

AAPICO Hitech Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2012

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	
			2012 (%)	2011 (%)
<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	
			2012 (%)	2011 (%)
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	
			2012 (%)	2011 (%)
<u>Held by subsidiaries</u>				
Able ITS Pte. Ltd. (100 percent held by AAPICO ITS Co., Ltd.)	Investment in other companies	Singapore	60	60
AAPICO Jackspeed Co., Ltd. (60 percent held by AAPICO Hitech Parts Co., Ltd.)	Manufacture of autoparts	Thailand	60	60
AAPICO Plastics Public Co., Ltd. (100 percent held by AAPICO Forging Public Co., Ltd.)	Manufacture and contract manufacture of plastic parts	Thailand	100	100
AAPICO Engineering SDN. BHD. (49 percent held by Tenaga Setia Resources SDN. BHD. And 51 percent held by New Era Sales (M) SDN. BHD.)	Investment in other companies	Malaysia	49	49
AAPICO ITS Co. SDN. BHD. (49 percent held by AAPICO ITS Co., Ltd.)	Manufacture and car navigation systems and its derivatives	Malaysia	29	29

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. 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

Financial Reporting Standard:

- TFRS 8 Operating Segments

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 and its subsidiaries' 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.

In addition, the Federation of Accounting Professions has issued Notification No. 30/2555 - 34/2555, published in the Royal Gazette on 17 January 2013, mandating the use of accounting treatment guidance and accounting standard interpretations as follows.

	<u>Effective date</u>
Accounting Treatment Guidance for Transfers of Financial Assets	1 January 2013
Accounting Standard Interpretation:	
SIC 29 Service Concession Arrangements: Disclosures	1 January 2014
Financial Reporting Standard Interpretations:	
TFRIC 4 Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 12 Service Concession Arrangements	1 January 2014
TFRIC 13 Customer Loyalty Programmes	1 January 2014

The management of the Company and its subsidiaries has assessed the effect of these standards and believes that Accounting Treatment Guidance for Transfers of Financial Assets, SIC 29, TFRIC 4 and TFRIC 12 are not relevant to the business of the Company and its subsidiaries. Management is still evaluating the first-year impact to the financial statements of the adoption of TFRIC 13 and has yet to reach a conclusion.

4. Change in accounting estimate

During the current year, a subsidiary changed its depreciation method for certain factory equipment with a net book value of approximately Baht 360 million, from the straight-line method to the diminishing method over an estimated useful life of 5 years, in order to reflect changes in the economic benefit derived from that equipment. The subsidiary applied the change in accounting estimate prospectively. As a result of the change, the net book value of consolidated property, plant and equipment as at 31 December 2012 and consolidated profit for the year ended 31 December 2012

decreased by approximately Baht 88 million (earnings per share decreased by Baht 0.39 per share).

5. Significant accounting policies

5.1 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.

5.2 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.

5.3 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.

5.4 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.

5.5 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 in other comprehensive income, 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 impairment loss (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 other components of shareholders' equity, depending on the type of investment that is reclassified.

5.6 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 and diminishing 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.

5.7 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.

5.8 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

5.9 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.

5.10 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.

5.11 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.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

5.12 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.

5.13 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.

5.14 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.

5.15 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

The Group 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 Group has 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 in 2011, the Group 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 2011.

5.16 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.

5.17 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.

6. Significant accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards 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.

7. 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
	2012	2011	2012	2011	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	134	87	Cost plus margin of 1% - 30%
Purchases of goods and services	-	-	516	253	Cost plus margin around 5% - 35%
Purchases of machinery and equipment	-	-	27	68	Cost plus margin, averaging around 25% - 40%
Interest income	-	-	170	156	4.4% - 5.3% p.a. (2011: 4.0% - 5.3% p.a.)
Dividend income	-	-	-	590	As declared
Interest expense	-	-	2	3	2.0% - 5.3% p.a.
Rental income	-	-	3	3	Close to rental rates for other building in the vicinity
Management fee income	-	-	3	3	Approximate cost
Other income	-	-	-	3	Approximate cost
<u>Transactions with associates</u>					
Sales of goods and services	53	44	-	1	Cost plus margin, averaging around 30% and cost minus, averaging around 30%
Purchases of goods and services	71	43	37	21	Cost plus margin, averaging around 1% - 3% and 30% - 55%
Interest income	1	3	1	3	5% and 6.9% p.a.
Dividend income	130	29	130	29	As declared
Rental income	1	-	-	-	Close to rental rates for other building in the vicinity
<u>Transactions with related parties</u>					
Purchases of goods and services	580	533	-	-	Cost plus margin of 2% - 30%
Interest income	-	1	-	1	7.5% p.a.
Management fee expense	7	7	7	7	Approximate cost
Purchases of machinery	52	-	-	-	Cost plus margin

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Trade and other receivables - related parties (Note 9)				
Subsidiaries	-	-	338,749	298,533
Associates	8,052	30,436	884	15,683
Related companies (common shareholder/director)	496	116	248	117
	<u>8,548</u>	<u>30,552</u>	<u>339,881</u>	<u>314,333</u>

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Trade and other payables - related parties (Note 21)				
Subsidiaries	-	-	216,092	67,513
Associates	27,704	3,880	23,556	7,875
Related companies (common shareholder/director)	184,184	296,041	7,200	2,400
	<u>211,888</u>	<u>299,921</u>	<u>246,848</u>	<u>77,788</u>

Loans to related parties and loan from related parties

As at 31 December 2012 and 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 December 2012
		Balance as at 31 December 2011	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	25,000	-	(25,000)	-	-
Protech Link Technology Incorporation Limited	Common director	28,141	-	(28,141)	-	-
Dee Mak SDN - BHD Company Limited	Common director	-	6,044	(5,558)	(2)	484
Total		<u>53,141</u>	<u>6,044</u>	<u>(58,699)</u>	<u>(2)</u>	<u>484</u>
Less: Allowance for doubtful accounts		<u>(28,141)</u>	<u>-</u>	<u>28,141</u>	<u>-</u>	<u>-</u>
Total short-term loans to related parties, net		<u>25,000</u>	<u>6,044</u>	<u>(30,558)</u>	<u>(2)</u>	<u>484</u>
<u>Long-term loans to</u>						
Yamakawa Dies Manufacturing R&D Company Limited	Common director	11,178	-	(11,178)	-	-
Less: Allowance for doubtful accounts		<u>(11,178)</u>	<u>-</u>	<u>11,178</u>	<u>-</u>	<u>-</u>
Total long-term loans to related party, net		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Short-term loans from</u>						
Metal One (Thailand) Company Limited	Common director	2,149	-	(2,149)	-	-
Directors		15,791	1,147	-	16	16,954
Total		<u>17,940</u>	<u>1,147</u>	<u>(2,149)</u>	<u>16</u>	<u>16,954</u>

Short-term loans from director carry interest at 5 percent 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 December
Related by		2011	the year	the year	exchange	2012
<u>Short-term loans to</u>						
New Era Sales Company Limited	Subsidiary	12,000	-	(2,400)	-	9,600
Able Motors Company Limited	Subsidiary	6,000	6,000	-	-	12,000
Kunshan Chaitai-Xincheng Precision Forging Company Limited	Subsidiary	6,000	-	(6,000)	-	-
AAPICO Hitech Parts Company Limited	Subsidiary	120,000	60,000	-	-	180,000
AAPICO Hitech Tooling Company Limited	Subsidiary	-	18,000	-	-	18,000
AAPICO Forging Public Company Limited	Subsidiary	24,000	216,000	-	-	240,000
MINTH AAPICO (Thailand) Company Limited	Associate	25,000	-	(25,000)	-	-
Total		193,000	300,000	(33,400)	-	459,600
<u>Long-term loans to</u>						
New Era Sales Company Limited	Subsidiary	214,000	-	(12,600)	-	201,400
Able Motors Company Limited	Subsidiary	73,000	162,000	(130,000)	-	105,000
AAPICO Forging Public Company Limited	Subsidiary	1,663,300	1,028,000	(1,198,201)	-	1,493,099
AAPICO Hitech Parts Company Limited	Subsidiary	520,090	779,100	(820,528)	-	478,662
AAPICO Hitech Tooling Company Limited	Subsidiary	-	134,705	(79,674)	-	55,031
Kunshan Chaitai-Xincheng Precision Forging Company Limited	Subsidiary	53,315	-	(42,583)	(2,196)	8,536
Katsuya (Thailand) Company	Subsidiary	3,610	800	(700)	-	3,710
AAPICO Structural Products Company Limited	Subsidiary	699,000	1,918,000	(2,617,000)	-	-
Yamakawa Dies Manufacturing R&D Company Limited	Common director	11,178	-	(11,178)	-	-
Total		3,237,493	4,022,605	(4,912,464)	(2,196)	2,345,438
Less: Allowance for doubtful accounts		(11,178)	-	11,178	-	-
Total long-term loans to related parties, net		3,226,315	4,022,605	(4,901,286)	(2,196)	2,345,438
<u>Short-term loans from</u>						
AAPICO Engineering Company Limited	Subsidiary	10,000	-	-	-	10,000
AAPICO Amata Company Limited	Subsidiary	110,000	694,600	(717,550)	-	87,050
AAPICO Hitech Tooling Company Limited	Subsidiary	47,887	-	(47,887)	-	-
AAPICO Structural Products Company Limited	Subsidiary	-	888,000	(650,000)	-	238,000
Total		167,887	1,582,600	(1,415,437)	-	335,050

Directors and management's benefits

During the years ended 31 December 2012 and 2011, 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	
	2012	2011	2012	2011
Short-term employee benefits	25.1	24.8	24.2	20.7
Post-employment benefits	0.1	0.2	0.1	0.1
Total	25.2	25.0	24.3	20.8

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 34.4.

8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Cash	685	20,626	238	232
Bank deposits	206,376	218,332	25,608	17,877
Total	207,061	238,958	25,846	18,109

As at 31 December 2012, bank deposits in saving accounts and fixed deposits carried interests between 0.10 and 1.75 percent per annum.

9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due and past due				
not over 3 months	7,006	14,992	90,894	52,352
Past due 3 - 12 months	7	-	3,035	157
Past due more than 12 months	9	-	11	1,391
Total trade receivables - related parties	7,022	14,992	93,940	53,900

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due and past due				
not over 3 months	2,658,768	917,939	360,006	108,895
Past due 3 - 12 months	33,389	12,197	18,226	5,548
Past due more than 12 months	15,106	38,579	3,639	984
Total	2,707,263	968,715	381,871	115,427
Less: Allowance for doubtful accounts	(13,960)	(14,401)	(2,545)	(3,027)
Total trade receivables - unrelated parties, net	2,693,303	954,314	379,326	112,400
Total trade receivables - net	2,700,325	969,306	473,266	166,300
<u>Other receivables – net</u>				
Advances - related parties	1,526	13	40,500	22,339
Interest receivable - related parties	-	861	205,441	223,408
Dividend receivable from related party	-	14,686	-	14,686
Advances	23,711	10,081	-	-
Accrued income	16,257	9,788	5,205	5,887
Others	59,105	198,097	2,917	1,328
Total other receivables - net	100,599	233,526	254,063	267,648
Total trade and other receivables - net	2,800,924	1,202,832	727,329	433,948

10. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2012	2011	2012	2011	2012	2011
Finished goods	570,576	349,798	(17,975)	(41,704)	552,601	308,094
Raw materials, spare parts and supplies	479,557	363,014	(37,371)	(38,859)	442,186	324,155
Work in process	287,776	274,573	(12,362)	(19,073)	275,414	255,500
Goods in transit	12,135	4,287	-	-	12,135	4,287
Total	1,350,044	991,672	(67,708)	(99,636)	1,282,336	892,036

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories-net	
	2012	2011	2012	2011	2012	2011
Finished goods	37,921	52,080	(2,018)	(12,375)	35,903	39,705
Raw materials, spare parts and supplies	60,247	32,381	-	-	60,247	32,381
Work in process	60,603	83,335	(52)	-	60,551	83,335
Total	158,771	167,796	(2,070)	(12,375)	156,701	155,421

Various subsidiaries have pledged finished goods of approximately Baht 232 million (2011: Baht 43 million) to secure short-term loans from banks.

11. Restricted bank deposits

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

12. Investments in associates

12.1 Details of associates:

(Unit: Thousand Baht)									
Consolidated financial statements									
Company's name	Nature of business	Country of incorporation	Shareholding percentage		Cost		Carrying amounts based on equity method		
			2012 (%)	2011 (%)	2012	2011	2012	2011	
Able Sanoh Industries (1996) Company Limited	Manufacture and distribution of autoparts	Thailand	46	46	30,700	30,700	268,475	168,586	
Sanoh Industries (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	20	20	29,250	29,250	49,381	47,470	
MINTH AAPICO (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	40	40	151,400	151,400	162,549	124,419	
Thai Takagi Seiko Company Limited	Distribution of dies	Thailand	49	49	13,229	13,229	15,563	10,445	
PAPAGO (Thailand) Company Limited	Development of software	Thailand	-	30	-	7,500	-	8,085	
Hyundai Motor (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	30	30	120,000	120,000	418,208	369,539	
Total					344,579	352,079	914,176	728,544	

(Unit: Thousand Baht)

Separate financial statements									
Company's name	Shareholding percentage		Cost		Allowance for impairment of investments		Carrying amounts based on cost method - net		
	2012 (%)	2011 (%)	2012	2011	2012	2011	2012	2011	
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)	29,250	23,268	
MINTH AAPICO (Thailand) Company Limited	40	40	151,400	151,400	-	-	151,400	151,400	
Thai Takagi Seiko Company Limited	49	49	13,229	13,229	-	-	13,229	13,229	
PAPAGO (Thailand) Company Limited	-	30	-	7,500	-	-	-	7,500	
Hyundai Motor (Thailand) Company Limited	30	30	120,000	120,000	-	-	120,000	120,000	
Total			344,579	352,079	-	(5,982)	344,579	346,097	

12.2 Share of profit/loss and dividend income

During the years, 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 profit/loss from investments in associates during the years		Dividend income during the years	
	2012	2011	2012	2011
Able Sanoh Industries (1996) Company Limited	99,887	(76,240)	-	29,371
Sanoh Industries (Thailand) Company Limited	9,775	8,660	7,864	-
MINTH AAPICO (Thailand) Company Limited	38,130	24,013	-	-
Thai Takagi Seiko Company Limited	5,118	(129)	-	-
PAPAGO (Thailand) Company Limited	(114)	404	-	-
Hyundai Motor (Thailand) Company Limited	170,741	197,535	122,070	-
Total	323,537	154,243	129,934	29,371

12.3 Summarised financial information of associates

Financial information of the associates is summarised belows:

(Unit: Million Baht)

Company's name	Paid-up capital as 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	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	Able Sanoh Industries (1996) Company Limited	118	118	1,330	882	731	513	1,976	1,299	220
Sanoh Industries (Thailand) Company Limited	146	146	307	276	57	39	497	363	49	43
MINTH AAPICO (Thailand) Company Limited	379	379	585	551	168	232	709	584	96	60
Thai Takagi Seiko Company Limited	27	27	204	104	172	83	254	152	10	-
PAPAGO (Thailand) Company Limited	-	25	-	21	-	-	-	10	-	2
Hyundai Motor (Thailand) Company Limited	400	400	1,781	1,575	550	507	6,857	6,238	569	659

The shareholding of the Company in PAPAGO (Thailand) Company Limited has fallen from 30 percent to 12 percent because that company increased its share capital, with the Company making no additional investment. Therefore, the Company transferred the investment to other investment.

In December 2012, the Company entered into the Joint Venture Agreement with Edscha Holding GmbH, to establish a new joint venture company in Thailand, with a registered capital of Baht 40 million. The Company will hold a 49% interest. As at 31 December 2012, the joint venture company has not yet been registered.

13. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost		(Unit: Thousand Baht) Dividend received during the year	
	2012	2011	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	-	590,000
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	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	-	590,000
Less: Allowance for impairment					(359,376)	(359,376)		
Net					3,661,337	3,661,337		

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

	(Unit: Million Baht)	
	Total assets as at 31 December 2011	Total revenues for the years ended 31 December 2011
Tenaga Setia Resources SDN. BHD.	101	1,066
Kunshan Chaitai-Xincheng Precision Forging Co., Ltd.	968	870
AAPICO Shanghai Co., Ltd.	80	4
AAPICO ITS Co., Ltd.	89	38
AAPICO Mitsuike (Thailand) Co., Ltd.	193	400
A Maction Co., Ltd.	15	-
AAPICO Hitech Tooling Co., Ltd.	138	55
New Era Sales (M) SDN. BHD.	290	568
Total	1,874	3,001

The financial statements for the years ended 31 December 2012 of some subsidiaries which are included in the consolidated financial statements were audited by other auditors. Their aggregate assets and revenues are as follows: -

(Unit: Million Baht)

	Total assets as at 31 December 2012	Total revenues for the years ended 31 December 2012
Tenaga Setia Resources SDN. BHD.	166	1,123
New Era Sales (M) SDN. BHD.	364	799
Total	530	1,922

14. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Available-for-sale securities				
Marketable equity securities	160,666	160,666	-	-
Allowance for change in value	(32,917)	(78,316)	-	-
	<u>127,749</u>	<u>82,350</u>	<u>-</u>	<u>-</u>
Other investments				
Equity securities	31,125	-	3,000	-
Total	<u>158,874</u>	<u>82,350</u>	<u>3,000</u>	<u>-</u>

15. 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 2011	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
Acquisitions	-	58,294	319,903	57,874	419,854	855,925
Disposals/Write-off	-	(169,041)	(484,419)	(43,500)	(41,321)	(738,281)
Transfer in (out)	-	347,241	560,437	178,315	(1,094,078)	(8,085)
Capitalised interest	-	-	-	-	8,882	8,882
Translation adjustment	-	8,549	(10,235)	(9,931)	(3,549)	(15,166)
31 December 2012	700,308	2,153,461	8,235,758	436,858	218,438	11,744,823
Accumulated depreciation						
1 January 2011	-	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
Depreciation for the year	-	102,097	595,412	35,779	-	733,288
Depreciation on disposals/write-off	-	(86,664)	(286,227)	(33,126)	-	(406,017)
Transfer in (out)	-	-	244	(244)	-	-
Translation adjustment	-	7,175	(4,123)	(8,136)	-	(5,084)
31 December 2012	-	566,557	4,457,642	173,017	-	5,197,216
Allowance for impairment loss						
1 January 2011	-	-	14,265	-	-	14,265
Increase during the year	-	39,226	132,569	1,087	964	173,846
31 December 2011	-	39,226	146,834	1,087	964	188,111
Decrease during the year	-	(39,002)	(141,133)	(1,087)	-	(181,222)
31 December 2012	-	224	5,701	-	964	6,889

(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 2011	700,308	1,325,243	3,550,902	74,269	927,686	6,578,408
31 December 2012	700,308	1,586,680	3,772,415	263,841	217,474	6,540,718
Depreciation for the years						
2011						441,551
2012						733,288

(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 2011	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
Acquisitions	-	33,084	120,616	8,588	60,130	222,418
Disposals/write-off	-	(24,298)	(261,630)	(15,811)	(4,652)	(306,391)
Transfer in (out)	-	-	226,086	-	(221,185)	4,901
Capitalised interest	-	-	-	-	1,626	1,626
31 December 2012	163,406	484,909	1,208,300	60,533	52,941	1,970,089
Accumulated depreciation						
1 January 2011	-	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
Depreciation for the year	-	24,299	93,627	3,838	-	121,764
Depreciation on disposals/ write-off	-	(16,920)	(191,659)	(14,998)	-	(223,577)
31 December 2012	-	156,493	285,171	39,581	-	481,245

(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 2011	-	-	-	-	-	-
Increase during the year	-	5,536	47,323	805	-	53,664
31 December 2011	-	5,536	47,323	805	-	53,664
Decrease during the year	-	(5,536)	(47,323)	(805)	-	(53,664)
31 December 2012	-	-	-	-	-	-
Net book value						
31 December 2011	163,406	321,473	692,702	16,210	217,022	1,410,813
31 December 2012	163,406	328,416	923,129	20,952	52,941	1,488,844
Depreciation for the years						
2011						71,657
2012						121,764

Borrowing costs totaling approximately Baht 9 million and Baht 13 million were capitalised as cost of construction of the project during the years ended 31 December 2012 and 2011, respectively. The weighted average rates used to determine the amount of borrowing costs eligible for capitalisation were 4.7% and 3.3%, respectively.

As at 31 December 2012, the Group had machinery, motor vehicles and equipment under finance lease agreements with net book values amounting to Baht 125 million (2011: Baht 113 million).

As at 31 December 2012, certain machinery and equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 2,883 million (The Company only: Baht 124 million).

Certain subsidiaries have mortgaged building, certain machinery and factory equipment with a total net book value as at 31 December 2012 of Baht 131 million as collateral for credit facilities granted by banks.

16. Leasehold right

(Unit: Thousand Baht)

	Consolidated financial statements	
	<u>2012</u>	<u>2011</u>
Cost	200,021	215,255
Accumulated amortisation	(30,374)	(24,474)
Allowance for impairment loss	-	(3,099)
Net book value	<u>169,647</u>	<u>187,682</u>

A reconciliation of the net book value of land leasehold right for the years 2012 and 2011 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements	
	<u>2012</u>	<u>2011</u>
Net book value at beginning of year	187,682	118,142
Acquisition of assets	-	76,265
Disposals of assets - net book value	(4,776)	-
Adjustment	(8,529)	-
Amortisation	(6,409)	(6,232)
Reversal of allowance for impairment loss (allowance provided)	2,940	(3,099)
Translation adjustment	(1,261)	2,606
Net book value at end of year	<u>169,647</u>	<u>187,682</u>

Subsidiaries have pledged their land leasehold right with a net book value as at 31 December 2012 of Baht 107 million (2011: Baht 109 million) as collateral for credit facilities granted by banks.

17. Goodwill

(Unit: Million Baht)

	Balance as at 31 December	
	2012	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

The Company examined, estimated and adjusted the fair value of the majority of the net assets of AAPICO Forging Public Company Limited, and the Company claimed 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. During the current year, the Company's Board of Directors passed a resolution consenting to the Compromise Agreement, in accordance with the strong recommendation made by the Company's legal counsel. The agreement will have no financial impact on the current and future performance of the Company.

As at 31 December 2012, the Company determined that the Baht 300 million allowance for impairment of goodwill of AAPICO Forging Public Company Limited that was recorded in the accounts was adequate, based on discounted cash flow projections of the subsidiary prepared under current circumstances. Pre-tax discount rates of 8.67% 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.

18. Other intangible assets

The net book value of intangible assets as at 31 December 2012 and 2011 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		
	Computer software	Cost of product development	Total
Cost:			
At 1 January 2011	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
Addition during the year	41,685	-	41,685
Write-off during the year	(2,035)	(7,152)	(9,187)
At 31 December 2012	<u>149,527</u>	<u>48,964</u>	<u>198,491</u>
Accumulated amortisation:			
At 1 January 2011	49,867	14,090	63,957
Amortisation	10,964	3,968	14,932
At 31 December 2011	60,831	18,058	78,889
Amortisation	22,259	2,089	24,348
Write-off during the year	(27)	(2,643)	(2,670)
At 31 December 2012	<u>83,063</u>	<u>17,504</u>	<u>100,567</u>
Net book value:			
At 31 December 2012	<u>66,464</u>	<u>31,460</u>	<u>97,924</u>
At 31 December 2011	<u>49,046</u>	<u>38,058</u>	<u>87,104</u>

(Unit: Thousand Baht)

	Separate financial statements
	Computer software
Cost:	
At 1 January 2011	57,279
Addition during the year	528
At 31 December 2011	57,807
Addition during the year	12,108
Write-off during the year	(2,035)
At 31 December 2012	<u>67,880</u>

	(Unit: Thousand Baht)
	Separate financial statements
	Computer software
Accumulated amortisation:	
At 1 January 2011	26,772
Amortisation	5,186
At 31 December 2011	31,958
Amortisation	9,562
Write-off during the year	(27)
At 31 December 2012	41,493
Net book value:	
At 31 December 2012	26,387
At 31 December 2011	25,849

19. Non-operating assets

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	<u>2012</u>	<u>2011</u>
Land and building	-	47,200
Less: Accumulated depreciation	-	(869)
Accumulated allowance for impairment loss	-	(1,331)
Net book value	-	45,000

20. Bank overdrafts and short-term loans from banks

	(Unit: Thousand Baht)			
Interest rate for 2012 (percent per annum)	Consolidated financial statements		Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Trust receipt payable	-	118,038	-	-
Bank overdrafts	6.1-6.6	91,691	-	-
Short-term loan from banks	1.7-7.4 and BLR+0.5	892,763	123,699	560,444
Total		984,454	123,699	560,444

Bank overdrafts and short-term loans from banks are secured by the mortgage of certain machinery, factory equipment, inventories and deposits of subsidiaries, the pledge of land leasehold right of a subsidiary, and by the guarantees of the directors of the Group, the Company and the subsidiary company.

21. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate financial	
	financial statements		statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Trade payables - related parties	195,741	295,262	179,087	22,264
Trade payables - unrelated parties	2,548,234	1,075,045	489,818	314,874
Advance received from related parties	-	-	35,385	15,729
Share subscription payable - related party	-	4,500	24,378	28,878
Accrued interest expenses - related parties	-	-	798	4,473
Retention payable	13,540	13,793	13,540	13,540
Payables for purchase of machineries - related parties	8,678	4,044	-	4,044
Payables for purchase of machineries - unrelated parties	92,519	329,702	12,419	176,659
Accrued expenses - related parties	7,469	4,659	7,200	2,400
Others	174,784	169,983	13,782	15,440
Total trade and other payables	3,040,965	1,896,988	776,407	598,301

22. Long-term loans

(Unit: Thousand Baht)

Loan	Interest rate (%)	Repayment schedule	Consolidated financial		Separate financial	
			statements		statements	
			<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
1	THBFIX+0.65	Repayable in quarterly installments of Baht 75 million each from December 2008 to September 2012	-	225,000	-	225,000
2	MLR - 1.9	Repayable in monthly installments within 5 years, with the first of these due in April 2011	259,300	339,700	259,300	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	71,700	152,100	71,700	152,100
4	Interest rates based on the interest rates announced by bank in Malaysia - 1.5 and - 1.9	Repayable in 180 monthly installments, with the first of these due in March 2008	148,723	147,860	-	-
5	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	-	80,000
6	FDR + 2.88 and FDR + 3.3	Repayable in 60 monthly installments, with the first of these due in January 2011	1,640,000	1,880,000	1,640,000	1,880,000
7	MLR - 1.75	Repayable in quarterly installments within 5 years, with the first of these due in March 2011	785,400	1,079,350	785,400	1,079,350
8	MLR	Installment repayable to December 2011	-	448	-	-

(Unit: Thousand Baht)

Loan	Interest rate (%)	Repayment schedule	Consolidated financial statements		Separate financial statements	
			2012	2011	2012	2011
9	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	149,715	108,456	-	-
10	4.3 for 2012 and 4.75 for the remaining period	Repayable in monthly installments within 5 years	320,000	-	-	-
11	MLR-2.1	Repayable in monthly installments within 5 years	572,730	-	572,730	-
12	MLR-2	Repayable in monthly installments within 3 years, with the first of these due in January 2013	400,000	-	400,000	-
Total			4,347,568	4,012,914	3,729,130	3,756,150
Less: Current portion			(1,686,932)	(840,887)	(1,352,645)	(832,600)
Long-term loans - net of current portion			2,660,636	3,172,027	2,376,485	2,923,550

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 and building thereon, certain machinery and factory equipment of subsidiaries, and by the guarantee of the Company, a subsidiary company and directors of the Group and a negative pledge of assets of the Company.

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

As at 31 December 2012, the long-term credit facilities of the Company and its subsidiaries which have not yet been drawn down amounted to Baht 685 million.

23. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Liabilities under finance lease agreements	83,773	118,924	15,479	17,169
Less : Deferred interest expenses	(4,612)	(8,373)	(975)	(1,113)
Total	79,161	110,551	14,504	16,056
Less : Portion due within one year	(46,004)	(41,519)	(7,929)	(6,165)
Liabilities under finance lease agreements - net of current portion	33,157	69,032	6,575	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.

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

(Unit: Thousand Baht)

	As at 31 December 2012					
	Consolidated financial statements			Separate financial statements		
	Less than		Total	Less than		Total
1 year	1-5 years	1 year		1-5 years		
Future minimum lease payments	49,168	34,605	83,773	8,596	6,883	15,479
Deferred interest expenses	(3,164)	(1,448)	(4,612)	(667)	(308)	(975)
Present value of future minimum lease payments	46,004	33,157	79,161	7,929	6,575	14,504

(Unit: Thousand Baht)

	As at 31 December 2011					
	Consolidated financial statements			Separate financial statements		
	Less than		Total	Less than		Total
1 year	1-5 years	1 year		1-5 years		
Future minimum lease payments	46,433	72,491	118,924	6,861	10,308	17,169
Deferred interest expenses	(4,914)	(3,459)	(8,373)	(696)	(417)	(1,113)
Present value of future minimum lease payments	41,519	69,032	110,551	6,165	9,891	16,056

24. Provision for long-term employee benefits

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Defined benefit obligation at beginning of year	73,434	65,057	24,019	21,810
Current service cost	14,567	6,649	1,611	1,517
Interest cost	2,426	2,384	571	692
Benefits decreased during the year	(14,360)	(656)	(10,487)	-
Provisions for long-term employee benefits at end of year	76,067	73,434	15,714	24,019

Long-term employee benefit expenses included in the profit or loss was as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Current service cost	14,567	6,649	1,611	1,517
Interest cost	2,426	2,384	571	692
Total expense recognized in profit or loss	16,993	9,033	2,182	2,209
Line items under which such expenses are included in profit or loss				
Cost of sales	12,273	4,481	1,006	937
Selling and administrative expenses	4,720	4,552	1,176	1,272

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated and separate	
	financial statements	
	2012	2011
	(% per annum)	(% per annum)
Discount rate	4.1%	4.1%
Future salary increase rate (depending on age)	6.0%	6.0%
Staff turnover rate	0% - 17.0%	0% - 17.0%

Amounts of defined benefit obligation for the current and previous two periods are as follows:

(Unit: Thousand Baht)

	Defined benefit obligation	
	Consolidated	Separate
	financial	financial
	statements	statements
Year 2012	76,067	15,714
Year 2011	73,434	24,019
Year 2010	65,057	21,810

25. Provisions for product warranty

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>
1 January 2011	11,386
Increase during the year	7,518
Utilised	<u>(1,265)</u>
31 December 2011	17,639
Increase during the year	8,950
Utilised	<u>(10,898)</u>
Reversal of provisions	<u>(3,815)</u>
31 December 2012	<u><u>11,876</u></u>

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

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Interim dividends for 2012	Board of Directors' Meeting on 14 August 2012	131,206	0.49
Final dividends for 2010	Annual General Meeting of the shareholders on 26 April 2011	56,463	0.21
Interim dividends for 2011	Board of Directors' Meeting on 15 August 2011	43,020	0.16
		99,483	0.37

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. At present, the statutory reserve has fully been set aside.

29. Employee Joint Investment Program

The meeting of the Board of Directors of the Company held on 14 September 2012 passed a resolution approving the Employee Joint Investment Program for the period from 1 October 2012 to 30 September 2014. This program is a compensation scheme offered to eligible employees of the Company and its subsidiaries. Under the program, the Company deducts up to 10% of salary from the payroll of eligible employees each month, until the completion of the program period. The Company makes contributions at a rate of 50% of the contributions made by the program participants each month. A securities company that has been appointed as program manager by the Company then invests both employee and employer contributions in shares of the Company, through the Stock Exchange of Thailand, in accordance with the specified conditions and period. The value invested by this program in the Stock Exchange of Thailand is around Baht 0.3 million per month. After 1 year (September 30, 2013), program participants can sell 50% of their shares, and after 2 years (September 30, 2014), they can sell the remaining shares.

The program was approved by the Office of the Securities and Exchange Commission on 17 October 2012.

30. Expenses by nature

Significant expenses by nature are as follow:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2012	2011	2012	2011
Salary and wages and other employee benefits	1,494,954	1,234,531	273,903	206,740
Depreciation	733,288	421,056	121,764	71,627
Loss on impairment of assets (reversal)	-	329,063	(5,982)	-
Amortisation expenses	30,757	22,127	9,562	5,186
Loss due to flooding	-	301,828	-	1,000
Rental expenses from operating lease agreements	79,797	53,678	7,843	3,873
Raw materials and consumables used	6,408,197	4,431,694	1,310,149	632,309
Changes in finished goods and work in process	(233,981)	148,588	36,891	66,822

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 a compensation payment of Baht 200 million and Baht 145 million in 2011 and 2012, respectively. The Company recognised the compensation in such year.

31. Promotional privileges

The Company has received promotional privilege from the Board of Investment for the manufacture of stamping parts, pursuant to the promotion certificate 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 (19 May 2011).

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					
	2012			2011		
	Promoted operations	Non-promoted operations	Total	Promoted operations	Non-promoted operations	Total
Sales and service income						
Domestic	374,677	1,793,929	2,168,606	210,476	1,126,413	1,336,889
Export	459,404	32,204	491,608	-	276,787	276,787
Total	834,081	1,826,133	2,660,214	210,476	1,403,200	1,613,676

Some subsidiaries were granted investment promotional privileges by the Board of Investment (BOI). As at 31 December 2012, 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 autoparts	-	-	18 December 2012
AAPICO Hitech Tooling Company Limited			
Manufacture of autoparts	-	-	Not yet utilized
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	-	3 January 2012	-
AAPICO Jackspeed Company Limited			
Manufacture of metal parts	-	Not yet utilised	-
AAPICO Amata Company Limited			
Manufacture of metal parts	-	21 December 2010	-

32. 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.

33. 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 2012, the Group contributed Baht 16 million (2011: Baht 10 million) to the funds.

34. Commitment and contingent liabilities

34.1 Capital commitments

- a) As at 31 December 2012, the Group had capital commitments of approximately Baht 86 million, USD 3 million, RMB 10 million and EUR 0.06 million (2011: Baht 39 million, RMB 12 million and RM 1 million), totalling Baht 233 million (2011: 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 2012, the Company had outstanding commitment of Baht 94 million (2011: Baht 94 million) in respect of uncalled portion of investments in its subsidiaries.

34.2 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.

Future minimum lease and service payments required under these non-cancellable operating leases and service contracts were as follows.

	(Unit: Million Baht)	
	<u>As at 31 December</u>	
	<u>2012</u>	<u>2011</u>
Payable within:		
1 year	18	20
1 to 5 years	36	35
More than 5 years	13	21

34.3 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 2012 amounted to approximately Baht 38 million (2011: Baht 37 million) were recognised as expenses.

34.4 Guarantee

- a) As at 31 December 2012, the Company had guaranteed bank credit facilities of its subsidiary companies amounting to RMB 93 million and USD 4 million (2011: Baht 15 million, RMB 92 million and USD 12 million).

- b) As at 31 December 2012, there were outstanding bank guarantees of approximately Baht 80 million, USD 0.2 million and RM 0.3 million (2011: 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 58 million and USD 0.2 million (2011: Baht 49 million and USD 0.2 million) to guarantee contractual performance and Baht 22 million and RM 0.3 million (2011: Baht 24 million and RM 0.2 million) to guarantee electricity use, among others.

35. 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. Subsequently, in January 2013, the Central Intellectual Property and International Trade Court ordered dismissal of the case.

36. 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 2012 and 2011 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	
	2012	2011	2012	2011	2012	2011	2012	2011
Revenues from external customers								
Thailand	11,144	6,616	2,200	1,256	-	-	13,344	7,872
The People's Republic of China	855	865	-	-	-	-	855	865
Malaysia	4	6	1,917	1,613	-	-	1,921	1,619
Intersegment revenues	1,560	1,002	6	27	(1,566)	(1,029)	-	-
Total revenues	<u>13,563</u>	<u>8,489</u>	<u>4,123</u>	<u>2,896</u>	<u>(1,566)</u>	<u>(1,029)</u>	<u>16,120</u>	<u>10,356</u>
Segment income	810	674	266	167	(14)	(77)	1,062	764
Unallocated income and expenses:								
Other income							691	430
Selling expenses							(241)	(210)
Administrative expenses							(581)	(868)
Loss on impairment of assets							-	(329)
Share of profit from investments in associates							323	154
Finance cost							(289)	(239)
Income tax expenses							(41)	(94)
Profit (loss) for the year							<u>924</u>	<u>(392)</u>

(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	
	2012	2011	2012	2011	2012	2011	2012	2011
Property, plant and equipment								
Thailand	5,512	5,622	205	188	134	147	5,851	5,957
The People's Republic of China	523	457	-	-	(2)	(3)	521	454
Malaysia	-	-	169	167	-	-	169	167
Other assets								
Thailand	8,672	6,745	416	184	(2,932)	(2,801)	6,156	4,128
The People's Republic of China	913	814	-	-	(189)	(224)	724	590
Malaysia	2	-	417	280	(57)	(55)	362	225
Total assets	<u>15,622</u>	<u>13,638</u>	<u>1,207</u>	<u>819</u>	<u>(3,046)</u>	<u>(2,936)</u>	<u>13,783</u>	<u>11,521</u>

Transfer prices between business segments are as set out in Note 7.

37. Financial instruments

37.1 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 they have 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. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

Significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Million Baht)

As at 31 December 2012

	Fixed interest rates				Total	Interest rate (% per annum.)
	Within	1-5	Floating	Non- interest		
	1 year	years	interest rate	bearing		
<u>Financial assets</u>						
Cash and cash equivalent	10	-	149	48	207	0.10 – 1.75
Current investments	-	-	-	19	19	-
	10	-	149	67	226	
<u>Financial liabilities</u>						
Bank overdrafts and short-term loans						
from banks	892	-	92	-	984	Refer to Note 22
Short-term loans from related parties	17	-	-	-	17	5.0
Liabilities under finance lease						
agreements	46	33	-	-	79	2.0 – 11.0
Long-term loans	1,687	2,661	-	-	4,348	Refer to Note 22
	2,642	2,694	92	-	5,428	

The Company has outstanding interest rate swap agreements with the banks as follows:

As at 31 December 2012

<u>Notional amount</u> (Million Baht)	<u>Interest Receipt Rate</u>	<u>Interest Payment Rate</u>	<u>Due date</u>
328	FDR plus 3.3%	Fixed rate at 5.65%	30 December 2015
350	MLR minus 1.75%	Fixed rate at 5.33%	30 December 2015
361	MLR minus 1.75%	Fixed rate at 5.98%	30 December 2015

As at 31 December 2011

<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 are summarised below.

As at 31 December 2012					
Foreign currency	Bought amount (Million)	Sold amount (Million)	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
(Baht per 1 foreign currency unit)					
US dollar	-	3.6	-	31.15 - 31.22	17 October 2013
JPY	124.1	-	0.37 - 0.39	-	29 May 2013

As at 31 December 2011					
Foreign currency	Bought amount (Million)	Sold amount (Million)	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
(Baht per 1 foreign currency unit)					
US dollar	0.3	5.5	31.4	30.4 - 31.1	29 August 2012
Euro	0.6	-	40.9 - 41.3	-	5 June 2012

37.2 Fair values of financial instruments

As at 31 December 2012, the Company had unrealised loss from change in the fair value of interest rate swap agreements and forward foreign exchange contracts of approximately Baht 2.6 million (2011: 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.

38. 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 2012, the Group's debt-to-equity ratio was 1.80:1 (2011: 1.81:1) and the Company's was 1.18:1 (2011: 1.21:1).

39. Events after the reporting period

1. In January 2013, the Company entered into the Joint Venture Agreement with Lemtech Group to register a new joint venture company in Thailand, with a registered capital of Baht 40 million. The Company will hold a 60% interest.
2. On 1 March 2013, a meeting of the Board of Directors passed resolutions to propose the following to the Annual General Meeting of the Company's shareholders for approval:
 - a) A dividend payment from the earnings of second half of year 2012, comprising a cash dividend of Baht 0.25 per share, or approximately Baht 67 million, and a stock dividend of up to 53,774,860 shares of Baht 1 each, to be paid at a rate of one dividend share for every five existing shares. The value of the stock dividend is thus Baht 0.20 per share in monetary terms, and so the total dividend is equivalent to Baht 0.45 per share. It is to be paid within May 2013.
 - b) A decrease in the registered capital from Baht 271,697,900 to Baht 268,874,300 through the cancellation of the 73,258,782 shares.
 - c) An increase in the registered capital from Baht 268,874,300 to Baht 322,649,160 through the issue of 53,774,860 new shares with a par value of Baht 1 each, in order to support the issue of the dividend shares.

40. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 1 March 2013.