

AAPICO Hitech Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the years ended 31 December 2011 and 2010

1. General information

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

2. Basis of preparation

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

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

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

2.2 Basis of consolidation

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

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

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

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

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

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

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

3. Adoption of new accounting standards during the year

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

Accounting standards:

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs

TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property

Financial reporting standards:

TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources

Financial Reporting Standard Interpretations:

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

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

TAS 19 Employee Benefits

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

The Company and its subsidiaries have changed this accounting policy in the current year and recognise the liability in the transition period through an adjustment to the beginning balance of retained earnings in the current year. The change has the effect of decreasing the profit of the Company and its subsidiaries for the year 2011 by Baht

9 million, (0.04 Baht per share) (Separate financial statements: decreasing profit by Baht 2 million, or 0.01 Baht per share).

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

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

Accounting standards:

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

Accounting Standard Interpretations:

SIC 10	Government Assistance - No Specific Relation to Operating Activities
SIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
SIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

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

TAS 12 Income Taxes

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

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

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

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

6. Significant accounting policies

6.1 Revenue recognition

Sales of goods

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

Rendering of services

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

Interest income

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

Dividends

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

6.2 Cash and cash equivalents

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

6.3 Trade accounts receivable

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

6.4 Inventories

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

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

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

6.5 Investments

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

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

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

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

6.6 Property, plant and equipment/Depreciation

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

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

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

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

6.7 Borrowing costs

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

6.8 Intangible assets and amortisation

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

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

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

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

6.9 Goodwill

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

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

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

6.10 Related party transactions

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

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

6.11 Long-term leases

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

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

6.12 Foreign currencies

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

Gains and losses on exchange are included in determining income.

6.13 Impairment of assets

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

An impairment loss is recognised in profit or loss.

6.14 Income tax

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

6.15 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law and other

employee benefit plans. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

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

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

6.16 Interest rate swap contracts

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

6.17 Provisions

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

7. Significant accounting judgments and estimates

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

Leases

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

Allowance for doubtful accounts

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

Impairment of equity investments

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

Property plant and equipment/Depreciation

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

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

Goodwill and intangible assets

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

Provision for product warranty

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

Post-employment benefits under defined benefit plans

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

Litigation

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

8. Related party transactions

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

(Unit: Million Baht)

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

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

(Unit: Thousand Baht)

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

Loans to related parties and loan from related parties

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

(Unit: Thousand Baht)

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

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

(Unit: Thousand Baht)

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

Directors and management's benefits

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

(Unit: Million Baht)

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

Guarantee obligations with related parties

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

9. Cash and cash equivalents

(Unit: Thousand Baht)

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

10. Trade and other receivables

(Unit: Thousand Baht)

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

Total trade receivables - related parties	<u>14,992</u>	<u>9,103</u>	<u>53,900</u>	<u>25,432</u>
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(Unit: Thousand Baht)

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

11. Inventories

(Unit: Thousand Baht)

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

(Unit: Thousand Baht)

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

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

12. Restricted bank deposits

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

13. Investments in associates

13.1 Details of associates:

(Unit: Thousand Baht)

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

(Unit: Thousand Baht)

Company's name	Separate financial statements							
	Shareholding percentage		Cost		Allowance for impairment of investments		Carrying amounts based on cost method - net	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</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	151,400	71,400	-	-	151,400	71,400
Thai Takagi Seiko Company Limited	49	49	13,229	13,229	-	-	13,229	13,229
PAPAGO (Thailand) Company Limited	30	30	7,500	3,000	-	-	7,500	3,000
Hyundai Motor (Thailand) Company Limited	30	30	120,000	120,000	-	-	120,000	120,000
Total			<u>352,079</u>	<u>267,579</u>	<u>(5,982)</u>	<u>(5,982)</u>	<u>346,097</u>	<u>261,597</u>

13.2 Share of income/loss and dividend income

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

(Unit: Thousand Baht)

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

13.3 Summarised financial information of associates

Financial information of the associates is summarised belows:

(Unit: Million Baht)

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

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

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

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

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

14. Investments in subsidiaries

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

(Unit: Thousand Baht)

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

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

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

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

(Unit: Million Baht)

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

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

15. Other long-term investment

(Unit: Thousand Baht)

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

16. Property, plant and equipment

(Unit: Thousand Baht)

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

(Unit: Thousand Baht)

Consolidated financial statements

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

(Unit: Thousand Baht)

Separate financial statements

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

(Unit: Thousand Baht)

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

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

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

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

17. Leasehold right

(Unit: Thousand Baht)

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

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

(Unit: Thousand Baht)

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

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

18. Goodwill

(Unit: Million Baht)

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

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

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

19. Intangible assets

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

(Unit: Thousand Baht)

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

(Unit: Thousand Baht)

	Separate financial statements
	Computer software
Cost:	
At 1 January 2010	57,076
Addition during the year	203
At 31 December 2010	57,279
Addition during the year	528
At 31 December 2011	57,807

	(Unit: Thousand Baht)
	Separate financial statements
	<u>Computer software</u>
Accumulated amortisation:	
At 1 January 2010	21,621
Amortisation	5,151
At 31 December 2010	26,772
Amortisation	5,186
At 31 December 2011	31,958
Net book value:	
At 31 December 2011	25,849
At 31 December 2010	30,507

20. Non-operating assets

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

21. Bank overdrafts and short-term loans from banks

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

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

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

22. Trade and other payables

(Unit: Thousand Baht)

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

23. Long-term loans

(Unit: Thousand Baht)

Loan	Interest rate (%)	Repayment schedule	Consolidated financial statements		Separate financial statements	
			<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
1	THBFIX+0.65%	Repayable in quarterly installments of Baht 75 million each from December 2008 to September 2012	225,000	525,000	225,000	525,000
2	MLR - 1.9%	Repayable in monthly installments within 5 years, with the first of these due in April 2011	339,700	-	339,700	-
3	Fixed deposit+2.25%	Repayable in 60 monthly installments of Baht 6.7 million, with the first of these due in December 2008	152,100	232,500	152,100	232,500
4	Interest rates based on the interest rates announced by bank in Malaysia, minus 1.5%	Repayable in 180 monthly installments, with the first of these due in March 2008	147,860	93,890	-	-
5	LIBOR + 3.0% and interest rates based on the interest rates announced by a bank in the People's Republic of China	Repayable in 34 monthly installments, with the first of these due in October 2009	-	16,996	-	-

(Unit: Thousand Baht)

Loan	Interest rate (%)	Repayment schedule	Consolidated financial statements		Separate financial statements	
			2011	2010	2011	2010
6	THBFIX+3.5%	Repayable in quarterly installments of Baht 20 million each from July 2009 to April 2010 and Baht 40 million each from July 2010 to April 2012	80,000	240,000	80,000	240,000
7	FDR + 2.88% and FDR + 3.3%	Repayable in 60 monthly installments, with the first of these due in January 2011	1,880,000	1,617,000	1,880,000	1,617,000
8	MLR - 1.75%	Repayable in quarterly installments within 5 years, with the first of these due in March 2011	1,079,350	893,000	1,079,350	893,000
9	MLR	Installment repayable to December 2011	448	1,798	-	-
10	Interest rates based on PBOC rate (Interest rates based on the People's Republic of China)	Repayable in quarterly installments within 3 years, with the first of these due in December 2012	108,456	-	-	-
Total			4,012,914	3,620,184	3,756,150	3,507,500
Less: Current portion			(840,887)	(729,333)	(832,600)	(705,050)
Long-term loans - net of current portion			3,172,027	2,890,851	2,923,550	2,802,450

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

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

24. Liabilities under finance lease agreements

(Unit: Thousand Baht)

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

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

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

(Unit: Thousand Baht)

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

25. Provision for long-term employee benefits

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

(Unit: Thousand Baht)

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

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

Principal actuarial assumptions at the valuation date were as follows:

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

26. Preferred shares

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

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

27. Dividends

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

28. Statutory reserve

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

29. Expenses by nature

Significant expenses by nature are as follow:

(Unit: Thousand Baht)

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

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

30. Promotional privileges

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

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

(Unit: Thousand Baht)

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

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

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

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

31. Earnings per share

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

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

32. Provident fund

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

33. Commitment and contingent liabilities

33.1 Capital commitments

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

33.2 Operating lease and service commitments

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

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

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

33.3 Long-term service commitments

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

33.4 Guarantee

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

to Baht 49 million and USD 0.2 million to guarantee contractual performance and Baht 24 million and RM 0.2 million to guarantee electricity use, among others.

34. Litigation

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

35. Segment information

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

(Unit: Million Baht)

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

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

36. Financial instruments

36.1 Financial risk management

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

Credit risk

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

Interest rate risk

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

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

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

Foreign currency risk

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

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

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

36.2 Fair values of financial instruments

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

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

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

37. Capital management

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

38. Reclassification

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

39. Approval of financial statements

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

