

**AAPICO Hitech Public Company Limited and its subsidiaries**

**Notes to consolidated interim financial statements**

**For the three-month periods ended 31 March 2012 and 2011**

**1. General information**

**1.1 Basis for the preparation of interim financial statements**

These interim financial statements are prepared in accordance with Accounting Standard No. 34 (revised 2009) "Interim Financial Reporting", with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, income statement, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events, and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

**1.2 Basis of consolidation**

These consolidated financial statements include the financial statements of AAPICO Hitech Public Company Limited and its subsidiaries ("the Group") and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2011. During the current period, there was no change in the structure of the Group.

**1.3 New accounting standard issued during the year not yet effective**

During the current period, the Federation of Accounting Professions issued the financial reporting standard No 8: Operating Segments, which is effective for fiscal years beginning on or after 1 January 2013.

(Unaudited but reviewed)

The Company's management believes that this financial reporting standard will not have any significant impact on the financial statements when it is initially applied.

#### 1.4 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2011.

## 2. Related party transactions

During the three-month periods ended 31 March 2012 and 2011, 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)

	For the three-month periods ended 31 March				Transfer Pricing Policy
	Consolidated financial statements		Separate financial statements		
	2012	2011	2012	2011	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods and services	-	-	36	30	Cost plus margin, averaging around 1% - 5%
Interest income	-	-	47	35	4.9% - 5.1% p.a. (2011: 4% - 4.7% p.a.)
Interest expense	-	-	-	2	2% and 2.3% p.a.
Purchases of goods and services	-	-	42	52	Cost plus margin of 10% - 40%
Purchases of equipment	-	-	4	-	Cost plus margin, averaging around 50%
Rental income	-	-	1	1	Close to rental rates for other building in the vicinity
Management fee income	-	-	1	1	Approximate cost
Dividend income	-	-	-	320	As declared
Other income	-	-	2	1	Approximate cost
Other expense	-	-	1	-	Approximate cost
<u>Transactions with associated companies</u>					
Sales of goods and services	19	10	-	-	Cost plus margin, averaging around 5% - 35% and cost minus, averaging around 20% - 30%
Purchases of goods and services	20	9	2	8	Cost plus margin of 1% - 5% and 20% - 50%
Interest income	-	1	-	1	5% p.a.
Dividend income	122	-	122	-	As declared
<u>Transactions with related parties</u>					
Sales of goods and services	-	1	-	-	Cost plus margin of 11%
Purchases of goods and services	125	118	-	-	Cost plus margin of 5% - 20%
Management fee expense	2	2	2	2	Approximate cost
Purchase of machinery	-	16	-	-	Cost plus margin

(Unaudited but reviewed)

As at 31 March 2012 and 31 December 2011, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2012	31 December 2011	31 March 2012	31 December 2011
<b><u>Trade and other receivables - related parties (Note 4)</u></b>				
Subsidiaries	-	-	309,863	298,533
Associates	43,756	30,436	16,290	15,683
Related companies (common shareholder/director)	241	116	117	117
	<u>43,997</u>	<u>30,552</u>	<u>326,270</u>	<u>314,333</u>
<b><u>Trade and other payables - related parties (Note 12)</u></b>				
Subsidiaries	-	-	130,864	67,513
Associates	24,432	3,880	10,330	7,875
Related companies (common shareholder/director)	161,792	296,041	2,400	2,400
	<u>186,224</u>	<u>299,921</u>	<u>143,594</u>	<u>77,788</u>

#### Loans to related parties and loan from related parties

As at 31 March 2012 and 31 December 2011, 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 March 2012
		Balance as at 31 December 2011	Increase during the period	Decrease during the period	Unrealised gain (loss) on exchange	
<b><u>Short-term loans to</u></b>						
MINTH AAPICO (Thailand) Company Limited	Associate	25,000	-	-	-	25,000
Protech Link Technology Incorporation Limited	Common director	28,141	-	-	-	28,141
Dee Mak SDN. BHD.	Common director	-	1,126	(504)	(1)	621
Total		53,141	1,126	(504)	(1)	53,762
Less: Allowance for doubtful account		(28,141)	-	-	-	(28,141)
Total short-term loans to related parties, net		<u>25,000</u>	<u>1,126</u>	<u>(504)</u>	<u>(1)</u>	<u>25,621</u>
<b><u>Long-term loans to</u></b>						
Yamakawa Dies Manufacturing R&D Company Limited	Common director	11,178	-	-	-	11,178
Total		11,178	-	-	-	11,178
Less: Allowance for doubtful account		(11,178)	-	-	-	(11,178)
Total long-term loans to related party, net		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

		Consolidated financial statements				
		Balance as at			Unrealised	Balance as at
		31 December	Increase during	Decrease during	gain (loss) on	31 March
Related by		2011	the period	the period	exchange	2012
<u>Short-term loans from</u>						
Metal One (Thailand) Company Limited	Common director	2,149	-	(2,149)	-	-
Directors		15,791	1,187	-	-	16,978
Total		17,940	1,187	(2,149)	-	16,978

Short-term loans from director carried interest at 5% per annum 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 March
Related by		2011	the period	the period	exchange	2012
<u>Short-term loans to</u>						
New Era Sales Company Limited	Subsidiary	12,000	-	-	-	12,000
Able Motors Company Limited	Subsidiary	6,000	70,000	(70,000)	-	6,000
Kunshan Chaitai-Xincheng Precision Forging Company Limited	Subsidiary	6,000	-	-	-	6,000
AAPICO Hitech Parts Company Limited	Subsidiary	120,000	25,000	(25,000)	-	120,000
AAPICO Hitech Tooling Company Limited	Subsidiary	-	25,583	(25,583)	-	-
AAPICO Forging Public Company Limited	Subsidiary	24,000	152,000	(152,000)	-	24,000
MINTH AAPICO (Thailand) Company Limited	Associate	25,000	-	-	-	25,000
Total		193,000	272,583	(272,583)	-	193,000
<u>Long-term loans to</u>						
AAPICO Mitsuike Company Limited	Subsidiary	-	1,000	-	-	1,000
New Era Sales Company Limited	Subsidiary	214,000	-	-	-	214,000
Able Motors Company Limited	Subsidiary	73,000	-	-	-	73,000
AAPICO Forging Public Company Limited	Subsidiary	1,663,300	206,500	-	-	1,869,800
AAPICO Hitech Parts Company Limited	Subsidiary	520,090	169,000	-	-	689,090
AAPICO Hitech Tooling Company Limited	Subsidiary	-	49,988	-	-	49,988
Kunshan Chaitai-Xincheng Precision Forging Company Limited	Subsidiary	53,315	-	-	(1,603)	51,712
Katsuya (Thailand) Company	Subsidiary	3,610	650	(700)	-	3,560
AAPICO Structural Products Company Limited	Subsidiary	699,000	133,000	(256,000)	-	576,000
Yamakawa Dies Manufacturing R&D Company Limited	Common director	11,178	-	-	-	11,178
Total		3,237,493	560,138	(256,700)	(1,603)	3,539,328
Less: Allowance for doubtful account		(11,178)	-	-	-	(11,178)
Total long-term loans to related parties, net		3,226,315	560,138	(256,700)	(1,603)	3,528,150
<u>Short-term loans from</u>						
AAPICO Engineering Company Limited	Subsidiary	10,000	-	-	-	10,000
AAPICO Amata Company Limited	Subsidiary	110,000	70,000	(64,500)	-	115,500
AAPICO Hitech Tooling Company Limited	Subsidiary	47,887	-	(47,887)	-	-
Total		167,887	70,000	(112,387)	-	125,500

(Unaudited but reviewed)

Directors and management's benefits

During the three-month periods ended 31 March 2012 and 2011, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	For the three-month periods ended 31 March			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Short-term employee benefits	5.82	5.76	5.50	5.76
Post-employment benefits	0.03	0.05	-	0.05
Total	5.85	5.81	5.50	5.81

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 15.4.

**3. Cash and cash equivalents**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March	31 December	31 March	31 December
	2012	2011	2012	2011
Cash	3,726	20,626	248	232
Bank deposits	189,900	218,331	15,389	17,877
Total	193,626	238,957	15,637	18,109

(Unaudited but reviewed)

**4. Trade and other receivables**

(Unit: Thousand Baht)

	Consolidated financial		Separate financial	
	statements		statements	
	31 March 2012	31 December 2011	31 March 2012	31 December 2011
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due and past due				
not over 3 months	15,207	14,992	11,053	52,352
Past due 3 - 12 months	12,508	-	482	157
Past due more than 12 months	-	-	1,391	1,391
Total trade receivables - related parties	27,715	14,992	12,926	53,900
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due and past due				
not over 3 months	2,207,178	917,939	360,650	84,942
Past due 3 - 12 months	21,016	12,197	9,589	5,548
Past due more than 12 months	14,968	38,579	2,364	24,937
Total	2,243,162	968,715	372,603	115,427
Less: Allowance for doubtful accounts	(16,546)	(14,401)	(3,027)	(3,027)
Total trade receivables - unrelated parties, net	2,226,616	954,314	369,576	112,400
Total trade receivables - net	2,254,331	969,306	382,502	166,300
<u>Other receivables - net</u>				
Receivables and advances - related parties	305	13	62,685	22,339
Interest receivable - related parties	1,291	861	235,973	223,408
Dividend receivable from related party	14,686	14,686	14,686	14,686
Advances	33,991	10,081	-	-
Accrued income	19,060	9,788	14,413	5,887
Others	56,988	198,097	1,736	1,328
Total other receivables	126,321	233,526	329,493	267,648
Total trade and other receivables - net	2,380,652	1,202,832	711,995	433,948

**5. Inventories**

As at 31 March 2012, certain subsidiaries have pledged finished goods of approximately Baht 71 million (31 December 2011: Baht 43 million) to secure short-term loans from banks.

(Unaudited but reviewed)

## 6. Investments in associates

### 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	
			31 March 2012	31 December 2011	31 March 2012	31 December 2011	31 March 2012	31 December 2011
			(%)	(%)				
Able Sanoh Industries (1996) Company Limited	Manufacture and distribution of autoparts	Thailand	46	46	30,700	30,700	165,769	168,586
Sanoh Industries (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	20	20	29,250	29,250	48,942	47,470
MINTH AAPICO (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	40	40	151,400	151,400	142,472	124,419
Thai Takagi Seiko Company Limited	Distribution of dies	Thailand	49	49	13,229	13,229	12,628	10,445
PAPAGO (Thailand) Company Limited	Development of software	Thailand	30	30	7,500	7,500	7,971	8,085
Hyundai Motor (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	30	30	120,000	120,000	306,382	369,539
Total					<u>352,079</u>	<u>352,079</u>	<u>684,164</u>	<u>728,544</u>

(Unit: Thousand Baht)

Company's name	Separate financial statements			
	Shareholding percentage		Cost	
	31 March 2012	31 December 2011	31 March 2012	31 December 2011
	(%)	(%)		
Able Sanoh Industries (1996) Company Limited	46	46	30,700	30,700
Sanoh Industries (Thailand) Company Limited	20	20	29,250	29,250
MINTH AAPICO (Thailand) Company Limited	40	40	151,400	151,400
Thai Takagi Seiko Company Limited	49	49	13,229	13,229
PAPAGO (Thailand) Company Limited	30	30	7,500	7,500
Hyundai Motor (Thailand) Company Limited	30	30	120,000	120,000
Total			<u>352,079</u>	<u>352,079</u>
Less: Allowance for impairment			<u>(5,982)</u>	<u>(5,982)</u>
Net			<u>346,097</u>	<u>346,097</u>

During the three-month periods ended 31 March 2012 and 2011, 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:

(Unaudited but reviewed)

(Unit: Thousand Baht)

Company's name	For the three-month periods ended 31 March			
	Consolidated financial statements		Separate financial statements	
	Share of profit (loss) from investments in associates		Dividend income	
	2012	2011	2012	2011
Able Sanoh Industries (1996) Company Limited	(2,818)	26,917	-	-
Sanoh Industries (Thailand) Company Limited	1,472	3,292	-	-
MINTH AAPICO (Thailand) Company Limited	18,053	(4,218)	-	-
Thai Takagi Seiko Company Limited	2,182	1,061	-	-
PAPAGO (Thailand) Company Limited	(114)	102	-	-
Hyundai Motor (Thailand) Company Limited	58,915	47,832	122,070	-
Total	77,690	74,986	122,070	-

## 7. Investments in subsidiaries

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

Company's name	(Unit: Thousand Baht)					
	Paid-up capital		Shareholding percentage		Cost	
	31 March	31 December	31 March	31 December	31 March	31 December
	2012	2011	2012	2011	2012	2011
			(%)	(%)		
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
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



(Unaudited but reviewed)

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost	
	31 March	31 December	31 March	31 December	31 March	31 December
	2012	2011	2012	2011	2012	2011
			(%)	(%)		
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 200 million	100	100	200,000	200,000
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	4,020,713
Less: Allowance for impairment					(359,376)	(359,376)
Net					3,661,337	3,661,337

The financial statements for the three-month periods ended 31 March 2012 and 2011 of certain subsidiary companies which are included in the consolidated financial statements were reviewed by other auditors. Their aggregate assets and revenues are as follows: -

(Unit: Million Baht)

	Total assets as at 31 March		Total revenues for the three-month periods ended 31 March	
	2012	2011	2012	2011
	Tenaga Setia Resources SDN. BHD.	102	117	98
Kunshan Chaitai-Xincheng Precision Forging Company Limited	1,071	622	189	195
AAPICO Shanghai Company Limited	72	76	1	1
New Era Sales (M) SDN. BHD.	317	271	58	169
Total	1,562	1,086	346	734

(Unaudited but reviewed)

## 8. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements	
	31 March	31 December
	2012	2011
<b>Available-for-sale securities</b>		
Marketable equity securities	160,666	160,666
Allowance for change in value	(42,775)	(78,316)
Total	<u>117,891</u>	<u>82,350</u>

## 9. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2012 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
<b>Net book value as at 1 January 2012</b>	6,578,408	1,410,813
Acquisitions during period - at cost	347,384	105,896
Transfer during period	22,509	4,370
Capitalised interest	2,477	-
Disposals during period - net book value at disposal date	(1,554)	(163)
Depreciation for the period	(141,484)	(24,471)
Exchange differences on translation of financial statements in foreign currency	(10,524)	-
<b>Net book value as at 31 March 2012</b>	<u>6,797,216</u>	<u>1,496,445</u>

(Unaudited but reviewed)

Borrowing costs totaling approximately Baht 2.5 million and Baht 0.3 million were capitalised during the three-month periods ended 31 March 2012 and 2011, respectively.

As at 31 March 2012, the Group had machinery, motor vehicles and equipment under finance lease agreements with net book values amounting to Baht 130 million (31 December 2011: Baht 113 million).

Certain subsidiaries have mortgaged building, certain machinery and factory equipment with a total net book value as at 31 March 2012 of Baht 137 million as collateral for credit facilities granted by banks.

#### 10. Leasehold right

Subsidiary has pledged its land leasehold right with a net book value as at 31 March 2012 of Baht 109 million (31 December 2011: Baht 109 million) as collateral for credit facilities granted by banks.

#### 11. Goodwill

(Unit: Million Baht)

	Balance as at	
	31 March 2012	31 March 2011
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)	(300)
Net	1,087	1,087

As at 31 March 2012, 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.

(Unaudited but reviewed)

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.

## 12. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate financial	
	financial statements		statements	
	31 March	31 December	31 March	31 December
	2012	2011	2012	2011
Trade payables - related parties	178,740	295,262	65,576	22,264
Trade payables - unrelated parties	2,297,394	1,075,045	506,525	314,874
Payables and advances from related parties	584	-	42,566	15,729
Share subscription payable - related parties	4,500	4,500	28,878	28,878
Accrued interest expenses - related parties	-	-	4,174	4,473
Retention payable	94,429	13,793	13,540	13,540
Other payables for purchase of machinery - related parties	-	4,044	-	4,044
Other payables for purchase of machinery - unrelated parties	308,822	329,702	242,595	176,659
Accrued expenses - related parties	2,400	4,659	2,400	2,400
Others	202,038	169,983	20,421	15,440
Total trade and other payables	<u>3,088,907</u>	<u>1,896,988</u>	<u>926,675</u>	<u>598,301</u>

## 13. Bank overdrafts/short-term loans and long-term loans from banks

As at 31 March 2012 and 31 December 2011, bank overdrafts and loans from banks are secured by the pledge of leasehold land and building thereon, certain machinery, factory equipment, inventories and deposits of subsidiaries, by guarantees provided by directors of the Group, by the Company and by the subsidiary companies, and a negative pledge of assets of the Company.

(Unaudited but reviewed)

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.

#### **14. Earnings per share**

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

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.

#### **15. Commitment and contingent liabilities**

##### **15.1 Capital commitments**

- a) As at 31 March 2012, the Group had capital commitments of approximately Baht 31 million, RMB 2 million, EUR 0.1 million and USD 0.6 million, totalling Baht 64 million, relating to the construction of factory buildings, and acquisition of machinery from third parties.
- b) As at 31 March 2012, the Company had outstanding commitment of Baht 94 million in respect of uncalled portion of investments in its subsidiaries.

##### **15.2 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.

(Unaudited but reviewed)

As at 31 March 2012, 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	10
1 to 5 years	25
More than 5 years	2

### **15.3 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 the three-month period ended 31 March 2012 amounted to approximately Baht 5 million were recognised as expenses.

### **15.4 Guarantee**

- a) As at 31 March 2012, the Company had guaranteed bank credit facilities of its subsidiary companies amounting to RMB 48 million and USD 12 million.
- b) As at 31 March 2012, there were outstanding bank guarantees of approximately Baht 71 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 50 million, USD 0.2 million and RM 0.2 million to guarantee contractual performance and Baht 21 million to guarantee electricity use, among others.

(Unaudited but reviewed)

### 15.5 Interest rate swap agreements

As at 31 March 2012, 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>
150	THBFIX plus 0.65%	Fixed rate at 4.77%	28 September 2012
20	THBFIX plus 3.5%	Fixed rate at 5.97%	30 April 2012
364	FDR plus 3.3%	Fixed rate at 5.65%	30 December 2015
370	MLR minus 1.75%	Fixed rate at 5.33%	30 December 2015
382	MLR minus 1.75%	Fixed rate at 5.98%	30 December 2015

As at 31 March 2012, the Company had unrealised gain from change in the fair value of interest rate swap agreements of approximately Baht 7 million.

### 15.6 Forward foreign exchange contracts

As at 31 March 2012, the Group had various forward foreign exchange contracts as follows:

<u>Currency</u>	<u>Buying</u> (Million)	<u>Selling</u> (Million)	<u>Contractual exchange rate</u>	
			<u>Buying</u>	<u>Selling</u>
USD against Baht	1.7	0.5	30.38 - 31.65	30.56 - 31.40

As at 31 March 2012, the Group had unrealised loss from the change in the fair value of forward foreign exchange contracts of approximately Baht 1 million.

### 15.7 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.

(Unaudited but reviewed)

## 16. Segment information

The Group' business operations involve 2 principal segments: the manufacture of automobiles assembly tools and parts, and sales of automobiles and the provision of automobiles 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 three-month periods ended 31 March 2012 and 2011 of the Group by segment.

(Unit: Million Baht)

Consolidated financial statements for the three-month periods ended 31 March								
	Manufacture of automobiles assembly tools and parts		Sales of automobiles and the provision of automobiles repair service		Elimination of inter-segment revenue		Consolidation	
	2012	2011	2012	2011	2012	2011	2012	2011
Revenues from external customers								
Thailand	2,279	1,764	381	342	-	-	2,660	2,106
The People's Republic of China	188	194	-	-	-	-	188	194
Malaysia	1	-	154	531	-	-	155	531
Intersegment revenues	198	242	5	11	(203)	(253)	-	-
Total revenues	<u>2,666</u>	<u>2,200</u>	<u>540</u>	<u>884</u>	<u>(203)</u>	<u>(253)</u>	<u>3,003</u>	<u>2,831</u>
Segment income	188	176	45	49	(3)	(7)	230	218
Unallocated income and expenses:								
Other income							170	126
Selling expenses							(40)	(52)
Administrative expenses							(264)	(155)
Loss on impairment of assets							-	(33)
Share of income of associates							78	75
Finance cost							(69)	(55)
Corporate income tax							(4)	(32)
Profit for the period							<u>101</u>	<u>92</u>

## 17. Approval of interim financial statements

These interim financial statements were authorised for issue by the Board of Directors of the Company on 15 May 2012.