260,579	7,359,232	11,267,421
<b>Total non-current assets</b>		<b>7,975,841,571</b>	<b>7,212,738,132</b>	<b>8,171,508,924</b>	<b>7,350,982,595</b>
<b>Total assets</b>		<b>11,474,181,598</b>	<b>9,545,463,421</b>	<b>9,122,713,993</b>	<b>8,142,296,050</b>

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

# Balance sheets (continued)

AAPICO Hitech Public Company Limited and its subsidiaries  
As at 31 December 2010 and 2009

(Unit: Baht)

		Consolidated		Separate	
		financial statements		financial statements	
	Note	2010	2009	2010	2009
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from banks	19	677,344,791	661,996,914	398,000,000	405,000,000
Trade accounts payable					
Related parties	6	191,204,909	151,477,104	110,431,740	131,520,248
Unrelated parties		1,743,101,204	1,276,825,742	424,557,353	390,096,504
Total trade accounts payable		1,934,306,113	1,428,302,846	534,989,093	521,616,752
Other payable - related parties	6	18,914,532	492,056,034	9,981,870	340,288,867
Current portion of long-term loans	20	729,333,310	1,408,089,625	705,050,000	1,379,900,000
Current portion of liabilities under finance lease agreements	21	1,731,640	2,794,905	-	-
Advances and short-term loans from related parties	6	7,380,923	10,421,962	411,355,223	1,526,912,910
Share subscription payable - related parties	6	-	-	24,377,500	127,500
Provisions for product warranty		11,385,714	12,865,032	-	-
Accounts payable - purchases and construction of assets		135,486,375	64,377,314	21,022,119	522,656
Other current liabilities		449,196,344	266,388,366	115,706,866	41,474,280
Total current liabilities		3,965,079,742	4,347,292,998	2,220,482,671	4,215,842,965
Non-current liabilities					
Long-term loans - net of current portion	20	2,890,850,752	886,801,576	2,802,450,000	775,000,000
Liabilities under finance lease agreements					
- net of current portion	21	4,998,697	2,421,994	-	-
Other non-current liabilities		6,675,894	7,381,529	-	-
Total non-current liabilities		2,902,525,343	896,605,099	2,802,450,000	775,000,000
Total liabilities		6,867,605,085	5,243,898,097	5,022,932,671	4,990,842,965

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



# Balance sheets (continued)

AAPICO Hitech Public Company Limited and its subsidiaries  
As at 31 December 2010 and 2009

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<b>Shareholders' equity</b>					
Share capital					
Registered					
42,360,000 non-cumulative preferred shares of Baht 1 each	23	42,360,000	42,360,000	42,360,000	42,360,000
229,337,900 ordinary shares of Baht 1 each (2009: 242,823,600 ordinary shares of Baht 1 each)	22	229,337,900	242,823,600	229,337,900	242,823,600
Issued and fully paid up					
42,360,000 non-cumulative preferred shares of Baht 1 each	23	42,360,000	42,360,000	42,360,000	42,360,000
226,514,300 ordinary shares of Baht 1 each (2009: 240,000,000 ordinary shares of Baht 1 each)	22	226,514,300	240,000,000	226,514,300	240,000,000
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
Deficit on changes in value of investments		(86,269,187)	(89,058,580)	-	-
Translation adjustment		(30,203,182)	(7,782,252)	-	-
Retained earnings					
Appropriated					
Statutory reserve - the Company	25	59,541,000	59,541,000	59,541,000	59,541,000
- subsidiaries		116,170,535	85,100,809	-	-
Reserve for treasury shares	22	-	192,809,988	-	192,809,988
Unappropriated		2,000,274,746	1,731,192,779	1,607,011,690	645,197,753
Equity attributable to the Company's shareholders		4,492,742,544	4,418,518,076	4,099,781,322	3,344,263,073
Less: Treasury shares	22	-	(192,809,988)	-	(192,809,988)
Equity attributable to the Company's shareholders - net		4,492,742,544	4,225,708,088	4,099,781,322	3,151,453,085
Minority interest - equity attributable to minority shareholders of subsidiaries		113,833,969	75,857,236	-	-
<b>Total shareholders' equity</b>		<b>4,606,576,513</b>	<b>4,301,565,324</b>	<b>4,099,781,322</b>	<b>3,151,453,085</b>
<b>Total liabilities and shareholders' equity</b>		<b>11,474,181,598</b>	<b>9,545,463,421</b>	<b>9,122,713,993</b>	<b>8,142,296,050</b>

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 2010 and 2009

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
<b>Revenues</b>					
Sales and service income	27	11,344,221,100	7,114,457,899	1,756,644,716	1,170,548,764
Exchange gain		5,653,281	-	-	-
Dividend income		-	-	1,007,033,688	5,262,404
Other income		408,220,393	251,309,603	216,593,222	137,553,188
<b>Total revenues</b>		<b>11,758,094,774</b>	<b>7,365,767,502</b>	<b>2,980,271,626</b>	<b>1,313,364,356</b>
<b>Expenses</b>					
Cost of sales and services		10,514,671,090	6,756,414,312	1,643,198,779	1,120,248,330
Selling expenses		198,452,691	99,127,649	42,041,606	19,158,486
Administrative expenses		450,451,862	422,950,990	66,428,663	66,448,767
Management's remuneration		26,050,000	23,895,377	23,460,000	20,399,356
Exchange loss		-	8,200,906	2,287,754	7,325,929
Loss on impairment of investments		-	-	7,000,000	674,945
<b>Total expenses</b>		<b>11,189,625,643</b>	<b>7,310,589,234</b>	<b>1,784,416,802</b>	<b>1,234,255,813</b>
Share of income (loss) from investments in associates		136,265,214	(12,963,424)	-	-
<b>Income before finance cost and corporate income tax</b>		<b>704,734,345</b>	<b>42,214,844</b>	<b>1,195,854,824</b>	<b>79,108,543</b>
Finance cost		(176,336,914)	(128,492,772)	(170,164,717)	(130,483,636)
<b>Income (loss) before corporate income tax</b>		<b>528,397,431</b>	<b>(86,277,928)</b>	<b>1,025,690,107</b>	<b>(51,375,093)</b>
Corporate income tax		(134,211,146)	(30,050,540)	(7,454,812)	-
<b>Net income (loss) for the year</b>		<b>394,186,285</b>	<b>(116,328,468)</b>	<b>1,018,235,295</b>	<b>(51,375,093)</b>
<b>Net income (loss) attributable to:</b>					
Equity holders of the parent		356,573,051	(108,569,240)	1,018,235,295	(51,375,093)
Minority interests of the subsidiaries		37,613,234	(7,759,228)		
		<b>394,186,285</b>	<b>(116,328,468)</b>		
<b>Earnings per share</b>					
<b>Basic earnings (loss) per share</b>					
Net income (loss) attributable to equity holders of the parent	28	1.57	(0.48)	4.50	(0.23)
Weighted average number of ordinary shares (shares)		226,514,300	226,514,300	226,514,300	226,514,300

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 2010 and 2009

(Unit: Baht)

	Consolidated financial statements											
	Equity attributable to the parent's shareholders						Retained earnings					
	Issued and paid-up share capital			Revaluation surplus (deficit) on changes in value of investments			Appropriated reserve			Appropriated reserve for treasury shares		
	Preferred shares	Ordinary shares	Premium on Preferred shares	Ordinary shares	Translation adjustment	The Company	Subsidiaries	Unappropriated	Treasury shares	Total equity attributable to the parent's shareholders	Minority interest - equity attributable to Minority shareholders of subsidiaries	Total
<b>Balance as at 31 December 2008</b>	42,360,000	240,000,000	1,415,247,600	749,106,732	13,689,361	59,541,000	80,362,943	1,844,499,885	(192,809,988)	4,443,057,521	72,950,670	4,516,008,191
<b>Expenses recognised directly in equity:</b>												
Loss from transfer of investment in associate to investment in available-for-sale securities	-	-	-	-	-	-	-	-	-	(86,101,902)	-	(86,101,902)
Loss recognised in shareholders' equity of investment in available-for-sale securities	-	-	-	-	-	-	-	-	-	(1,206,678)	-	(1,206,678)
Translation adjustment	-	-	-	-	(21,471,613)	-	-	-	-	(21,471,613)	(1,477,428)	(22,949,041)
<b>Net expenses recognised directly in equity</b>	-	-	-	-	(21,471,613)	-	-	-	-	(108,780,193)	(1,477,428)	(110,257,621)
<b>Net loss for the year</b>	-	-	-	-	-	-	-	(108,569,240)	-	(108,569,240)	(7,759,228)	(116,328,468)
<b>Total expenses for the year</b>	-	-	-	-	(21,471,613)	-	-	(108,569,240)	-	(217,349,433)	(9,236,656)	(226,586,089)
Unappropriated retained earnings transferred to statutory reserve	-	-	-	-	-	-	4,737,866	(4,737,866)	-	-	-	-
Transfer of minority interests due to change of status from subsidiary to other company	-	-	-	-	-	-	-	-	-	-	7,785,849	7,785,849
Minority interest - equity attributable to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	4,357,373	4,357,373
<b>Balance as at 31 December 2009</b>	42,360,000	240,000,000	1,415,247,600	749,106,732	(7,782,252)	59,541,000	85,100,809	1,731,192,779	(192,809,988)	4,225,708,088	75,857,236	4,301,565,324

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

## Statements of changes in shareholders' equity (continued)

AAPICO Hitech Public Company Limited and its subsidiaries

For the years ended 31 December 2010 and 2009

(Unit: Baht)

Consolidated financial statements															
	Equity attributable to the parent's shareholders										Retained earnings			Minority interest - equity attributable to Minority shareholders of subsidiaries	Total
	Issued and paid-up share capital		Premium on		Revaluation surplus (deficit) on		Appropriated statutory reserve		Appropriated treasury reserve for		Treasury shares	Total equity attributable to the parent's shareholders			
	Preferred shares	Ordinary shares	Preferred shares	Ordinary shares	changes in value of investments	Translation adjustment	The Company	Subsidiaries	shares	Unappropriated	shares	shareholders			
Balance as at 31 December 2009	42,360,000	240,000,000	1,415,247,600	749,106,732	(88,038,580)	(7,782,252)	59,541,000	85,100,809	192,809,988	1,731,192,779	(192,809,988)	4,225,708,088	75,857,236	4,301,565,324	
Income and expenses recognised directly in equity:															
Gain recognised in shareholders' equity of investment in available-for-sale securities	-	-	-	-	2,789,393	-	-	-	-	-	-	2,789,393	-	2,789,393	
Translation adjustment	-	-	-	-	-	(22,420,930)	-	-	-	-	-	(22,420,930)	1,083,110	(21,337,820)	
Net income and expenses recognised directly in equity	-	-	-	-	2,789,393	(22,420,930)	-	-	-	-	-	(19,631,537)	1,083,110	(18,548,427)	
Net income for the year	-	-	-	-	-	-	-	-	-	356,573,051	-	356,573,051	37,613,234	394,186,285	
Total income (expenses) for the year	-	-	-	-	2,789,393	(22,420,930)	-	-	-	356,573,051	-	356,941,514	38,696,344	375,637,858	
Unappropriated retained earnings transferred to statutory reserve	-	-	-	-	-	-	-	31,069,726	-	(31,069,726)	-	-	-	-	
Capital reduction from write-off of treasury shares (Note 22)	-	(13,485,700)	-	-	-	-	-	-	(179,324,268)	-	192,809,988	-	-	-	
Reversal of reserve for treasury shares (Note 22)	-	-	-	-	-	-	-	-	(192,809,988)	-	-	-	-	-	
Dividend paid (Note 24)	-	-	-	-	-	-	-	-	(69,907,058)	-	-	(69,907,058)	-	(69,907,058)	
Minority interest - equity attributable to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(719,611)	(719,611)	
Balance as at 31 December 2010	42,360,000	226,514,300	1,415,247,600	749,106,732	(86,289,187)	(30,203,182)	59,541,000	116,170,535	-	2,000,274,746	-	4,492,742,544	113,833,969	4,606,576,513	

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 2010 and 2009

(Unit: Baht)

	Separate financial statements									
	Retained earnings									
	Appropriated					Appropriated				
Issued and paid-up share capital	Premium on		Ordinary shares	Appropriated statutory reserve	Treasury shares	Unappropriated	Treasury shares	Unappropriated	Treasury shares	Total
	Preferred shares	Ordinary shares								
<b>Balance as at 31 December 2008</b>	42,360,000	240,000,000	1,415,247,600	59,541,000	192,809,988	696,572,846	(192,809,988)			3,202,828,178
Net loss for the year	-	-	-	-	-	(51,375,093)	-			(51,375,093)
<b>Balance as at 31 December 2009</b>	42,360,000	240,000,000	1,415,247,600	59,541,000	192,809,988	645,197,753	(192,809,988)			3,151,453,085
<b>Balance as at 31 December 2009</b>	42,360,000	240,000,000	1,415,247,600	59,541,000	192,809,988	645,197,753	(192,809,988)			3,151,453,085
Net income for the year	-	-	-	-	-	1,018,235,295	-			1,018,235,295
<b>Total income for the year</b>	-	-	-	-	-	1,018,235,295	-			1,018,235,295
Capital reduction from write-off of treasury shares (Note 22)	-	(13,485,700)	-	-	-	(179,324,288)	192,809,988			-
Reversal of reserve for treasury shares (Note 22)	-	-	-	-	(192,809,988)	192,809,988	-			-
Dividend paid (Note 24)	-	-	-	-	-	(69,907,058)	-			(69,907,058)
<b>Balance as at 31 December 2010</b>	42,360,000	226,514,300	1,415,247,600	59,541,000	-	1,607,011,690	-			4,099,781,322

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 2010 and 2009

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Cash flows from operating activities</b>				
Net income (loss) before tax	528,397,431	(86,277,928)	1,025,690,107	(51,375,093)
Adjustments to reconcile net income (loss) before tax to net cash provided by (paid from) operating activities: -				
Depreciation and amortisation	437,036,216	384,728,736	62,496,175	50,247,116
Share of (income) loss from investments in associates	(136,265,214)	12,963,424	-	-
Gain from current investment - investment unit in open-end funds	(5,443,242)	(225,312)	(105,680)	(63,796)
Gain from claim under insurance contract	(30,118,489)	-	-	-
Loss on impairment of investments	-	-	7,000,000	674,945
Loss on impairment of assets	5,569,938	5,486,269	-	-
Allowance for diminution in stock value (reversal)	(50,294,985)	(48,954,102)	7,763,198	(3,415,411)
Dividend income from subsidiary and associate	-	-	(1,007,033,688)	(5,262,404)
Allowance for doubtful accounts	848,427	14,318,394	811,002	-
Gain on disposal of other long-term investments	(5,216,271)	-	-	-
(Gain) loss on disposal of property, plant and equipment	9,653,662	(38,151,917)	(1,140,317)	(8,323,006)
Interest expenses	174,291,599	127,509,390	167,962,989	129,522,372
Income from operating activities before changes in operating assets and liabilities	928,459,072	371,396,954	263,443,786	112,004,723
Operating assets (increase) decrease				
Current investment - investment unit in open-end funds	(212,428,673)	77,010,246	19,069,264	46,047,960
Trade accounts receivable	(441,422,028)	36,731,801	(4,103,831)	(51,567,535)
Unbilled contract works receivable	4,021,395	13,542,919	(2,836,631)	20,400,945
Inventories	(239,831,971)	173,398,302	(47,172,044)	29,169,963
Other current assets	(46,527,196)	(67,276,209)	(3,252,871)	12,676,176
Other non-current assets	26,035,221	12,850,452	3,908,189	(4,530,655)
Operating liabilities increase (decrease)				
Trade accounts payable	504,524,911	343,889,578	13,372,341	90,450,198
Other current liabilities	145,667,920	(236,188,738)	94,374,348	(15,369,761)
Other non-current liabilities	(705,635)	(306,996)	-	-
Cash flows from operating activities	667,793,016	725,048,309	336,802,551	239,282,014
Cash paid for corporate income tax	(74,096,781)	(27,671,953)	(7,273,203)	(5,113,527)
<b>Net cash flows from operating activities</b>	<b>593,696,235</b>	<b>697,376,356</b>	<b>329,529,348</b>	<b>234,168,487</b>

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 2010 and 2009

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Cash flows from investing activities</b>				
Decrease (increase) in restricted bank deposits	(351,763)	999,943	-	-
Increase in advances and loans to related parties	(11,660,977)	(79,919,522)	(590,543,610)	(426,504,598)
Cash paid for purchase of investments in subsidiaries and associates	(16,229,000)	(18,779,182)	(197,695,447)	(53,475,333)
Dividend received from subsidiary and associate	12,296,841	5,799,384	1,012,296,092	5,799,384
Decrease in other long-term investments	37,854,271	4,683,001	-	-
Payment for share subscription payable - related parties	-	-	-	(104,207,500)
Cash received from minority shareholders for share subscription	2,249,996	100,000	-	-
Proceeds from sales of property, plant and equipment	28,855,852	146,643,531	1,172,896	50,975,030
Acquisitions of plant, equipment, leasehold right and software	(1,648,801,299)	(528,401,086)	(551,612,479)	(152,289,196)
Increase (decrease) in minority interest	1,083,110	(1,477,431)	-	-
<b>Net cash flows used in investing activities</b>	<b>(1,594,702,969)</b>	<b>(470,351,362)</b>	<b>(326,382,548)</b>	<b>(679,702,213)</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in bank overdrafts and short-term loans from banks	7,605,491	(441,195,192)	(7,000,000)	(457,000,000)
Increase (decrease) in advances and loans from related parties	(3,041,039)	(20,381,752)	(1,131,867,422)	674,253,085
Repayment of long-term loans	(686,965,026)	(608,501,921)	(622,400,000)	(588,400,000)
Increase in long-term loans	2,012,257,887	1,001,384,779	1,975,000,000	935,000,000
Dividend paid	(69,907,058)	-	(69,907,058)	-
Interest paid	(174,677,850)	(124,449,641)	(153,854,982)	(104,878,244)
<b>Net cash flow from (used in) financing activities</b>	<b>1,085,272,405</b>	<b>(193,143,727)</b>	<b>(10,029,462)</b>	<b>458,974,841</b>
Translation adjustment	(22,420,930)	(13,715,265)	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>61,844,741</b>	<b>20,166,002</b>	<b>(6,882,662)</b>	<b>13,441,115</b>
Cash and cash equivalents at beginning of year	219,752,569	199,586,567	21,085,858	7,644,743
<b>Cash and cash equivalents at end of year</b>	<b>281,597,310</b>	<b>219,752,569</b>	<b>14,203,196</b>	<b>21,085,858</b>

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 2010 and 2009

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Supplemental cash flows information: -</b>				
Non-cash items consist of				
Transfer inventories to machinery and equipment	22,168,919	1,833,897	192,157	-
Transfer equipment to software	1,777,389	-	203,150	-
Increase (decrease) in accounts payable - purchases and construction of assets	(413,426,646)	410,300,457	(316,189,404)	301,870,079
Increase in accounts payable - retention for construction	11,558,164	-	11,558,164	-
Increase in deposit for purchase of assets	183,960,893	-	26,333,088	-
Capitalised interest for construction in progress	1,616,896	11,868,483	1,462,973	5,935,568
Surplus (deficit) on changes in value of investments	2,789,393	(1,206,678)	-	-
Dividend receivable from associate	-	5,262,404	-	5,262,404
Transfer investment in subsidiary to other long-term investment	-	-	-	675,000
Transfer investment in associate to other long-term investment	-	74,564,492	-	-
Transfer investment in associate to investment in subsidiary	-	8,304,052	-	8,262,850

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

# Notes to consolidated financial statements

AAPICO Hitech Public Company Limited and its subsidiaries

For the years ended 31 December 2010 and 2009

## 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 Profession 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 30 January 2009, 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		Assets as a percentage to the consolidated total assets as at 31 December		Revenues as a percentage to the consolidated total revenues for the years ended 31 December	
			2010 (%)	2009 (%)	2010 (%)	2009 (%)	2010 (%)	2009 (%)
<b>Held by the Company</b>								
AAPICO Amata Company Limited	Manufacture of autoparts	Thailand	100	100	15	14	26	27
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	3	3	4	5
Able Motors Co., Ltd.	Sales of automobiles and the provision of automobile repair services	Thailand	100	100	1	-	3	2
AAPICO Hitech Parts Co., Ltd.	Manufacture of autoparts	Thailand	100	100	10	11	4	4
AAPICO Hitech Tooling Co., Ltd.	Design and manufacture of car assemble jigs and stamping dies	Thailand	100	100	2	1	3	-
AAPICO ITS Co., Ltd.	Manufacture of car navigation systems and its derivatives	Thailand	60	60	1	2	-	1
AAPICO Shanghai Co., Ltd.	Machining autoparts service	The People's Republic of China	100	100	1	1	-	-

Company's name	Nature of business	Country of incorporation	Percentage of shareholding		Assets as a percentage to the consolidated total assets as at 31 December		Revenues as a percentage to the consolidated total revenues for the years ended 31 December	
			2010	2009	2010	2009	2010	2009
			(%)	(%)	(%)	(%)	(%)	(%)
Tenaga Setia Resources SDN. BHD.	Sales of automobiles and the provision of automobile repair services	Malaysia	49	49	1	1	13	17
Kunshan Chaitai-Xincheng Precision Forging Co., Ltd.	Manufacture and sales of autoparts	The People's Republic of China	100	100	5	5	6	7
AAPICO Investment Pte. Ltd.	Investment in other companies	Singapore	100	100	1	1	-	-
AAPICO Forging Public Co., Ltd.	Manufacture of autoparts	Thailand	100	100	19	23	15	16
AAPICO Mitsuike (Thailand) Co., Ltd.	Manufacture of autoparts	Thailand	51	51	1	-	3	-
AAPICO Structural Products Co., Ltd.	Not yet operation	Thailand	100	100	7	3	1	-
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	2	2	6	4
AAPICO Technology Co., Ltd.	Not yet operation	Thailand	51	51	-	-	-	-
A ERP Co., Ltd.	IT consulting and advisory	Thailand	88	-	-	-	-	-
Katsuya (Thailand) Co., Ltd.	Manufacture of autoparts	Thailand	76	-	-	-	-	-
Dongfeng Commercial Vehicle Co., Ltd.	Not yet operation	Thailand	97	-	-	-	-	-

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			2010 (%)	2009 (%)
<b>Held by subsidiaries</b>				
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

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

- b) Subsidiaries are fully consolidated as from the date of acquisition, 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 balance sheet date, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Translation adjustment" in shareholders' equity.



- e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- f) Minority interests represent the portion of net income or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.

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

- a) Accounting standards that are effective for fiscal years beginning on or after 1 January 2011 (except Framework for the Preparation and Presentation of Financial Statements, which is immediately effective):

Framework for the Preparation and Presentation of Financial Statements (revised 2009)

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
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
TFRIC 15	Agreements for the Construction of Real Estate

b) Accounting standards that are effective for fiscal years beginning on or after 1 January 2013:

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

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 standards which management expects the impact on the financial statements in the year when they are adopted.

#### **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. Currently, the Company accounts for such employee benefits when they are incurred.

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

#### **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.

## **4. Significant accounting policies**

### **4.1 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 as interest accrues based on the effective rate method.

#### *Dividend income*

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

### **4.2 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.

### **4.3 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.

### **4.4 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.

### **4.5 Investments**

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded as gains or losses in the income statement.
- 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 as gains or losses in the income statement 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 impairment (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 as gains or losses in the income statement or recorded as surplus (deficit) from changes in the value of investments in shareholders' equity, depending on the type of investment that is reclassified.

#### 4.6 Property, plant and equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation. 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.

#### 4.7 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.

#### 4.8 Intangible assets and amortisation

Intangible assets are initially recognised at cost on the date of acquisition. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

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 the income statement.

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

#### 4.9 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 the income statement.

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. Impairment losses relating to goodwill cannot be reversed in future periods.

#### **4.10 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.

#### **4.11 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 the income statements 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 the income statement on a straight line basis over the lease term.

#### **4.12 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 balance sheet date.

Gains and losses on exchange are included in determining income.

#### **4.13 Impairment of assets**

At each reporting date, 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 the income statement.

#### **4.14 Treasury shares**

Treasury shares are stated at cost and presented as a deduction from shareholders' equity. Gains on disposal of treasury shares are determined by reference to the carrying amount and are presented as premium on treasury shares. Losses on disposal of treasury shares are determined by reference to the carrying amount and are first presented as a deduction from premium on treasury shares, with any remaining loss recorded in retained earnings.

#### **4.15 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.

#### **4.16 Employee benefits**

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

#### **4.17 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.

#### **4.18 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.

### **5. 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 investments in securities

The Group treats investments in available-for-sale securities and other investments as impaired when the management judges that 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 judgment.

### Property plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and salvage values of the Group’s plant and equipment and to review estimate useful lives and salvage 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 judgments 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.

## 6. 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		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	2010	2009	2010	2009	
Transactions with subsidiaries (eliminated from the consolidated financial statements)					
Sales of goods	-	-	188.9	60.7	Cost plus margin of 1% - 30% and cost minus around 10%
Purchases of goods and services	-	-	178.6	19.2	Approximate cost and cost plus margin around 1% - 25%

(Unit: Million Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	2010	2009	2010	2009	
Interest income	-	-	117.2	83.7	3.8% - 4.4% p.a. (2009: 3% - 4% p.a.)
Dividend income	-	-	1,000.0	-	As declared
Sale of land	-	-	-	17.9	Cost
Interest expense	-	-	19.5	21.7	2% and 2.3% p.a. (2009: 1% and 2% p.a.)
Rental income	-	-	2.1	2.1	Close to rental rates for other building in the vicinity
Management fee income	-	-	3.2	3.9	Approximate cost
Other income	-	-	4.1	2.6	Approximate cost
<u>Transactions with associates</u>					
Sales of goods and services	28.4	25.7	0.6	22.7	Cost minus around 30% (2009: Cost plus margin of 10% - 15%)
Purchases of goods and services	29.6	20.4	26.9	20.4	Cost plus margin of 25% - 55%
Interest income	4.6	0.4	4.6	0.4	5% p.a.
Dividend income	7.0	5.3	7.0	5.3	As declared
Sale of land	-	32.4	-	32.4	Cost plus margin of 35%
<u>Transactions with related parties</u>					
Purchases of goods and services	431.8	281.7	-	-	Cost plus margin of 3% - 20%
Interest income	1.1	3.6	1.1	1.2	7.5% p.a.
Management fee expense	-	14.4	-	14.4	Approximate cost
Purchases of machinery	34.3	526.2	-	367.2	Cost plus margin

As at 31 December 2010 and 2009, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
<u>Trade accounts receivable - related parties</u>				
<u>Subsidiaries</u>				
AAPICO Amata Company Limited	-	-	11,462,728	15,658,879
AAPICO Hitech Parts Company Limited	-	-	10,816,247	30,399,121
AAPICO Plastics Public Company Limited	-	-	2,904,297	1,122,647
AAPICO Hitech Tooling Company Limited	-	-	137,480	4,404,384
AAPICO Forging Public Company Limited	-	-	-	138,937
AAPICO Mitsuike (Thailand) Company Limited	-	-	-	826,057
<u>Associates</u>				
Able Sanoh Industries (1996) Company Limited	111,215	661,201	111,215	100,258
MINTH AAPICO (Thailand) Company Limited	7,241,058	1,801,231	-	-
Thai Takagi Seiko Company Limited	1,746,901	-	-	-
<u>Related company</u>				
AAPICO ITS Co. SDN. BHD.	4,000	-	-	-
	9,103,174	2,462,432	25,431,967	52,650,283

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Advances and short-term loans to related parties</b>				
<b>Advances</b>				
<u>Subsidiaries</u>				
AAPICO Amata Company Limited	-	-	256,478	112,382
New Era Sales Company Limited	-	-	103,966	9,023
AAPICO Engineering Company Limited	-	-	770,400	577,800
Kunshan Chaitai-Xincheng Precision Forging Company Limited	-	-	4,445,112	4,445,112
AAPICO Hitech Parts Company Limited	-	-	8,088,048	1,211,369
AAPICO Hitech Tooling Company Limited	-	-	2,127,270	36,151,984
AAPICO ITS Company Limited	-	-	176,423	426,094
AAPICO Mitsuike (Thailand) Company Limited	-	-	225,860	554,260
A Maction Company Limited	-	-	85,145	205,993
AAPICO Jackspeed Company Limited	-	-	1,001,359	987,359
AAPICO Forging Public Company Limited	-	-	24,191	658,403
AAPICO Plastics Public Company Limited	-	-	24,191	17,931,645
AAPICO Investment Pte., Limited	-	-	8,343,069	8,491,145
AAPICO Technology Company Limited	-	-	6,000	6,000
A ERP Company Limited	-	-	45,759	-
Dongfeng Commercial Vehicle Company Limited	-	-	304,200	-
<u>Associates</u>				
Able Sanoh Industries (1996) Company Limited	39,489	56,501	27,940	34,200
MINTH AAPICO (Thailand) Company Limited	9,568	89,948	9,568	5,319
<u>Related companies</u>				
Katsuya International Pte., Limited	94,622	-	-	-
Mitsuike Kogyo Company Limited	-	591,737	-	-
Able Autoparts Company Limited	3,319	-	-	-
Thai Mekki Limited Partnership	87,865	8,500	-	-
	234,863	746,686	26,064,979	71,808,088
<b>Short-term loans and interest receivable</b>				
Subsidiaries	-	-	273,557,635	193,871,032
Associates	110,467,123	9,232,232	110,467,123	339,726
Related companies	33,911,494	44,154,950	5,770,189	7,258,227
	144,378,617	53,387,182	389,794,947	201,468,985
Less: Allowance for doubtful accounts	(28,141,305)	(28,141,305)	-	-
	116,237,312	25,245,877	389,794,947	201,468,985
	116,472,175	25,992,563	415,859,926	273,277,073
<b>Dividend receivable from related party</b>				
<u>Associate</u>				
Able Sanoh Industries (1996) Company Limited	-	5,262,404	-	5,262,404
<b>Share subscription receivable - related party</b>				
Related person	150,004	-	-	-
<u>Related company</u>				
Maction Technology Company Limited	-	2,400,000	-	-
	150,004	2,400,000	-	-

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b><u>Long-term loans to related parties</u></b>				
Subsidiaries	-	-	2,952,382,742	2,306,103,350
Associate	-	80,000,000	-	80,000,000
Related company	11,071,365	9,390,000	11,071,365	9,390,000
	11,071,365	89,390,000	2,963,454,107	2,395,493,350
<b><u>Deposit for purchase of assets - related parties</u></b>				
<u>Related companies</u>				
Sojitz Corporation Limited	-	24,808,553	-	-
Yamakawa Dies Manufacturing R&D Company Limited	10,390,920	5,487,360	-	-
	10,390,920	30,295,913	-	-
<b><u>Trade accounts payable - related parties</u></b>				
<u>Subsidiaries</u>				
AAPICO Plastics Public Company Limited	-	-	332,428	242,655
AAPICO Hitech Tooling Company Limited	-	-	1,098,937	105,365,731
AAPICO Hitech Parts Company Limited	-	-	100,326,498	19,268,487
<u>Associates</u>				
Able Sanoh Industries (1996) Company Limited	8,691,275	6,643,376	8,673,877	6,643,375
Thai Takagi Seiko Company Limited	970,758	-	-	-
<u>Related companies</u>				
Metal One (Thailand) Company Limited	161,481,045	140,845,892	-	-
Sojitz (Thailand) Company Limited	16,003,939	-	-	-
Thai Mekki Limited Partnership	1,478,515	3,987,836	-	-
Mitsuike Corporation Company Limited	2,579,377	-	-	-
	191,204,909	151,477,104	110,431,740	131,520,248
<b><u>Other payable - related parties</u></b>				
<b><u>Deposit received in advance</u></b>				
<u>Subsidiary</u>				
AAPICO Structural Products Company Limited	-	-	8,181,870	-
<b><u>Accrued royalty and management fee</u></b>				
<u>Related companies</u>				
Mitsuike Corporation Company Limited	13,194,205	-	-	-
SAIT Company Limited	1,800,000	3,600,000	1,800,000	3,600,000
	14,994,205	3,600,000	1,800,000	3,600,000
<b><u>Account payable - purchase of machinery</u></b>				
<u>Related companies</u>				
Sojitz Corporation Limited	3,344,132	482,584,559	-	336,688,867
Yamakawa Dies Manufacturing R&D Company Limited	576,195	5,871,475	-	-
	3,920,327	488,456,034	-	336,688,867
	18,914,532	492,056,034	9,981,870	340,288,867



(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
<b>Advances and short-term loans from related parties</b>				
<b>Advances</b>				
<u>Subsidiaries</u>				
AAPICO Amata Company Limited	-	-	-	1,050
New Era Sales Company Limited	-	-	65,280	230,804
AAPICO ITS Company Limited	-	-	-	4,577,153
AAPICO Forging Public Company Limited	-	-	93,043	28,357
AAPICO Hitech Tooling Company Limited	-	-	432,279	481,237
Able Motors Company Limited	-	-	7,428	55,902
A Maction Company Limited	-	-	-	49,226
AAPICO Plastics Public Company Limited	-	-	118,582	-
<u>Associates</u>				
Thai Takagi Seiko Company Limited	80,000	-	-	-
MINTH AAPICO (Thailand) Company Limited	69,057	-	-	-
<u>Related companies</u>				
Mitsui Kogyo Company Limited	-	3,660,607	-	-
Coryor Surface Treatment Company Limited	1,072,620	-	-	-
Mitsui Corporation Company Limited	2,681,707	-	-	-
	3,903,384	3,660,607	716,612	5,423,729
<b>Short-term loans and interest payable</b>				
Subsidiaries	-	-	410,638,611	1,521,489,181
Related companies	3,448,865	6,685,730	-	-
Directors	28,674	75,625	-	-
	3,477,539	6,761,355	410,638,611	1,521,489,181
	7,380,923	10,421,962	411,355,223	1,526,912,910

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

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
<b>Share subscription payable - related parties</b>				
<u>Subsidiaries</u>				
Dongfeng Commercial Vehicle Company Limited	-	-	24,250,000	-
AAPICO Technology Company Limited	-	-	127,500	127,500
	-	-	24,377,500	127,500

During 2010, movements of loans to related parties and loans from related parties were as follows: -

Consolidated financial statements

(Unit: Baht)

	During the year				
	Balance as at 1 January 2010	Increase	Decrease	Unrealised gain (loss) on exchange	Balance as at 31 December 2010
Short-term loans and interest receivable from related parties					
Associates					
Katsuya International Pte., Limited	8,892,506	-	(8,892,506)	-	-
MINTH AAPICO (Thailand) Company Limited	339,726	133,135,616	(23,008,219)	-	110,467,123
Related companies					
Protech Link Technology Incorporation Limited	28,141,305	-	-	-	28,141,305
Yamakawa Dies Manufacturing R&D Company Limited	7,258,227	1,131,841	(2,619,879)	-	5,770,189
Thai Mekki Limited Partnership	8,755,418	52,870	(8,808,288)	-	-
Total	53,387,182	134,320,327	(43,328,892)	-	144,378,617
Long-term loans to related parties					
Associate					
MINTH AAPICO (Thailand) Company Limited	80,000,000	-	(80,000,000)	-	-
Related company					
Yamakawa Dies Manufacturing R&D Company Limited	9,390,000	1,681,365	-	-	11,071,365
Total	89,390,000	1,681,365	(80,000,000)	-	11,071,365
Short-term loans and interest payable to related parties					
Related companies					
Metal One (Thailand) Company Limited	6,685,730	9,935	(3,246,800)	-	3,448,865
Directors	75,625	-	(47,099)	148	28,674
Total	6,761,355	9,935	(3,293,899)	148	3,477,539

Separate financial statements

(Unit: Baht)

	During the year				
	Balance as at 1 January 2010	Increase	Decrease	Unrealised gain (loss) on exchange	Balance as at 31 December 2010
Short-term loans and interest receivable from related parties					
Subsidiaries					
New Era Sales Company Limited	31,412,119	9,273,739	-	-	40,685,858
Able Motors Company Limited	8,358,362	71,930,102	(70,000,000)	-	10,288,464
Kunshan Chaitai-Xincheng Precision Forging Company Limited	7,877,118	362,968	-	(198,858)	8,041,228
AAPICO Hitech Parts Company Limited	102,806,309	585,205,719	(566,660,036)	-	121,351,992
AAPICO Hitech Tooling Company Limited	10,765,172	287,269,219	(249,559,910)	-	48,474,481
AAPICO Forging Public Company Limited	32,125,486	657,661,331	(655,727,176)	-	34,059,641
AAPICO Plastics Public Company Limited	-	5,769,325	(5,769,325)	-	-
AAPICO Structural Products Company Limited	526,466	10,107,593	-	-	10,634,059
Katsuya (Thailand) Company Limited	-	20,520	-	-	20,520

(Unit: Baht)

	During the year				Balance as at 31 December 2010
	Balance as at 1 January 2010	Increase	Decrease	Unrealised gain (loss) on exchange	
AAPICO Mitsuike (Thailand) Company Limited	-	6,508,649	(6,508,649)	-	-
A ERP Company Limited	-	302,493	(301,101)	-	1,392
<b>Associate</b>					
MINTH AAPICO (Thailand) Company Limited	339,726	133,135,616	(23,008,219)	-	110,467,123
<b>Related company</b>					
Yamakawa Dies Manufacturing R&D Company Limited	7,258,227	1,131,841	(2,619,879)	-	5,770,189
<b>Total</b>	<b>201,468,985</b>	<b>1,768,679,115</b>	<b>(1,580,154,295)</b>	<b>(198,858)</b>	<b>389,794,947</b>
<u>Long-term loans to related parties</u>					
<b>Subsidiaries</b>					
New Era Sales Company Limited	214,500,000	-	(500,000)	-	214,000,000
Able Motors Company Limited	31,000,000	37,000,000	-	-	68,000,000
AAPICO Forging Public Company Limited	1,287,226,203	100,272,948	-	-	1,387,499,151
AAPICO Hitech Parts Company Limited	519,194,503	219,119,324	-	-	738,313,827
AAPICO Hitech Tooling Company Limited	138,880,848	-	(45,780,848)	-	93,100,000
Kunshan Chaitai-Xincheng Precision Forging Company Limited	3,301,796	-	-	(900,032)	2,401,764
Katsuya (Thailand) Company	-	1,268,000	-	-	1,268,000
AAPICO Structural Products Company Limited	112,000,000	375,800,000	(40,000,000)	-	447,800,000
<b>Associate</b>					
MINTH AAPICO (Thailand) Company Limited	80,000,000	-	(80,000,000)	-	-
<b>Related company</b>					
Yamakawa Dies Manufacturing R&D Company Limited	9,390,000	1,681,365	-	-	11,071,365
<b>Total</b>	<b>2,395,493,350</b>	<b>735,141,637</b>	<b>(166,280,848)</b>	<b>(900,032)</b>	<b>2,963,454,107</b>
<u>Short-term loans and interest payable</u>					
<u>to related parties</u>					
<b>Subsidiaries</b>					
AAPICO Engineering Company Limited	10,025,068	88,526	(102,808)	-	10,010,786
AAPICO Amata Company Limited	1,511,450,202	229,990,724	(1,340,813,101)	-	400,627,825
AAPICO Mitsuike (Thailand) Company Limited	13,911	33,052,869	(33,066,780)	-	-
AMaction Company Limited	-	8,015,829	(8,015,829)	-	-
AAPICO Hitech Tooling Company Limited	-	28,104,971	(28,104,971)	-	-
<b>Total</b>	<b>1,521,489,181</b>	<b>299,252,919</b>	<b>(1,410,103,489)</b>	<b>-</b>	<b>410,638,611</b>

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 30.4.

## 7. Cash and cash equivalents

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Cash	662,691	864,617	228,549	373,444
Bank deposits	280,934,619	218,887,952	13,974,647	20,712,414
Total	281,597,310	219,752,569	14,203,196	21,085,858

## 8. Trade accounts receivable

The balances of trade accounts receivable as at 31 December 2010 and 2009, aged on the basis of due dates, are summarised below: -

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Age of receivables</b>				
<u>Trade accounts receivable - related parties</u>				
Not yet due and past due not over 3 months	6,279,930	2,462,432	23,162,363	23,950,650
Past due 3 - 12 months	2,823,244	-	878,604	3,961,186
Past due more than 12 months	-	-	1,391,000	24,738,447
Total	9,103,174	2,462,432	25,431,967	52,650,283
<u>Trade accounts receivable - unrelated parties</u>				
Not yet due and past due not over 3 months	1,479,392,607	1,105,099,906	212,995,169	206,027,256
Past due 3 - 12 months	61,577,951	5,580,740	24,117,058	73,228
Past due more than 12 months	18,983,569	14,378,588	1,881,122	1,570,718
Total	1,559,954,127	1,125,059,234	238,993,349	207,671,202
Less: Allowance for doubtful accounts	(13,697,608)	(12,849,181)	(2,580,708)	(1,769,706)
	1,546,256,519	1,112,210,053	236,412,641	205,901,496
Total trade accounts receivable - net	1,555,359,693	1,114,672,485	261,844,608	258,551,779

As at 31 December 2009, rights of claim over trade accounts receivable of the subsidiary of Baht 3.6 million have been transferred to a company as collateral to secure the loan facilities granted by that company under financial lease agreements (2010: Nil).

## 9. Inventories

(Unit: Baht)

	Consolidated financial statements					
	Cost		Allowance for diminution in value of inventories		Inventories-net	
	2010	2009	2010	2009	2010	2009
Finished goods	416,496,120	251,498,573	(39,684,648)	(29,621,881)	376,811,472	221,876,692
Raw materials	292,758,096	162,853,376	(10,158,480)	(35,638,482)	282,599,616	127,214,894
Work in process	180,359,180	288,165,552	(21,112,501)	(47,383,681)	159,246,679	240,781,871
Spare parts and supplies	120,243,708	90,248,260	(27,851,049)	(36,457,619)	92,392,659	53,790,641
Goods in transit	692,135	120,426	-	-	692,135	120,426
Total	1,010,549,239	792,886,187	(98,806,678)	(149,101,663)	911,742,561	643,784,524

(Unit: Baht)

## Consolidated financial statements

	Cost		Allowance for diminution in value of inventories		Inventories-net	
	2010	2009	2010	2009	2010	2009
Finished goods	64,203,125	33,603,162	(3,580,000)	(636,802)	60,623,125	32,966,360
Raw materials	33,439,364	39,692,314	(2,750,000)	-	30,689,364	39,692,314
Work in process	138,034,384	120,012,381	(2,070,000)	-	135,964,384	120,012,381
Spare parts and supplies	11,386,046	6,775,175	-	-	11,386,046	6,775,175
Total	247,062,919	200,083,032	(8,400,000)	(636,802)	238,662,919	199,446,230

As at 31 December 2010, various subsidiaries have pledged finished goods totaling approximately Baht 162.5 million (2009: Baht 86.5 million) to secure short-term loans from banks.

## 10. Restricted bank deposits

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

## 11. 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	
	2010	2009	2010 (%)	2009 (%)	2010	2009	2010	2009
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	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 3.5 million	100	100	196,744	136,377	-	-
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 100 million	Baht 100 million	100	100	100,000	100,000	-	-
AMaction Co., Ltd.	Baht 10 million	Baht 10 million	51	51	5,100	5,100	-	-
New Era Sales (M) SDN. BHD.	RM 1.5 million	Baht 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	-	-
A ERP Co., Ltd.	Baht 1.25 million	-	88	-	1,100	-	-	-
Katsuya (Thailand) Co., Ltd.	Baht 28.5 million	-	76	-	15,675	-	-	-
Dongfeng Commercial Vehicle Co., Ltd.	Baht 25 million	-	97	-	24,250	-	-	-
Total					3,920,713	3,819,321	1,000,000	-
Less: Allowance for impairment					(159,376)	(136,701)		
Net					3,761,337	3,682,620		



Significant transactions regarding the investments in subsidiary companies during 2010 and 2009 are as follows: -

- a) During the first quarter of 2009, the Company transferred its investment in Katsuya (Thailand) Co., Ltd. from investment in subsidiary to other investment because the Company no longer has management control over that company. In addition, the Company has provided no financial support to that company and is in the process of deciding whether dispose of the remaining investment.
- b) During the first quarter of 2009, Kunshan Chaitai-Xincheng Precision Forging Co., Ltd. increased its share capital by USD 1.15 million through the issue of dividend shares and cash collection, all of which acquired by the Company.
- c) During the first quarter of 2009, AAPICO Investment Pte. Ltd., a subsidiary of the Company, transferred investments in its subsidiary, A Maction Co., Ltd., to the Company. The Company also purchased additional investment in A Maction Co., Ltd. As a result, the Company directly holds 51% of the shares of A Maction Co., Ltd.
- d) During the second quarter of 2009, the Company purchased additional investments in New Era Sales (M) SDN. BHD., an associate, at a price of RM 0.1 million. As a result, the Company's percentage shareholding in that company rose from 40% to 49%. The Company therefore transferred this investment from investment in associate to investment in subsidiary because it is able to exercise management control over that company.
- e) During the third quarter of 2009, the Company invested in a 51% interest in the equity of AAPICO Technology Co., Ltd., a company registered in Thailand, at a cost of Baht 0.13 million.
- f) During the second quarter of 2010, the Company acquired a 88% equity interest in AERP Company Limited, a new company registered in Thailand, at a cost of Baht 1.1 million.
- g) During the second quarter of 2010, AAPICO Plastics Public Company Limited, a subsidiary, purchased an investment in Katsuya (Thailand) Co., Ltd. to gain benefits from the business chain. As a result, the Company's direct and indirect percentage of shareholding in that company rose to 76%. The Company therefore transferred this investment from other investments to investment in subsidiary.
- h) During the third quarter of 2010, the Company acquired a 97% equity interest in Dongfeng Commercial Vehicle Company Limited, a new company registered in Thailand, at a cost of Baht 24.3 million.
- i) During the fourth quarter of 2010, Kunshan Chaitai-Xincheng Precision Forging Co., Ltd. increased its share capital by USD 2.6 million through the issue of dividend shares and the issue of shares that were settled in cash, all of which were acquired by the Company.

The financial statements for the year ended 31 December 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	Total revenues
Tenaga Setia Resources SDN. BHD.	134	1,513
Kunshan Chaitai-Xincheng Precision Forging Co., Ltd.	593	758
AAPICO Shanghai Co., Ltd.	76	3
AAPICO ITS Co., Ltd.	74	36
AAPICO Mitsuike (Thailand) Co., Ltd.	124	381
A Maction Co., Ltd.	13	-
AAPICO Hitech Tooling Co., Ltd.	264	409
New Era Sales (M) SDN. BHD.	238	744
Total	1,516	3,844

The financial statements for the year ended 31 December 2009 of six 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	Total revenues
Tenaga Setia Resources SDN. BHD.	125	1,282
Kunshan Chaitai-Xincheng Precision Forging Co., Ltd.	470	560
AAPICO Shanghai Co., Ltd.	86	3
AAPICO ITS Co., Ltd.	146	37
AAPICO Hitech Tooling Co., Ltd.	138	18
New Era Sales (M) SDN. BHD.	171	303
Total	1,136	2,203

The financial statements of AAPICO Engineering Company Limited, AAPICO Investment Pte., Limited, AAPICO Technology Company Limited, A ERP Company Limited, Katsuya (Thailand) Company Limited and Dongfeng Commercial Vehicle Company Limited for the year ended 31 December 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.

The financial statements of AAPICO Engineering Company Limited, AAPICO Investment Pte., Limited, A Maction Company Limited, AAPICO Technology Company Limited and AAPICO Mitsuike (Thailand) Company Limited for the year ended 31 December 2009, 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.

## 12. Investments in associates

### 12.1 Details of associates:

(Unit: Thousand Baht)

			Consolidated financial statements							
			Shareholding percentage		Carrying amounts method					
					Cost		based on equity			
Company's name	Nature of business	Country of incorporation	2010 (%)	2009 (%)	2010	2009	2010	2009		
<u>Investments in associates directly held</u>										
<u>by the Company</u>										
Able Sanoh Industries (1996) Company Limited	Manufacture and distribution of autoparts	Thailand	46	46	30,700	30,700	278,048	211,375		
Sanoh Industries (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	20	20	29,250	29,250	39,254	28,327		
MINTH AAPICO (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	40	40	71,400	71,400	20,598	53,799		
Thai Takagi Seiko Company Limited	Distribution of dies	Thailand	49	-	13,229	-	10,586	-		
PAPAGO (Thailand) Company Limited	Development of software	Thailand	30	-	3,000	-	3,187	-		
Hyundai Motor (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	30	30	120,000	120,000	172,003	84,715		
Total							267,579	251,350	523,676	378,216

(Unit: Thousand Baht)

		Separate financial statements						
Company's name	Shareholding percentage		Cost		Provision for impairment of investments		Carrying amounts based on cost method - net	
	2010 (%)	2009 (%)	2010	2009	2010	2009	2010	2009
<u>Investments in associates directly held</u>								
<u>by the Company</u>								
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	71,400	71,400	-	-	71,400	71,400
Thai Takagi Seiko Company Limited	49	-	13,229	-	-	-	13,229	-
PAPAGO (Thailand) Company Limited	30	-	3,000	-	-	-	3,000	-
Hyundai Motor (Thailand) Company Limited	30	30	120,000	120,000	-	-	120,000	120,000
Total			267,579	251,350	(5,982)	(5,982)	261,597	245,368

## 12.2 Share of income/loss and dividend income

During the year, the Company has recognised its share of net income/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		Dividend income	
	during the year		during the year	
	2010	2009	2010	2009
<u>Investments in associates directly held by the Company</u>				
Able Sanoh Industries (1996) Company Limited	73,708	17,942	7,034	5,262
New Era Sales (M) SDN. BHD.	-	1,926	-	-
Sanoh Industries (Thailand) Company Limited	10,926	433	-	-
MINTH AAPICO (Thailand) Company Limited	(33,201)	(17,021)	-	-
Thai Takagi Seiko Company Limited	(2,643)	-	-	-
PAPAGO (Thailand) Company Limited	188	-	-	-
Hyundai Motor (Thailand) Company Limited	87,287	(16,243)	-	-
Total	136,265	(12,963)	7,034	5,262

## 12.3 Summarised financial information of associates

Financial information of the associates is summarised belows:

(Unit: Million Baht)

Company's name	Paid-up capital as		Total assets as		Total liabilities as at		Total revenues for		Net income (loss)	
	at 31 December		at 31 December		31 December		the years ended		for the years ended	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
<u>Investments in associates directly held by the Company</u>										
Able Sanoh Industries (1996) Company Limited	117.7	117.7	869.0	662.2	259.5	198.9	1,407.3	856.6	162.3	39.4
Sanoh Industries (Thailand) Company Limited	146.3	146.3	227.3	226.5	31.1	84.8	381.5	242.1	55.0	2.2
MINTH AAPICO (Thailand) Company Limited	178.5	178.5	466.2	463.6	406.2	317.8	610.6	14.2	(85.9)	(31.2)
Thai Takagi Seiko Company Limited	27.0	-	73.6	-	52.0	-	53.0	-	(5.5)	-
PAPAGO (Thailand) Company Limited	10.0	-	8.8	-	0.1	-	3.7	-	0.7	-
Hyundai Motor (Thailand) Company Limited	437.5	437.5	1,219.3	657.8	771.9	599.0	3,901.4	1,958.2	430.2	(49.5)

Significant transactions regarding the investments in associates during 2010 and 2009 are as follows: -

- a) During the first quarter of 2009, Jackspeed Corporation Limited, an associate of AAPICO Investment Pte. Ltd., increased its share capital by 21.6 million ordinary shares, with the company making no additional investment. As a result, the shareholding of AAPICO Investment Pte. Ltd., a subsidiary, has fallen from 20 percent to 18 percent, and the Company transferred the investment to other investment because it no longer has significant influence over that company.

- b) During the first quarter of 2009, the Company invested an additional Baht 35.7 million in MINTH AAPICO (Thailand) Company Limited since such company called-up additional unpaid share capital.
- c) During the last quarter of 2009, Hyundai Motor (Thailand) Company Limited, an associate of AAPICO ITS Co., Ltd., increased its share capital by issuing 37.5 million cumulative preferred shares, with AAPICO ITS Co., Ltd. making no additional investment.
- d) During the last quarter of 2009, AAPICO Investment Pte. Ltd., a subsidiary of the Company, disposed a whole investment of Katsuya International Pte. Ltd. to an overseas company, at a price of SGD 1, which approximates net book value of the investment.
- e) During the second quarter of 2010, the Company acquired a 49% equity interest in Thai Takagi Seiko Company Limited, a company registered in Thailand, at a cost of Baht 13.2 million.
- f) During the second quarter of 2010, the Company acquired a 30% equity interest in PAPAGO (Thailand) Company Limited, a company registered in Thailand, at a cost of Baht 3 million.
- g) The Company reclassified Baht 120 million of loans to AAPICO ITS Company Limited, a subsidiary, as investment in an associate in the separate financial statements since the Company's intention in providing the loans was to invest in Hyundai Motor (Thailand) Company Limited, an associate, through the subsidiary. The Company had presented the transaction in the consolidated financial statements as investment in an associate since the transaction occurred. In December 2010, the subsidiary entered into Share Transfer Agreement with respect to the shares of such associate.

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 year end 31 December 2010 were determined based on the financial statements audited by their auditors.

The Company's interest in the equity of New Era Sales (M) SDN. BHD. in the consolidated financial statements for the year end 31 December 2009 were determined based on the financial statements audited by its auditor.

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

The Company's interest in the equity of Sanoh Industries (Thailand) Company Limited, Katsuya International Pte. Limited and MINTH AAPICO (Thailand) Company Limited for the year ended 31 December 2009 were determined based on the unaudited financial statements of those companies.

### 13. Other long-term investment

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
<b>Available-for-sale securities</b>				
Marketable equity securities	160,666	193,305	-	-
Allowance for change in value	(86,269)	(89,059)	-	-
	74,397	104,246	-	-
<b>Other investments</b>				
Equity securities	-	15,675	-	15,675
Less: Allowance for impairment	-	(15,675)	-	(15,675)
	-	-	-	-
Total other long-term investments - net	74,397	104,246	-	-

### 14. Goodwill

(Unit: Million Baht)

	Balance as at	
	31 December	31 December
	2010	2009
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	(100)	(100)
Net	1,287	1,287

As at 31 December 2010, 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 2010 and 2009, the Company determined that the Baht 100 million allowance for impairment of goodwill of AAPICO Forging Public Company Limited that was recorded in the accounts was adequate, based on discounted cash flow projections of the subsidiary prepared under current circumstances. Pre-tax discount rates of 9.28% p.a. and 8.97% p.a. respectively, 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.



## 15. Property, plant and equipment

(Unit: Baht)

### Consolidated financial statements

	Land	Building and Improvements	Machinery and factory equipment	Motor vehicles and office equipment	Building under construction, machinery and factory equipment under production/ installation	Total
<b>Cost</b>						
31 December 2009	645,174,632	1,525,033,607	5,828,774,647	216,238,941	934,856,968	9,150,078,795
Acquisitions	3,177,690	20,028,121	134,393,952	37,004,679	867,546,788	1,062,151,230
Disposals/Write-off	(492,731)	(43,461,735)	(97,070,586)	(27,600,123)	(8,655,589)	(177,280,764)
Transfer in (out)	-	279,018,255	561,517,485	3,338,663	(823,482,872)	20,391,531
Capitalised interest	-	-	-	-	1,616,896	1,616,896
Acquisition of subsidiary during the year	-	2,200,810	26,514,560	2,598,072	-	31,313,442
Adjustment during the year	-	(21,014,894)	(2,234,722)	-	-	(23,249,616)
Translation adjustment	-	(2,486,682)	(24,330,399)	(722,471)	-	(27,539,552)
31 December 2010	647,859,591	1,759,317,482	6,427,564,937	230,857,761	971,882,191	10,037,481,962
<b>Accumulated depreciation</b>						
31 December 2009	-	443,093,501	3,566,714,532	156,267,353	-	4,166,075,386
Depreciation for the year	-	69,241,279	326,081,170	23,421,566	-	418,744,015
Depreciation on disposals/ write-off	-	(21,468,165)	(80,469,411)	(15,226,448)	-	(117,164,024)
Acquisition of subsidiary during the year	-	1,020,968	20,345,431	2,592,438	-	23,958,837
Adjustment during the year	-	(3,663,108)	(326,783)	-	-	(3,989,891)
Translation adjustment	-	(1,458,714)	(9,088,866)	(592,019)	-	(11,139,599)
31 December 2010	-	486,765,761	3,823,256,073	166,462,890	-	4,476,484,724
<b>Allowance for impairment loss</b>						
31 December 2009	-	-	8,694,887	-	-	8,694,887
Increase during the year	-	-	5,569,938	-	-	5,569,938
31 December 2010	-	-	14,264,825	-	-	14,264,825
<b>Net book value</b>						
31 December 2009	645,174,632	1,081,940,106	2,253,365,228	59,971,588	934,856,968	4,975,308,522
31 December 2010	647,859,591	1,272,551,721	2,590,044,039	64,394,871	971,882,191	5,546,732,413
<b>Depreciation for the years</b>						
2009						368,250,704
2010						418,744,015

(Unit: Baht)

## Separate financial statements

	Land	Building and Improvements	Machinery and factory equipment	Motor vehicles and office equipment	Building under construction, machinery and factory equipment under production/ installation	Total
<b>Cost</b>						
31 December 2009	110,957,141	172,815,393	486,594,445	55,534,760	606,093,516	1,431,995,255
Acquisitions	-	13,662,620	11,168,759	10,083,267	161,154,204	196,068,850
Disposals/write-off	-	-	(880,000)	(5,370,980)	-	(6,250,980)
Transfer in (out)	-	277,725,402	1,336,929	552,400	(279,625,724)	(10,993)
Capitalised interest	-	-	-	-	1,462,973	1,462,973
31 December 2010	110,957,141	464,203,415	498,220,133	60,799,447	489,084,969	1,623,265,105
<b>Accumulated depreciation</b>						
31 December 2009	-	101,834,558	314,735,334	48,000,995	-	464,570,887
Depreciation for the year	-	23,368,387	28,102,129	5,874,447	-	57,344,963
Depreciation on disposals/ write-off	-	-	(879,999)	(5,338,402)	-	(6,218,401)
31 December 2010	-	125,202,945	341,957,464	48,537,040	-	515,697,449
<b>Net book value</b>						
31 December 2009	110,957,141	70,980,835	171,859,111	7,533,765	606,093,516	967,424,368
31 December 2010	110,957,141	339,000,470	156,262,669	12,262,407	489,084,969	1,107,567,656
<b>Depreciation for the years</b>						
2009						44,822,403
2010						57,344,963

Construction of the project has been financed with loans from banks and borrowing costs totaling approximately Baht 1.6 million and Baht 11.9 million were capitalised during the years ended 31 December 2010 and 2009, respectively. The weighted average rates used to determine the amount of borrowing costs eligible for capitalisation were 3.4% and 3.7%, respectively.

As at 31 December 2010, the Group had machinery, motor vehicles and equipment under finance lease agreements with net book values amounting to Baht 6.8 million (2009: Baht 24.6 million).

As at 31 December 2010 and 2009, certain machinery and equipment items of the Group have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation and allowance for impairment loss) of those assets amounted to approximately Baht 2,779 million and Baht 2,531 million, respectively (Separate financial statements: Baht 230 million and Baht 215 million, respectively).

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 (2009: Baht 522 million) as collateral for credit facilities granted by banks.

## 16. Leasehold right

(Unit: Baht)

	Consolidated financial statements	
	2010	2009
Cost	138,388,491	142,409,533
Accumulated amortisation	(20,845,821)	(16,168,486)
Translation adjustment	598,966	(3,934,780)
Net book value	118,141,636	122,306,267
Amortisation expenses included in the income statements for the year	4,765,193	4,737,642

Subsidiaries have pledged their land leasehold right with a net book value as at 31 December 2010 of Baht 112 million (2009: Baht 117 million) as collateral for credit facilities granted by banks.

## 17. Intangible assets

(Unit: Baht)

	Consolidated financial statements		
	Computer software	Cost of product development	Total
<b>Cost:</b>			
At 1 January 2009	89,332,987	48,363,827	137,696,814
Addition during the year	6,374,599	-	6,374,599
<b>At 31 December 2009</b>	95,707,586	48,363,827	144,071,413
Addition during the year	3,994,570	7,152,016	11,146,586
Transfer in	2,416,456	-	2,416,456
<b>At 31 December 2010</b>	102,118,612	55,515,843	157,634,455
<b>Amortisation:</b>			
At 1 January 2009	29,454,835	8,595,200	38,050,035
Amortisation	9,541,735	2,198,655	11,740,390
<b>At 31 December 2009</b>	38,996,570	10,793,855	49,790,425
Amortisation	10,231,406	3,295,602	13,527,008
Transfer in	639,067	-	639,067
<b>At 31 December 2010</b>	49,867,043	14,089,457	63,956,500
<b>Net book value:</b>			
At 31 December 2010	52,251,569	41,426,386	93,677,955
At 31 December 2009	56,711,016	37,569,972	94,280,988

(Unit: Baht)

	Separate financial statements	
	Computer software	
<b>Cost:</b>		
<b>At 1 January 2009</b>		56,183,736
Addition during the year		892,000
<b>At 31 December 2009</b>		57,075,736
Transfer during the year		203,150
<b>At 31 December 2010</b>		57,278,886

(Unit: Baht)

<b>Separate financial statements</b>	
<b>Computer software</b>	
<b>Amortisation:</b>	
At 1 January 2009	16,195,669
Amortisation	5,424,713
<b>At 31 December 2009</b>	<b>21,620,382</b>
Amortisation	5,151,212
<b>At 31 December 2010</b>	<b>26,771,594</b>
<b>Net book value:</b>	
At 31 December 2010	30,507,292
At 31 December 2009	35,455,354

**18. Non-operating assets**

(Unit: Baht)

<b>Consolidated financial statements</b>		
	<b>2010</b>	<b>2009</b>
Land and building	47,200,000	47,200,000
Less: Accumulated depreciation	(868,738)	(868,738)
Accumulated allowance for impairment loss	(1,331,262)	(1,331,262)
<b>Net book value</b>	<b>45,000,000</b>	<b>45,000,000</b>

**19. Bank overdrafts and short-term loans from banks**

(Unit: Baht)

<b>Interest rate (percent per annum)</b>		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Trust receipt payable	0.75% above the bank's cost of fund	70,448,231	75,032,225	-	-
Short-term loan from banks	2.90% - 7.25%	606,896,560	586,964,689	398,000,000	405,000,000
<b>Total</b>		<b>677,344,791</b>	<b>661,996,914</b>	<b>398,000,000</b>	<b>405,000,000</b>

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.

As at 31 December 2009, bank overdrafts and short-term loans from banks are secured by the mortgage of certain land and building thereon of the 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.

## 20. Long-term loans

(Unit: Baht)

Loan	Interest rate (%)	Repayment schedule	Consolidated		Separate	
			financial statements		financial statements	
			2010	2009	2010	2009
1	THBFIX +0.65%	Repayable in quarterly installments of Baht 75 million each from December 2008 to September 2012	525,000,000	825,000,000	525,000,000	825,000,000
2	THBFIX +0.4%	Repayable in 36 monthly installments, with the first of these due in July 2008	-	122,000,000	-	122,000,000
3	Fixed deposit +2.25%	Repayable in 60 monthly installments of Baht 6.7 million, with the first of these due in December 2008	232,500,000	312,900,000	232,500,000	312,900,000
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	93,889,750	79,581,053	-	-
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	16,995,921	60,410,148	-	-
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	240,000,000	360,000,000	240,000,000	360,000,000
7	FDR + 2.88% and FDR + 3.3%	Repayable in 60 monthly installments, with the first of these due in January 2011	1,617,000,000	535,000,000	1,617,000,000	535,000,000
8	MLR - 1.75%	Repayable in quarterly installments within 5 years, with the first of these due in March 2011	893,000,000	-	893,000,000	-
9	MLR	Installment repayable to December 2011	1,798,391	-	-	-
Total			3,620,184,062	2,294,891,201	3,507,500,000	2,154,900,000
Less: Current portion			(729,333,310)	(1,408,089,625)	(705,050,000)	(1,379,900,000)
Long-term loans - net			2,890,850,752	886,801,576	2,802,450,000	775,000,000

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.

As at 31 December 2009, the Company was unable to maintain some financial ratios stipulated in the agreements with certain banks and it was in the process of requesting a waiver from the banks. However, to comply with TAS 35, the Company classified the whole amount of the related debt, including the long-term portion, as current liabilities. During the current year, the Company received a waiver from the requirement to maintain such ratios from the banks and loan classification as of 31 December 2010 is thus in accordance with the repayment schedule specified in the loan agreements.

## 21. Liabilities under finance lease agreements

(Unit: Baht)

<b>Consolidated financial statements</b>		
	<b>2010</b>	<b>2009</b>
Liabilities under finance lease agreements	7,502,295	5,621,006
Less : Deferred interest expenses	(771,958)	(404,107)
Total	6,730,337	5,216,899
Less : Portion due within one year	(1,731,640)	(2,794,905)
Liabilities under finance lease agreements - net of current portion	4,998,697	2,421,994

The 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 2010, Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Baht)

	<b>Less than 1 year</b>	<b>1-5 years</b>	<b>Total</b>
Future minimum lease payments	1,950,760	5,551,535	7,502,295
Deferred interest expenses	(219,120)	(552,838)	(771,958)
Present value of future minimum lease payments	1,731,640	4,998,697	6,730,337

## 22. Treasury shares

Details of treasury shares as at 31 December 2009 are as follows: -

<b>Consolidated and separate financial statements</b>	
Value of treasury shares (Thousand Baht)	192,810
Number of treasury shares (Thousand shares)	13,486
Average price per share (Baht)	14.30
Percentage of the Company's shares in issue which are treasury shares	4.78

Any shares bought back were to be resold on the Stock Exchange of Thailand during the period from 1 June 2007 to 28 November 2009. Resale of shares, cancellations of the repurchased shares and reductions of share capital were to conform with the 2001 Ministerial Regulations on the principles and procedures for the repurchase and resale of shares. The determination of the resale price would take into account the prevailing market price at the time of sale.



The meeting of the Board of Directors of the Company held on 8 December 2009 passed a resolution approving a decrease in the Company's registered and paid-up share capital because the period for the Company to hold treasury shares had ended and the Company had not resold the shares. The Company registered the decrease in its registered and paid-up share capital, by 13,485,700 ordinary shares with a par value of Baht 1 each, with the Ministry of Commerce on 18 January 2010. The Company recorded the Baht 179 million excess of the cost of the treasury shares over the par value of the ordinary shares as a reduction against unappropriated retained earnings and reversed reserve for treasury shares against unappropriated retained earnings.

### 23. 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.

### 24. Dividends

(Unit: Baht)

	Approved by	Total dividends	Dividend per share
Interim dividends for 2010	Board of Directors' meeting on		
	13 August 2010	69,907,058	0.26

### 25. 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.

## 26. Expenses by nature

Significant expenses by nature are as follow:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Salary and wages and other employee benefits	924,797,790	609,111,332	159,275,438	144,923,293
Depreciation	418,744,015	368,250,704	57,344,963	44,822,403
Loss on impairment of assets	5,569,938	5,486,269	-	-
Amortisation expenses	18,292,201	16,478,032	5,151,212	5,424,713
Warranty provisions	(1,479,318)	1,750,710	-	-
Rental expenses from operating lease agreements	35,778,630	35,640,059	4,095,885	4,103,286
Raw materials and consumables used	5,702,802,404	5,246,333,108	781,178,149	668,415,520
Changes in finished goods and work in process	(57,191,175)	18,479,236	(48,621,966)	8,328,329

## 27. Promotional privileges

The Company has received promotional privileges from the Board of Investment for the manufacture of stamping parts, pursuant to the promotion certificate No. 1470(2)/2546 issued on 4 September 2003. 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 activity commenced generating revenues (5 August 2004) and exemption from income tax on dividends paid from the profit of the 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: Baht)

	Separate financial statements					
	2010			2009		
	Promoted operations	Non-promoted operations	Total	Promoted operations	Non-promoted operations	Total
Sales and service income						
Domestic	227,591,526	1,525,813,017	1,753,404,543	170,855,537	997,537,045	1,168,392,582
Export	-	3,240,173	3,240,173	-	2,156,182	2,156,182
Total	227,591,526	1,529,053,190	1,756,644,716	170,855,537	999,693,227	1,170,548,764

The five 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
<b>AAPICO Hitech Parts Company Limited</b>			
Manufacture of stamping parts	-	16 November 2006	-
<b>AAPICO Hitech Tooling Company Limited</b>			
Manufacture of autoparts	-	-	Not yet utilised
<b>AAPICO ITS Company Limited</b>			
Software operation	-	-	1 January 2010
<b>AAPICO Plastics Public Company Limited</b>			
Manufacture of plastic parts	Not yet utilised	-	-
Manufacture of plastic fuel tank	-	-	10 June 2009
<b>A Maction Company Limited</b>			
Development of software	-	-	4 January 2010

## 28. Earnings per share

Basic earnings (loss) per share is calculated by dividing the net income (loss) for the year by the weighted average number of ordinary shares held by outside shareholders in issue during the year by net from the treasury stock held by the Company.

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.

## 29. 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 2010, the Group contributed Baht 10.3 million (2009: Baht 6 million) to the funds.

## 30. Commitment and contingent liabilities

### 30.1 Capital commitments

- As at 31 December 2010, the Group had capital commitments of approximately Baht 92.7 million, USD 0.2 million, RMB 18.2 million and Euro 0.4 million, totalling Baht 292.9 million, relating to the purchase of plots of land, construction of factory buildings, and acquisition of machinery from third parties; and commitments of Baht 4.2 million, relating to the acquisition of computer software from a related company.
- As at 31 December 2010, the Company had outstanding commitment of Baht 94.1 million in respect of uncalled portion of investments in its subsidiaries.

### 30.2 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 2010, 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	14.1
1 to 5 years	22.2
More than 5 years	5.4

### 30.3 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 2010 amounted to approximately Baht 28.4 million.

### 30.4 Guarantee

- a) As at 31 December 2010, the Company had guaranteed bank credit facilities of its subsidiary companies amounting to Baht 15 million, RMB 8 million and USD 12 million.
- b) As at 31 December 2010, there were outstanding bank guarantees of approximately Baht 81.9 million and RM 13.3 million issued by banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 22.4 million and RM 13.3 million to guarantee contractual performance and Baht 59.5 million to guarantee electricity use, among others.

## 31. 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 geographic areas in Thailand, The People's Republic of China and Malaysia. Below is the consolidated financial information for the years ended 31 December 2010 and 2009 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	
	2010	2009	2010	2009	2010	2008	2010	2009
Revenues from external customers								
Thailand	7,497	4,522	863	503	-	-	8,360	5,025
The People's Republic of China	754	525	-	-	-	-	754	525
Malaysia	-	-	2,230	1,564	-	-	2,230	1,564
Intersegment revenues	1,080	351	19	1	(1,099)	(352)	-	-
Total revenues	9,331	5,398	3,112	2,068	(1,099)	(352)	11,344	7,114
Segment income	735	259	166	128	(72)	(29)	829	358
Unallocated income and expenses:								
Exchange gain (loss)							6	(8)
Other income							408	251
Selling expenses							(198)	(99)
Administrative expenses							(451)	(423)
Management's remuneration							(26)	(24)
Share of income (loss) of associates							136	(13)
Finance cost							(176)	(128)
Corporate income tax							(134)	(30)
Net income (loss)							394	(116)
Property, plant and equipment								
Thailand	4,797	4,210	195	198	218	305	5,210	4,713
The People's Republic of China	272	255	-	-	(3)	(4)	269	251
Malaysia	-	-	68	12	-	-	68	12
Other assets								
Thailand	7,796	7,021	235	110	(2,812)	(3,150)	5,219	3,981
The People's Republic of China	565	421	-	-	(166)	(116)	399	305
Malaysia	-	-	324	283	(15)	-	309	283
Total assets	13,430	11,907	822	603	(2,778)	(2,965)	11,474	9,545

Transfer prices between business segments are as set out in Note 6.

### 32. Subsequent events

The meeting of the Company's Board of Directors, held on 1 March 2011 passed a resolution to propose the payment of a dividend of Baht 0.21 per share, or a total of approximately by Baht 56 million, to be paid in May 2011, for approval by the Annual General Meeting of the Company's shareholders, which will be held in April 2011.

### 33. Financial instruments

#### 33.1 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, a subsidiary is 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 2010, the Company has outstanding interest rate swap agreements with the banks as follows:

Notional amount	Interest Receipt Rate	Interest Payment Rate	Due date
(Million Baht)			
525	THBFIX plus 0.65%	Fixed rate at 4.77%	28 September 2012
120	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
400	FDR plus 3.3%	Fixed rate at 5.65%	30 December 2015
395	MLR minus 1.75%	Fixed rate at 5.33%	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.

As at 31 December 2010, the Group had outstanding forward foreign exchange contracts for the sale of USD 1.8 million at the rates of Baht 31.4 - 31.5 per USD 1.

## 33.2 Fair values of financial instruments

As at 31 December 2010, the Company had unrealised loss from change in the fair value of interest rate swap agreements of approximately Baht 9 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 balance sheets.

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.

## 34. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

According to the balance sheet as at 31 December 2010, the Group's debt-to-equity ratio was 1.49:1 (2009: 1.22:1) and the Company's was 1.23:1 (2009: 1.58:1).



### 35. Reclassification

Certain amounts in the financial statements for the year ended 31 December 2009 have been reclassified to conform to the current year's classification but with no effect to previously reported net loss or shareholders' equity. The significant reclassifications are as follows:

(Unit: Baht)

	Separate financial statements	
	As reclassified	As previously reported
Advances and short-term loans to related parties - net	273,277,073	283,429,920
Long-term loans to related parties	2,395,493,350	2,500,763,350
Investments in associates - net	245,368,111	125,368,111
Advances and short-term loans from related parties	1,526,912,910	1,522,335,757

### 36. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 1 March 2011.

# Company Contact Information

## OEM Auto Parts Manufacturing

Country		Holding		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
			7/289 Moo 6 Amata City Industrial Estate Tambol Mabyangporm Ampur Pluakdaeng Rayong Province 21140	Tel : (66) 38 650 888-90 Fax : (66) 38 650 804
			Rm. 606, 6 <sup>th</sup> floor, The offices at Central World 999/9 Rama I Rd., Pratumwan Bangkok Province 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 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 10270	Tel : (66) 2 315 3456 Fax : (66) 2 315 3334
			7/288 Moo 6 Amata City Industrial Estate Tambol Mabyangporm 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 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 Mabyangporm 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 Mabyangporm Ampur Pluakdaeng Rayong Province 21140	Tel : (66) 38 956 250 Fax : (66) 38 956 252
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 Waqingsong 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 17) 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.	22%	38 Q. House Convent Bldg., 3 <sup>rd</sup> Floor, Convent Road Silom Bangrak Bangkok Province 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%	No. 109 Jalan Pudu 55100 Kuala Lumpur	Tel : (60) 3 2032 3153 (60) 3 2032 3587 Fax : (60) 3 2072 0028
	Tenaga Setia Resources Sdn. Bhd.	49%	Lot 8229 Jalan 222 Section 51 A 46100 Petaling Jaya Selangor	Tel : (60) 3 7957 6511 (60) 3 7957 5590 Fax : (60) 3 7957 8718

## 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
	AMaction 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.	30%	184/232 33 Flr Forum Tower Ratchadapisek Road Huaykwang, Bangrak 10310	Tel : (66) 2 645 4117

## 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
Malaysia	AAPICO Engineering Sdn. Bhd.	49%	Lot 8229 Jalan 222 Section 51 A 46100 Petaling Jaya Selangor	Tel : (60) 3 7957 6511 (60) 3 7957 5590 Fax : (60) 3 7957 8718
Singapore	AAPICO Investment Pte. Ltd.	100%	745 TOA Payoh Lorong 65, The Actuary #03-01, Singapore 319455	Tel : (65) 6836 1919

## 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
Singapore	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
Thailand	Katsuya (Thailand) Co., Ltd.	76%	229/104-105 Moo 1 Taparuk Rd., Tambol Bangsaothong Ampur Bangsaothong Samutprakarn Province 10270	Tel : (66) 2 706 5915-9 Fax : (66) 2 706 5910

## References

### 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 Ltd. : Auditor

Address : 33<sup>rd</sup> floor, Lake Rajada Building  
 193/136-137 New Rajadapisek Road, Bangkok 10110  
 Telephone : (66) 2 264 077, (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, 5<sup>th</sup> Floor, Wireless Road, Lumpini, Patumwan, Bangkok 10330  
 Telephone : (66) 2 665 2112  
 Fax : (66) 2 665 2118

# Corporate Information

Information as of December 31, 2010

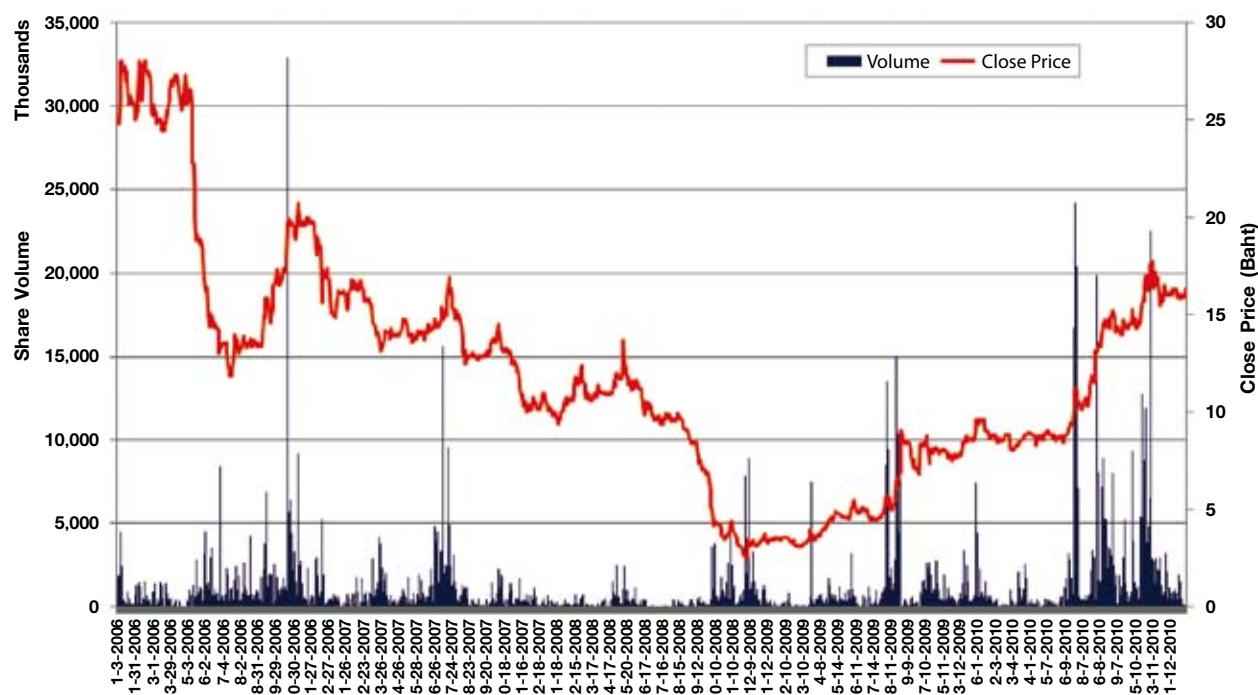
<b>Abbreviation</b>	AH				
<b>Registration Number</b>	0107545000179				
<b>Type of Business</b>	Design, produce, and install assembly jigs, stamping die, and OEM auto parts which include floor parts, cross members, pillars, brackets, clips, fuel tanks, etc.				
<b>Website</b>	www.aapico.com				
<b>Established</b>	1996				
<b>First day of Exchange in SET</b>	17 October 2002				
<b>Address</b>	: 99 Moo 1 Hitech Industrial Estate Tambol Ban Lane Ampur Bang Pa-in Ayuthaya Province 13160				
<b>Registered Capital</b>	: 271,697,900 Baht	Consist of	Ordinary	229,337,900	shares*
			Preferred	42,360,000	shares*
<b>Paid-Up Capital</b>	: 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 32.81% 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 January 2006 - 2010



## **AAPICO HITECH PUBLIC COMPANY LIMITED**

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Office : Room No.606, 6<sup>th</sup> 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](mailto:aapico@aapico.com) Website : [www.aapico.com](http://www.aapico.com)