

**2007** | ANNUAL REPORT



**AAPICO HITECH PUBLIC COMPANY LIMITED**



## Contents

Vision Statement	01
President's Message	02
Board of Directors	04
Corporate Social Responsibilities	05
Financial Highlights	06
Awards / Achievements	07
History and Profile	08
Shareholding Structure	09
Thailand Operations	11
Overseas Operations	13
Revenue Structure and Business Objectives	14
Thailand Vehicle Industry	15
Government Policy	17
Risk Factors	18
Major Milestones of 2007	19
Employees	23
Audit Committee's Report	24
Shareholders and Management	25
Related Transactions	30
2007 Performance and Financial Status	31
Financial Ratios	33
Financial Statements Summary	34
Financial Statements and Auditor Report	35
General Information	77



## **VISION STATEMENT**

The AAPICO manufacturing group vision is to be an excellent manufacturing organization working through a set of sustainable values to achieve a lean and happy organization and reasonable return to shareholders



## President's Message



The turnover for 2007 was Baht 9,700 million vs Baht 8,010 million for 2006 and profit was Baht 350 million vs Baht 381 million respectively.

The outlook for 2007 was expected to be better for the Group with the acquisition of KPN Automotive Public Co Ltd for Baht 1,800 million. The company is now renamed AAPICO Forging Public Co., Ltd. This was the major acquisition for the year. However, the acquisition did not perform as expected. AAPICO Forging incurred losses instead of the expected profits. After major reorganisation and efficiency improvements, we expect to see profits returning to this company in 2008.

The China operations supplying forging and machined components continue to show steady progress. The largest order of 1.5 million connecting rods for Shanghai GM - Wuling in Liuzhou started production in the latter part of the year and is expected to peak in end 2008

In the car dealership business, the Honda brand in Malaysia performed well, whilst the Mitsubishi and Ford brand in Thailand remained flat.

The major highlight for the year was the purchase of about 100 rai (160,000 sq meters) of land at Amata City Industrial Estate at the Eastern Seaboard for future expansion for plastic fuel tanks (TA with Kautex Textron, Germany), door sash and plastic mouldings (JV with Minth China) and pressed parts manufacture.



The Thailand local automotive market experienced a dip in 2007. Sales volume reduced from 680,000 in the previous year to 631,000 units. However, the annual total production increased to 1,290,000 units due to the strong surge of the export demand. 2007 was the first year that the export volume exceeded local sales, a testimony to the good quality of the cars made in Thailand for the global market. Total production is expected to be in the region of 1,430,000 units in 2008.

The car industry in Thailand is expected to further improve with the recent approval of the Eco-car project. It is expected to add about 400,000 units to the Thailand Auto Industry landscape at full production. So far Suzuki, Nissan and Honda have received approval from the government to commence production. Toyota, Mitsubishi, Tata and Volkswagen have also submitted investment plans for the Eco-car project and are now waiting for the government's approval. Most auto analysts have forecasted the total number of cars produced in Thailand to increase from the original forecast of 2 million cars to 2.5 million cars within the next 10 years.

As I have said in my 2006 annual report, we expected improvements in profit in 2007. This did not materialise and remained flat for reasons that I have explained above. However, I am confident that profits will improve significantly in 2008 in line with our forecast.

Finally, I would like to take this opportunity to say a big "Thank You" to all our 4,000 employees, our business associates, stakeholders and customers, without whose support we would not have been able to pass through another very eventful year.

Yeap Swee Chuan  
President and CEO

## Board of Directors



Mr. Yeap Swee Chuan  
President & CEO



Madam Teo Lee Ngo  
Executive Director



Mr. Goh Him Peow  
Executive Director



Mr. Hiroto Murai  
Executive Director



Mr. Masayoshi Fujimoto  
Director



Mr. Pipat R. Punya  
Director and Chairman of  
Audit Committee



Mrs. Pornnipa Praditsuktavorn  
Director and member of  
Audit Committee



Mr. Supasak Chirasavinuprapand  
Director and member of  
Audit Committee



Scholarship to students from Wat Sak on 6th April 2007



Present Scholarship to AA employees on 5th June 2007



AP's donation at Klongcharoenrat school on 28th July 2007



Blood donation at AH on 29th September 2007



Donation to HIV patients at "Wat Phrabath Namphu" on 25th August 2007



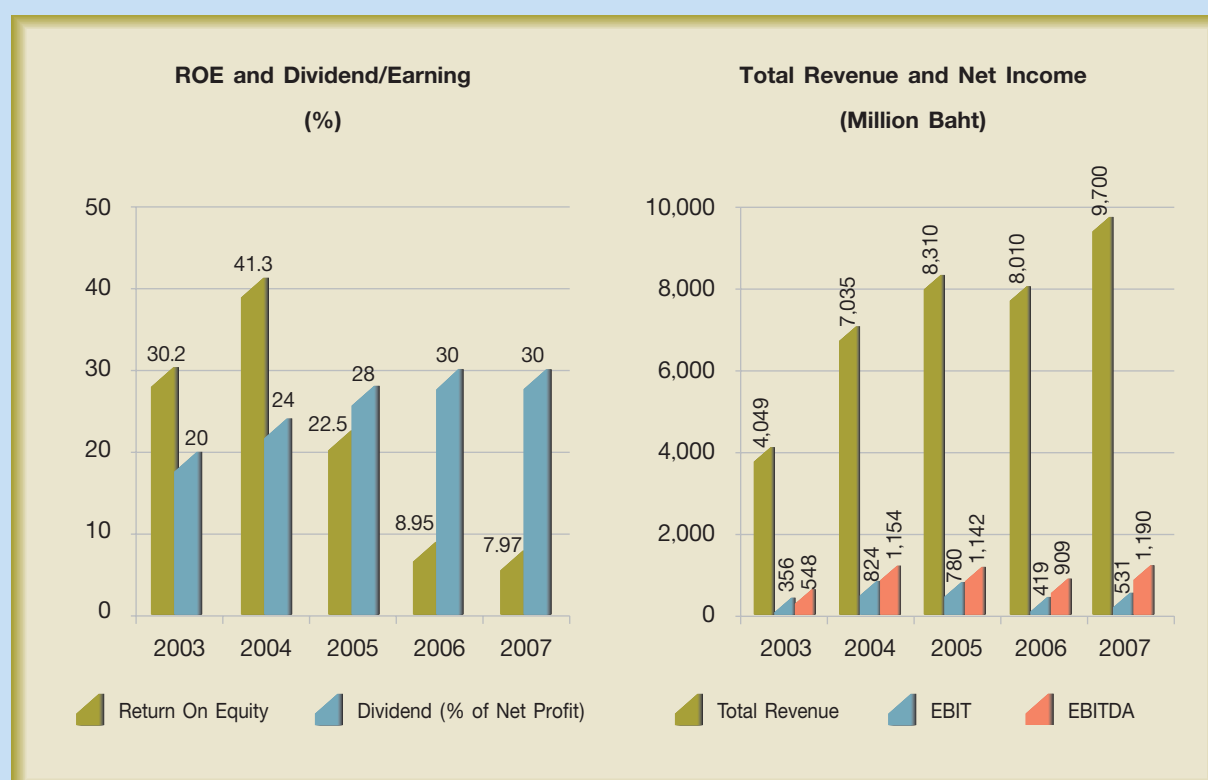
Buddhist Ceremony at AH on Sportsday 15th December 2007



## Financial Highlights

Million Baht	2003	2004	2005	2006	2007
Total Revenue	4,049	7,035	8,310	8,010	9,700
EBIT	356	824	780	419	531
EBITDA	548	1,154	1,142	909	1,190
Gross Profit	428	870	858	524	686
Net Income	310	763	711	381	350
Assets	3,986	4,768	6,129	8,854 *	8,978
Equity	1,484	2,213	4,118	4,394 *	4,393
Ratios					
Return On Equity	30.20%	41.30%	22.50%	8.95%	7.97%
Net Profit Margin	7.70%	10.80%	8.60%	4.75%	3.61%
Assets Turnover	1.59	1.61	1.53	1.04	1.04
Debt on Equity	1.29	0.72	0.28	0.60	0.64
Dividend (% of Net Profit)	20%	24%	28%	30%	30%

\* Restated due to restatement in AAPICO Forging Balance Sheet





2007 Prestigious Awards Toyota Production System (TPS)  
Champion 3 years in the row 2004-6



TPS Leader Award 2007



AAT Q1 supplier award  
2007



Toyota Co-Operation Club (TCC)  
Silver Certificate for Safety  
Activity 2007



Toyota Co-Operation  
Club (TCC) The 1st  
Runner-up for QCC  
Activity 2007



Isuzu CR award 2007

As a testimony to AAPICO Hitech and its associate companies constant effort in seeking improvement and excellence, AAPICO Hitech was presented the Toyota Production System (TPS) Leader award in 2007. This follows winning the Toyota Production System (TPS) championship for 3 consecutive years in 2004, 2005 and 2006. Being a TPS Leader, AAPICO Hitech was also appointed to conduct DOJO training to other suppliers of Toyota. AAPICO Hitech has also been selected by Toyota to be a master trainer to train 12 SME suppliers in the Automotive Human Resources Development Project (AHRDP), the joint development project between the Thai and Japanese Government. Also AAPICO Hitech has been appointed as leading supplier in northern Bangkok to provide productivity training to 3 suppliers in AAT's A-ABC program.

AAPICO Hitech is determined to perform to the utmost of its ability, and to enhance this performance in the search for excellence. Part of this commitment involves environmental protection, both within the workplace and in its surroundings. Because of its insistence on the highest standards of quality systems and environmental integrity, AAPICO Hitech has achieved ISO/TS 16949 and ISO 14001 certification, and received the Q1 award from AAT which certified AAPICO Hitech as a global supplier for Ford.

In order to attain the highest quality standards, AAPICO Hitech 'went live' on September 4th 2006, with the implementation of the Oracle ERP system. The system has taken AAPICO Hitech more than 2 years to adopt. Oracle ERP is the latest computer based technology in Supply Chain Management. The Oracle ERP system on top of the Lean



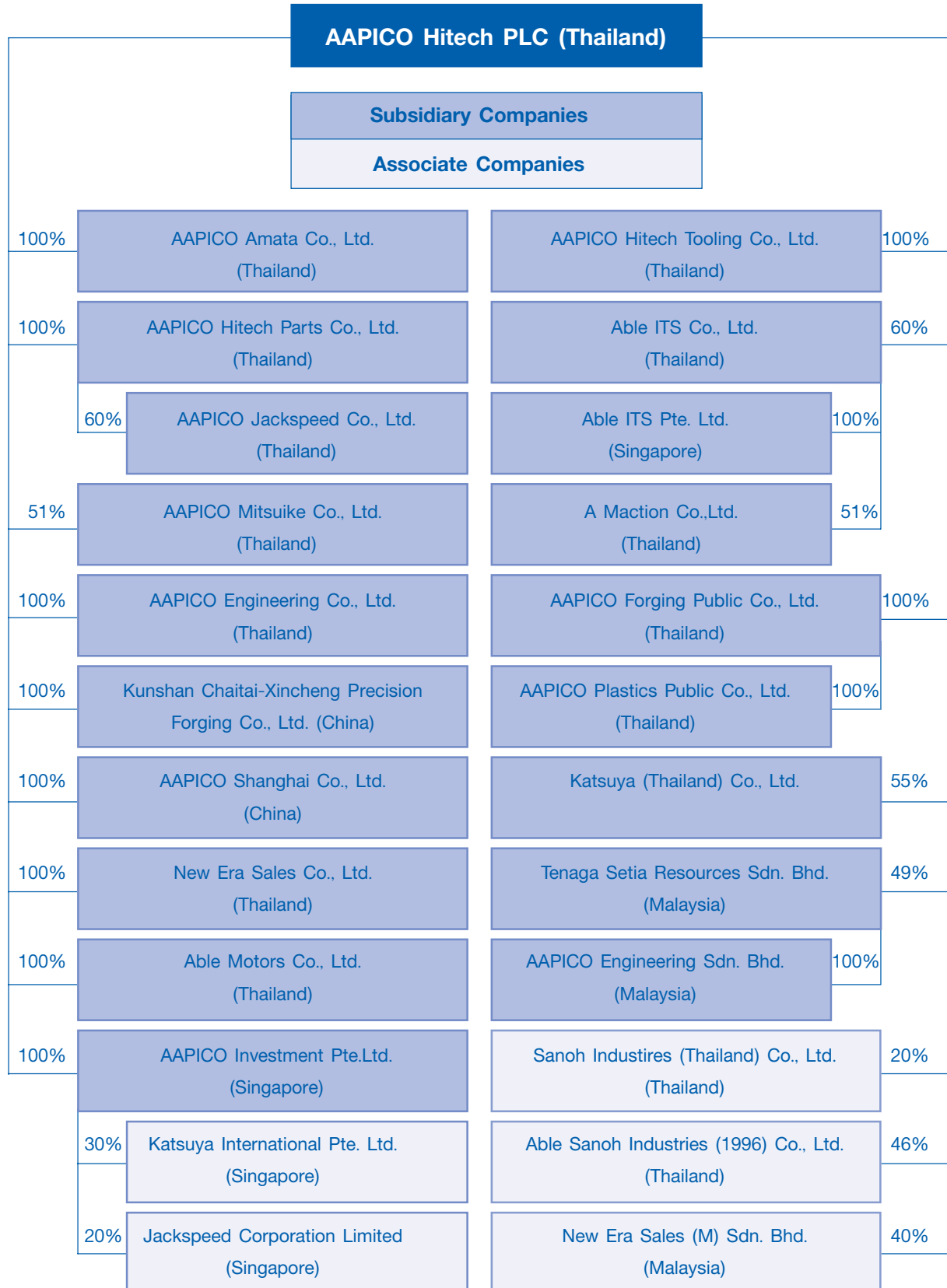
Expand the implementation of Oracle ERP to group  
companies starting from AAPICO Hitech Parts Co., Ltd.

Manufacturing know-how that the company has adopted, further eliminates waste and reduces risks in our supply chain for effective operations, for the benefit of all our customers. This project is being actively developed and implemented by the home grown AAPICO Hitech super users team, and the Oracle ERP system is now being implemented in all AAPICO group companies starting with AAPICO Hitech Parts Co., Ltd. in 2007 and 'went live' on January 2008.

## History and Profile

- 1985 Registered Able Autoparts Industries Co. Ltd (AAPICO)
- 1986 Started operations at leased factory located in Minburi, Bangkok
- 1990 Purchased own machineries and moved to a leased factory at Rangsit, Patumtani, 200 employees
- 1991 Introduced CAD/CAM and CNC machines
- 1995 Signed T/A agreement with KEYLEX, Japan to manufacture pick up fuel tanks for Ford and Mazda pickup
- 1996 Bought land of 24,000 sqm at Hitech Industrial Estate, Ayuthaya, to build a new world class factory
- 1999 Full operations, 400 employees, QS 9000
- 2002 Full operations, 545 employees, ISO 14001
- 2002 Listed on the Stock Exchange of Thailand
- 2003 Purchased PSPT (renamed: AAPICO Amata Co., Ltd.) from Dana Corp, USA to build world quality pick up chassis frames for Isuzu and export to over 120 countries.
- 2004 Issued RO (4.2m shares at Bt. 80) and secondary PO (1.8m shares at Bt.148) in November to raise Bt 600m
- 2004 30% JV with Fischer Tech, a plastic injection manufacturing company (shares disposed, October 2007)
- 2004 Acquired Chinese parts company with 2 factories in Kunshan and Shanghai, 350 employees
- 2005 Achieved ISO/TS 16949:2002 certification
- 2005 Established synergistic global partnership with Sojitz Corporation
- 2005 Established AAPICO Shanghai
- 2006 Acquired 60% of Able ITS, a car navigation system company
- 2006 Acquired 20% shareholding in Jackspeed Corp. Ltd. of Singapore, an auto accessories company
- 2006 Formed four new strategic JV in Thailand with Mitsuike Co., Ltd. of Japan, Singapore-based Jackspeed Co., Ltd., Katsuya Thailand and Katsuya International Pte., Ltd.
- 2006 AAPICO Hitech signed an MOU to acquire 100% of KPN Automotive Public Company Limited.
- 2007 Completed acquisition of 100% of KPN and its name changed to AAPICO Forging and AAPICO Plastics.
- 2007 Signed TA agreement with Edscha, Asia-Pacific for further technical collaboration for the manufacture of door-checks, hinges and parking brakes.
- 2007 Signed TA agreement with Kautex of Germany to manufacture plastic fuel tanks.
- 2007 Acquired 100 rai (40 acres) of land at Amata City Industrial Estate, Rayong to build new factories for expansion.

# Shareholding Structure



## AAPICO Hitech businesses can be classified into the following groups

Type of Business	Local	Overseas
Design, manufacture and installation of car assembly jigs	AAPICO Hitech Public Co., Ltd. AAPICO Hitech Tooling Co., Ltd.	
Design and manufacture of dies	AAPICO Hitech Public Co., Ltd. AAPICO Hitech Tooling Co., Ltd.	
Manufacture of OEM auto parts	AAPICO Hitech Public Co., Ltd. AAPICO Hitech Parts Co., Ltd. AAPICO Mitsuike Co., Ltd. Able Sanoh Industries (1996) Co., Ltd. Sanoh Industries (Thailand) Co., Ltd.	
Automobile Sales and Service	New Era Sales (Thailand) Co., Ltd. Able Motors Co., Ltd.	New Era Sales (M) Sdn. Bhd. Tenaga Setia Resources Sdn. Bhd.
Manufacture of Chassis Frame for Isuzu D-Max and GM Chevrolet Colorado pickup	AAPICO Amata Co., Ltd.	
Manufacture of automotive forging parts	AAPICO Forging Public Co., Ltd.	Kunshan Chaitai-Xincheng Precision Forging Co., Ltd.
Manufacture of precision plastic for automotive and electronics	AAPICO Plastic Public Co., Ltd.	
Engineering Research & Development	AAPICO Engineering Co., Ltd.	
Car Navigation System	Able ITS Co., Ltd. A Maction Co., Ltd.	Able ITS Pte. Ltd.
Automotive Machining Parts	AAPICO Forging Public Co., Ltd.	AAPICO Shanghai Co., Ltd.
Manufacture of Sport Bars for Pick up	AAPICO Jackspeed Co., Ltd.	
Surface Treatment - Water Transfer printing for plastic and Metal Flocking	Katsuya (Thailand) Co., Ltd.	Katsuya International Pte. Ltd.
Manufacture accessories for transportation industry		Jackspeed Corporation Limited
Investment, Merger & Acquisition Activities		AAPICO Investment Pte. Ltd.
Future Business Potential		AAPICO Engineering Sdn. Bhd.

# Thailand Operations

AAPICO Hitech (AH) has a paid up capital of Baht 282.36 million. The main shareholders are Mr. Yeap Swee Chuan Group holding 34% of outstanding shares and Sojitz Corporation 15%. AAPICO Hitech designs, produces and installs car assembly jigs, designs and produces stamping dies, and produces OEM auto parts. AAPICO Hitech has ownership in 24 companies (15 in Thailand and 9 overseas) as follows:

- 1) AAPICO Amata Co., Ltd. (AA) is wholly owned by AAPICO Hitech. The company is located at Amphur Panthong, Chonburi with a land area of 32,000 square metres. It has a paid up capital of Baht 800 million. AA produces automotive chassis frames supplied to Isuzu Motors (Thailand) Co., Ltd. for Isuzu D-Max pickup and General Motor Co., Ltd. for Chevrolet Colorado pickup truck.
- 2) AAPICO Hitech Parts Co., Ltd. (AHP) is wholly owned by AAPICO Hitech. It has a paid up capital of Baht 120 million. AHP manufactures OEM Pressed Parts for automotive car assemblers in Thailand.
- 3) AAPICO Hitech Tooling Co., Ltd. (AHT) is wholly owned by AAPICO Hitech. The company was established in 2005 with a registered capital of Baht 65 million. Its focus is on Jig & Die Design & Manufacture.
- 4) AAPICO Engineering Co., Ltd. (AE) is wholly owned by AAPICO Hitech. The company was established in 2004 with a registered capital of Baht 10 million. Its focus is on CAE (Computer Aided Engineering) program, engineering consultancy, engineering design and engineering research & development.
- 5) New Era Sales Co.,Ltd. (NESC) is wholly owned by AAPICO Hitech. NESC is involved in the sales and after-sales of Ford vehicles in the Northern and Eastern areas of Bangkok provinces of Thailand. NESC has been rated the number one Ford dealer for the last 7 years. NESC has 3 showrooms and after-sales service centers, one in Lardprao Road started in June, 1999, one in Ram-indra Road started in November 1999, and another on Samutprakarn Road. NESC has a paid-up capital of Baht 20 million.
- 6) Able Motors Co., Ltd. (AM) is wholly owned by AAPICO Hitech. AM is involved in sales and after sales of Mitsubishi vehicles in the Navanakorn area, Pathumtanee province, Thailand. AM has a paid up capital of Baht 20 million.
- 7) Able ITS Co., Ltd. (AITS) is 60% owned by AAPICO Hitech. The company was established in 2005 with a registered capital of Baht 100 million in Ayuthaya province, Thailand. Its focus is on Car Navigator Systems.
- 8) AAPICO Jackspeed Co., Ltd. (AJ) is jointly owned by AAPICO Hitech with equity participation of 60% and Jackspeed Corporation, a Singapore Public Listed Company with 40% equity participation. The company was established in 2006 with a registered capital of Baht 20 million. AJ main business line includes manufacture of sport bars for pick up.
- 9) A Maction Co. Ltd. (AMAC) is jointly owned by AAPICO Hitech group and Maction Technology (Taiwan) where Able ITS Co., Ltd. holds 51% stake and Maction Technology (Taiwan) holds 49% stake. A Maction has authorized capital of Baht 20 million. It will focus on the manufacture of the car navigation software.

- 10) AAPICO Forging Public Co., Ltd. (AF) is wholly owned by AAPICO Hitech. The company has a paid up capital of Baht 500 million. The main business of AAPICO Forging is to manufacture automotive forging parts.
- 11) AAPICO Plastic Public Co., Ltd. (AP) is wholly owned by AAPICO Hitech. The company has a paid up capital of Baht 150 million. The main business of AAPICO Plastic is to manufacture automotive plastic parts.
- 12) AAPICO Mitsuike Co., Ltd. (AMIT) is jointly owned by AAPICO Hitech and Mitsuike Co., Ltd. with equity participation of 51% and 49% respectively. AAPICO Mitsuike has a paid up capital of Baht 33 million. AAPICO Mitsuike will initially focus on engineering and marketing press parts to Nissan domestically, but plans to later expand with manufacturing facilities.
- 13) Katsuya (Thailand) Co., Ltd. (KT) is jointly owned by AAPICO Hitech and Katsuya Thailand with equity participation of 55% and 45% respectively. Katsuya (Thailand) Co., Ltd. has a authorized capital of Baht 28.5 million. It will focus on the manufacturing of the interior decorative trim.
- 14) Able Sanoh Industries (1996) Co., Ltd. (ASICO) is jointly owned by AAPICO Hitech, Sanoh Industrial (Japan) and Alconix (Japan) with 45.6%, 51% and 3.4% shareholding respectively. It has a paid up capital of Baht 117. 7 million. ASICO manufactures brake lines, fuel lines, engine parts for automotive car assemblers in Thailand.
- 15) Sanoh Industries (Thailand) Co., Ltd. (SANOH) is jointly owned by AAPICO Hitech, Sanoh Industrial (Japan) and Mitsubishi Corporation (Japan) with 20%, 65% and 15% shareholding respectively. It has a paid up capital of Baht 146.25 million. The business of Sanoh is the manufacture of Fulton brazed steel tubing.

## Overseas Operations

- 1) Kunshan Chaitai-Xincheng Precision Forging Company Limited (KCXPF) is wholly owned by AAPICO Hitech. Kunshan Chaitai-Xincheng Precision Forging Co., Ltd. is located in the Kunshan Industrial Park in the Jiangsu Province, China. The current scope of the business is the manufacture and supply of automotive precision forging parts and other kinds of mechanical parts used on automobiles and motorcycles. The main products manufactured are synchronizer rims, gear sets and connecting rods for engines.
- 2) AAPICO Shanghai Co., Ltd. (AS) is wholly owned by AAPICO Hitech is located in Chingpu, Shanghai for machining parts. The company was established in 2005 with a registered capital of US\$ 1 million. It focuses on automotive machining parts.
- 3) AAPICO Investment Pte. Ltd. (AIPL) is wholly owned by AAPICO Hitech. The company was established in 2006 and is located in Singapore. The paid up capital for AAPICO Investment is SG\$ 6.97 million. The main business for AAPICO Investment is related to merger and acquisition activities.
- 4) New Era Sales (M) Sdn.Bhd. (NESSB) is jointly owned by AAPICO Hitech and a Malaysian businessman, with 40 % and 60% ownership respectively. NESSB has a paid up capital of RM 1.5 million or approximately Baht 16.5 million. NESSB is a Honda dealership with a showroom and service centre in Kuala Lumpur, Malaysia.
- 5) Tenaga Setia Resources Sdn. Bhd. (TSRSB) is jointly owned by AAPICO Hitech and a Malaysian businessman, with 49 % and 51% ownership respectively. TSRSB has a paid up capital of RM 6 million or approximately Baht 66 million. TSRSB is a Honda dealership with one showroom and service centre located in Petaling Jaya.
- 6) Able ITS Pte. Ltd. (AITSPL) is wholly owned by AAPICO Hitech. The company was established in 2006 and is located in Loyang Industrial Estate, Singapore. The paid up capital for Able ITS Pte. Ltd. is SG\$ 310,000. The main business of Able ITS Pte. Ltd. relates to car navigation system.
- 7) Katsuya International Pte. Ltd. (KIPL) is jointly owned by AAPICO Hitech, Jackspeed Co., Ltd. and Coryor Pte. Ltd. with equity participation of 30%, 51% and 19% respectively. Katsuya International has a paid up capital of SG\$ 1,000,000. It is located in Loyang Industrial Estate, Singapore. It is involved in providing dip printing service and manufacturing fabric spray for OEM's.
- 8) Jackspeed Corporation Limited (Singapore) (JCL) is 20% owned by AAPICO Hitech. Jackspeed Corporation Limited has a paid up capital of SG\$ 24.1 million. It manufactures accessories for transportation industry.
- 9) AAPICO Engineering SND. BHD. (Malaysia) (AEM) is 49% owned by AAPICO Hitech. It is a company set up ready for future business potential. Currently it owns a piece of land to be used for building a new showroom for selling Honda cars.

# Revenue Structure and Business Objectives

## Revenue Structure of AAPICO Hitech Group

Product	2005		2006		2007	
	Mill. Baht	%	Mill. Baht	%	Mill. Baht	%
OEM Autoparts (Stamping Parts, Chassis Frame, Forging Parts, Plastic Parts)	5,844.08	70.32	5,503.02	68.70	6,820.49	70.32
Jigs & Dies	84.39	1.02	145.95	1.82	300.51	3.10
Dealerships	2,133.54	25.67	1,985.35	24.79	2,005.91	20.68
Others	248.47	2.99	375.92	4.69	572.10	5.90
Total	8,310.48	100.00	8,010.24	100.00	9,699.01	100.00

## Business Objectives

The main goal of AAPICO Hitech is to be the best producer of low volume of jigs for production of up to 20,000 cars per year. AAPICO Hitech plans to expand to high volume jigs for production of more than 20,000 cars per year through cooperation with other overseas companies.

For OEM autoparts and chassis frame, AAPICO Group sets the goal to continuously improve on safety, quality, cost, delivery, engineering and management (SQCDME). The current customers, such as AAT (Ford/ Mazda JV), Nissan, Isuzu, Honda, Toyota and GM view AAPICO Hitech as an excellent manufacturing company with sustainable SQCDME attributes. AAPICO Hitech's goal is to enhance its business relationship with these customers.

For car dealership operations, AAPICO Hitech sets the goal to be the best dealer for Honda and Mitsubishi and continue to be the best Ford dealer in Thailand by providing excellent services and opening more showrooms to expand the business.

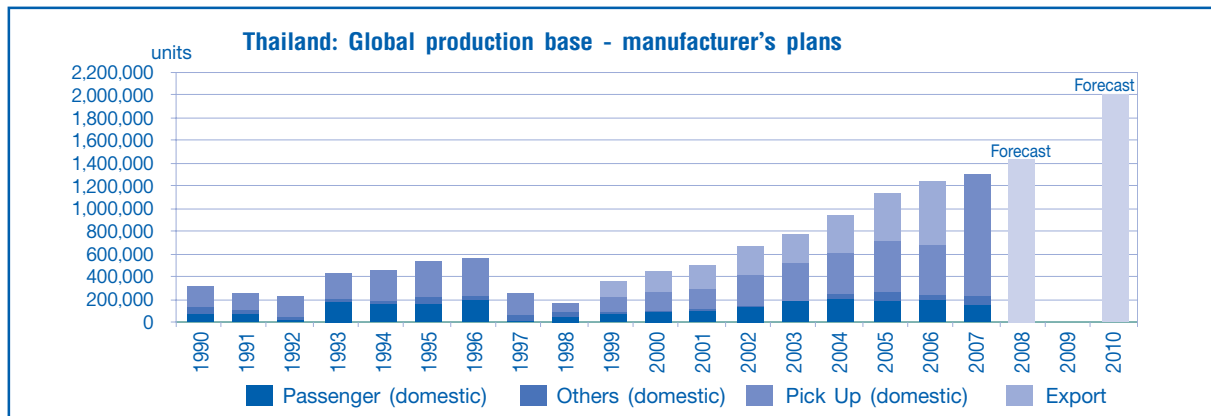
With the forging operation in China with AAPICO Kunshan (KCXPF) and together with the recent acquisition of KPN Automotive with main business in forging parts manufacturing, AAPICO Hitech's objective going forward is to be one of the major forging parts manufacturers for the automotive industry in Asia.



# Thailand Vehicle Industry

Thailand’s automotive industry is solidifying its’ status as the Detroit of Asia, and continues to make steady progress in achieving its’ goals of becoming one of the world’s top ten automotive manufacturing countries in near future. Thailand is already the world’s second largest pick-up truck market after the US and ASEAN’s largest automotive market and assembler. Thai automotive production is expected to exceed 1.45 million units in 2008 with a long-term goal of achieving 2 million units by 2011. As much as 54% of Thai automotive production will be exported in the future. The local automobile market is expected to recover in 2008 after two years of declines. Overall vehicle sales in 2008 are projected to grow 11% to 700,000 units locally, of which 217,000 units would be cars and the remaining 483,000 would be commercial vehicles including the best-selling one-ton pickup trucks. Despite strong growth in exports of vehicles and components, the automotive components industry faces significant challenges from the strong baht, growing competition from China, India and Vietnam and a shortage of capital to fund growth. In this context, AAPICO expansion plans will focus on building more synergies in ASEAN, China and India.

Thailand’s new Eco-car project is aimed at encouraging foreign automobile manufacturers to invest in the country. Three leading automobile manufacturers which are Honda, Nissan and Suzuki have been given the green light to start producing Eco-cars in 2009. They must make at least 100,000 units by 2014. Four other car manufacturers are awaiting approval of their proposals from the Board of Investment.



## Toyota

## Honda

Toyota is projecting domestic sales for 2008 at 299,000 units. Toyota has expanded of its Thai operations, by relocating key support divisions from Japan, creating Toyota Motor Asia Pacific Engineering & Manufacturing. Toyota is awaiting approval for tax incentives from the Board of Investment (BoI) to produce environmentally friendly cars in Thailand. The plan is aimed at increasing total annual production capacity to 2 million units in the next three years.

Honda planned to spend 6.2 billion Baht to expand its production line in a plant at Rojana Industrial Park, in Ayutthaya province. Honda has doubled production of engine blocks and cylinder heads to 300,000 per year, 70% of which are exported. New production line will be operated from Oct-2008 and it will contribute 240,000 cars/year (CBU basis) to HATC’s expansion of production capacity. Honda plans another 6.7 billion Baht investment to launch an Eco-car project in Thailand. This involves upgrading the existing production lines, developing Eco-cars and improving parts suppliers.

<p><b>Ford/Mazda (AAT)</b></p>	<p>Ford and Mazda announced plans to invest more than US\$500 Million in Thailand to increase domestic production by at least 100,000 cars per year for export. The total investment would be split evenly between Ford and Mazda to raise annual capacity of AAT to 275,000 vehicles from 175,000. Ford and Mazda plan to export the small cars to Asean, Australia, New Zealand and South Africa in addition to the domestic market.</p>
<p><b>Nissan</b></p>	<p>Nissan has announced to hit the production target of 100,000 by 2010 with 60,000 units for the domestic market and 40,000 units for export. In 2009 Nissan plans to launch a new model in Thailand as a series of ECO car. Its production volume is expected to be 37,000 cars/year.</p>
<p><b>Isuzu</b></p>	<p>Isuzu's Production base in Thailand was officially confirmed in 2003 when Isuzu Japan transferred authority to Isuzu Thailand, to manage its export markets. Isuzu's vehicle exports have grown by 300% over exports originating from Japan during the previous 4 years. In 2006 alone the "Isuzu D-Max" achieved exports of about 120,000 units and in the following year grew to over 140,000 units. The export target for year 2008 is set at 150,000 units.</p>
<p><b>Mitsubishi</b></p>	<p>Mitsubishi exported its 1,000,000th Thai-made vehicle in June 2007. Total pickup exports from Thailand totaled 133,109 units in 2007. Mitsubishi sales target is 140,000 units in 2008. Mitsubishi will invest about five billion baht this year to upgrade its Laem Chabang assembly plant in Chon Buri to produce passenger pickup vehicle (PPV). The new investment will cover product design and development, as well as new equipment. The old machinery in the plant will also be replaced to help improve production efficiency.</p>

# Government Policy

## The Effect of Government Policy on the Automobile Industries

Vast investments are required to develop Thailand as the center of automotive manufacturing of Asia. The government has given support to improve productivity by establishing an institutional Training Center for Technology Development. There are large organizations established here with Japanese support namely the Japan External Trade Organization (JETRO). Japan International Cooperation Agency (JICA). Japan Overseas Development Cooperation (JODC) and the New Energy and Industrial Technology Development Organization (NEDO). The Supplier Development Program (SDP) under the Industrialized infrastructure development has the support of the Industry Promotion Plan. Under the second phase industrial structural improvement plan to boost competitive advantage many sectors of the automotive industry will benefit.

Thailand has signed an agreement with ASEAN to ratify free trade. Taxes were reduced among six ASEAN nations to 0%-5% in 2003. An agreement was also signed to reduce spare parts tax. ASEAN agree to use spare parts manufactured by member countries to enjoy tax reductions. This makes ASEAN countries more competitive in the world market.

Thailand is often referred as the “Detroit of Asia” The Thai government’s policy of early promotion of the Auto Industry and then recent acceleration of trade preference under the Asia Free Trade Area (AFTA). FTAs with Australia, India and pending FTAs with China and the U.S. are creating even more favorable conditions in which the economies of scale and efficiencies of the Thai Auto and parts industry are magnifying Thailand’s advantage in this area.

Japan and Thailand have been enjoying vibrant economic ties with bilateral trade since 2004 amounting to nearly 35 billion US dollars for that year. Thailand is also the most important destination for Japanese investment in Southeast Asia in terms of volume of its direct investment since 2004, while Japan is the most important investor in terms of volume of foreign direct investment in Thailand in the same year. In this context, the JTEPA will further broaden and deepen the already close and cordial ties of friendship and mutually beneficial cooperation by forging closer economic relations, enhancing more favourable investment climate, and generating greater business opportunities through cooperation, liberalization and facilitation in trade and investment between the two countries. The JTEPA will mark a new era for Japan-Thailand strategic partnership and provide a solid basis for an East Asian community. Cooperation in trade and investment promotion will include a project in steel industry, the support for Thailand’s “Detroit of Asia” policy through a cooperation project in automotive industry, and the support for Thailand’s “Kitchen of the World” project.

The Thai Automotive industry reached a key milestone in 2006 with over 1,000,000 vehicles produced. The Thai government’s ambition for the industry is to reach the 2,000,000 milestone in 2011.

The Board of Investment under Thai Government has sanctioned the Eco-Car program, an initiative aimed at encouraging auto manufacturers to develop small, fuel- efficient cars for the local and export markets. Bol incentives require manufacturers to submit detailed plans demonstrating production of least 100,000 units per year starting from fifth year. Fuel consumption of Eco-cars must be no more than five litres per 100 kilometers. Car emissions must also comply with the Euro 4 specification or higher and the vehicles must offer full front and side- impact protection based on UNECE (United Nations Economic Commission for Europe) specifications.

## Risk Factors

- **Political Uncertainty:** Political uncertainty may affect investor's confidence and undermine consumer's purchasing decisions. At risk are a number of Free Trade Agreements and key infrastructure projects. However, a strong culture of compromise and a resilience to crisis means foreign investments and trade are not fundamentally at risk in the Land of Smiles.
- **Fuel Price to Remain High:** While international demand for oil continued to rise, led by a giant increase in Chinese consumption, a number of factor hit supplies in 2007, including the situation in Iraq and Iran, low refinery capacity in the US. The threat of higher fuel price will affect the Thai economy.
- **Steel Shortages:** The automotive industry in Thailand could face steel shortages caused by the continuing increased demand from China. The OEM manufacturers are now looking for alternative sources of supply from Korea and Brazil.
- **Top Management:** Mr.Yeap Swee Chuan is the President & CEO of the company. He has extensive experience of over 30 years in the automotive manufacturing industry. He has established good relationships with customers and competitors. Mr. Yeap's group is the majority shareholder of the company (34%) Mr. Yeap has no plans to retire and will continue to support the development of the company by training new management team and setting company objectives and policies.
- **Uncertainty of Income from Car Assembly Jig:** Sales Revenue from jig operation was Baht 169.75 million in 2007 as compared to Baht 407.4 million in 2004 which was a record year for jig sales. Revenue from jigs fluctuates greatly. Jig sales are usually done on a project basis on long-term contract. Demand for jig changes every 3-5 years when automotive manufacturers launch new models.
- **Competition in OEM Auto Parts Industry:** The group produces OEM parts for car assembly. Sales revenue from OEM Parts including chassis frame made up 49.88% of total group sales revenue in 2007. The company has several competitors in the OEM parts industry.
- **Quality Control:** Good product quality is one of the most important factors in the automotive industry. Any quality defect would have significant impact on the company, both financially and on its reputation. To pursue a prudent risk factor with regards to product liability and warranty for our parts, we purchase insurance coverage. The company has successfully passed and been certified for the following: QS9000 and also ISO 9002 in 1999, ISO 14001 in 2002 (and recertified in 2006) and ISO/TS 16949 in 2005.
- **Labour Relations:** With the strong growth of the car industry. The labour force is demanding higher wages. Hence effective communication and compensation is necessary to avoid labour disputes and production disruptions.

# Major Milestones of 2007

- 1) **Completed 100% Acquisition of KPN Public Company and established AAPICO Forging and AAPICO Plastics-** In heeding the Government's call that Thai auto parts companies need to form global alliances to promote its "Detroit of Asia" policies, AAPICO Hitech, this year has advanced further into new acquisitions and joint ventures. In 2007 we completed acquisition of 100% of KPN Public Company and named it AAPICO Forging and AAPICO Plastics.
- 2) **After being Toyota Production System (TPS) Championship for 3 consecutive years (2004,2005,2006) received TPS Leader Award in 2007-** As a testimony to AAPICO Hitech and its associate companies. In their constant effort in seeking improvement and excellence, AAPICO Hitech was presented the Toyota Production System (TPS) Leader award in 2007. This follows winning the Toyota Production System (TPS) champion for 3 consecutive years in 2004, 2005 and 2006.
- 3) **Achieved Toyota Co-operation Club (TCC) awards for 1<sup>st</sup> Runner-up for QCC Activity and Silver Certificate for Safety (CCCF) Activity-** Aapico Hitech was awarded 1<sup>st</sup> Runner-up for Quality Control Circle (QCC) from 101 suppliers of Toyota and Silver Certificate for Safety (CCCF) Activity from 92 suppliers of Toyota in 2007.
- 4) **Appointed as the Leading Supplier in Northern Bangkok to Provide DOJO training to 6 other suppliers in AAT's A-ABC program and Toyota's TPS-** Being a TPS Leader, AAPICO Hitech was also appointed to conduct DOJO training to other suppliers of Toyota. AAPICO Hitech has also been selected by Toyota to be a master trainer to train 12 SME suppliers in the Automotive Human Resources Development Project (AHRDP), the joint development project between the Thai and Japanese Government's.
- 5) **Commenced the supply of Nissan OEM parts to Spain, Japan, South Africa and Mexico-** AAPICO Hitech is a Certified Global Supplier to Nissan and is now supplying parts to Nissan in Spain, Japan, South Africa and Mexico.
- 6) **Signed TA agreements with Kautex, Germany and Edscha, Asia- Pacific-** In further broadening its OEM parts product line, AAPICO Hitech signed TA agreement with Edscha, Asia-Pacific for further technical collaboration for the manufacture of door-check arms, hinges and parking brakes, and with Kautex of Germany to manufacture plastic fuel tanks
- 7) **Purchased 100 rai (40 acres) of land at Amata City Industrial Estate, Rayong for future expansion-** For further expansion, AAPICO Hitech has purchased the 100 Rai (40 acres) of land in Amata City, Rayong and new factories will be built in 2008 starting with a Plastic Fuel Tank factory, Minth-Aapico JV factory, and a new press parts factory. High capacity and best in class machines are planned for the future.

## Future Plans

- 1) **Advance to design and manufacturing of high volume jigs & fixtures** - AAPICO are well respected in the automotive industry for low volume quality tooling and are probably the largest Jig Manufacturer in South East Asia for more than 20 years and AAPICO has recently manufactured jigs for Mercedes Benz C- Class car for 3 markets - Thailand, India and Malaysia. AAPICO is forming strategic partnership with reputable and leading tooling companies in Japan.
- 2) **Upgrade tooling making expertise** - AAPICO has recruited additional competent expatriates with design and engineering skills in die making (Japanese staff).



- 3) **Upgrade OEM parts production to more complex and larger parts** - AAPICO has formed JV with Mitsuike (who is 1st tier supplier to Nissan for last 60 years) to develop more complex parts and also to advance to simultaneous engineering. AAPICO has also built a new “state of art” factory with new, latest Komatsu machines and an investment of 1 billion baht.

In further broadening its OEM parts product line, AAPICO Hitech signed TA agreement with Edscha, Asia-Pacific for further technical



collaboration for the manufacture of door-check arms, hinges and parking brakes, and also with Kautex of Germany to manufacture plastic fuel tanks.

- 4) **Continuous improvement in manufacturing processes** - In order to attain the highest quality standards, AAPICO Hitech implemented the Oracle ERP system. The system has taken AAPICO Hitech more than 2 years to adopt. Oracle ERP is the latest computer based technology in Supply Chain Management. The Oracle ERP system on top of the Lean Manufacturing know-how that the company has adopted, further eliminates waste and reduces risks in our supply chain for effective operations, for the benefit of all our customers. This project is being actively developed and implemented by the home grown AAPICO Hitech super users team, and the Oracle ERP system is now being implemented in all AAPICO group companies starting with AAPICO Hitech Parts Co., Ltd. which went live January 2008. Also AAPICO implemented the 6 Sigma practice for problem solving within the company.

## Other AAPICO Attributes -

- **Core Competencies - (S,Q,D,C,E,M)** - The core competency of AAPICO is Manufacturing and the company vision is to be an Excellent Manufacturing Company. We will attain this landmark by adopting the following attributes :- Safety - No accident, Quality - 0 ppm, Delivery - E-Kanban (JIT), Cost - Leading competitive cost, Engineering - CAE, Simultaneous Engineering & Management - TPS, ERP Oracle
- **One Stop Service in Automotive Sector-** AAPICO had expanded its operation by offering the automotive market a wide range of automotive products with collaboration with world class technical partners. Our automotive products now include - Press part, Dies and Jigs. AAPICO is able to provide a “One Stop Service” to all the major OEMs
- **Technical Partners** - Continual Technical advancement is a hallmark of AAPICO Hitech Public Company Limited commitment to quality, so customers can rest assured of the quality and reliability of all the company’s products. The company enjoys collaborations of technical assistance from world-leading companies in the automotive industry, e.g. - Keylex for Fuel Tank, Edscha for Door Check Link, Door Hinges, Parking Brake and Siemens VDO for Tank Sender, Kautex for Plastic Fuel tank, Magna Closures for Window regulators/latches, Webasto for Sunroof and Mitsuike for Simultaneous engineering. This puts the company firmly at the leading edge in terms of acquiring world class technology and technical transfer
- **Human Resource/ Training and Development**
  - To further personnel development we sent our staff for overseas on-the-job training for more than 1000 man days in 2007. We provide an average training 25 hours/ year/ employee
  - We participated in training course of 7 habits of highly effective managers
  - AAPICO implemented training for Proton Malaysia, subsidiary (Proton Miyazu Sdn. Bhd.) on the Pull System (Part of Toyota Production System - TPS)

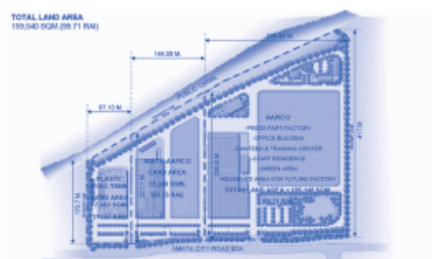
## Sustaining Growth & New Opportunity

Sustaining Growth - In order to meet the growing automotive market demand AAPICO Hitech had doubled its capacity by the expansion of a new 10,800 square meters factory adjacent to its current plant location with a total investment of Baht 1 Billion, which was in full operation by the first quarter of 2007. This new factory is the ‘state of the art’ plant equipped with the latest new machines comprising Komatsu Transfer Press of 2500 ton and Komatsu Tandem Press, with lead press of 1000 ton, followed by one 800 ton and three 400 ton presses. There is also a reserved 2nd Tandem Press Line pit and a Blanking Press Line of 1000 tons.

In AAPICO Amata, the company has invested in new machineries to meet increasing demand with a new Blanking Line of 1000 ton and two 800 ton Komatsu Forming Press. This had allowed AAPICO Amata’s capacity to increase production of chassis frames to 32,000 sets per month.

New Collaborations - In heeding the Government's call that Thai auto parts companies need to form global alliances to promote its "Detroit of Asia" policies, AAPICO Hitech, this year has advanced further into new acquisitions and joint ventures. The company completed the acquisition of 100% of KPN Public Company and named it as AAPICO Forging and AAPICO Plastics.

AAPICO Forging manufactures high quality automotive, motorcycle, and electrical parts by means of hot and cold steel forging and machining work to meet customer's requirement and specification. The company's expertise is in automotive chassis parts and transmission parts which require extreme durability, safety and precision. AAPICO Plastics designs, develops and manufactures plastic injection moulds and products for automotive, motorcycle, electronic and household appliances in a 35,200 square meter factory in Bang-Plee, Samutprakarn.



Expansion of new factories in Amata City, Rayong

Through a joint venture with Minth Group of China, a new company, MINTH AAPICO Co., Ltd., had been established with AAPICO Hitech holding 40% of a paid up register capital of Baht 178.5 million. MINTH AAPICO Co., Ltd. will be principally engaged in the design, manufacturing, marketing and selling of rolling and extrusion automobile parts in Thailand. A new factory for these products will be constructed soon in Amata City Industrial Estate at Rayong province on the 100 rai of land that Aapico Hitech has purchased recently for its expansion.

The factory will provide new employment for up to 200 workers and engineers. A customer in Thailand has provided sourcing agreements to purchase products from the JV Company upon its establishment.

In further broadening its OEM parts product line, AAPICO signed TA agreement with Edscha, Asia-Pacific for further technical collaboration for the manufacture of door-check arms, hinges and parking brakes, and also with Kautex of Germany to manufacture plastic fuel tanks in a new factory to be built at Amata City Industrial Estate in early 2008.

# Employees

## AAPICO Hitech Group Head Count

Total : 4,163 Employees (as of Dec 31, 2007)

AH has recruited a number of competent expatriates with relevant skills to enhance the development of the company.

### Expatriate Staff (In Thailand)

Japanese	21	Persons
Malaysian	7	Persons
Australian	2	Persons
Indian	4	Persons
Chinese	3	Persons
Taiwanese	1	Person
Filipino	1	Person
British	1	Person
American	1	Person
Swedish	1	Person

Department	Number of persons as at 31 December 2007
Jig	68
Die	73
OEM Auto Parts	1,596
Chassis Frame	684
Auto Parts Precision Forging	929
Car Dealership	237
Precision Plastic	480
Car Navigator	18
Others	78
<b>Total</b>	<b>4,163</b>

Management Team		
1.	Mr. Yeap Swee Chuan	President & CEO
2.	Madam Teo Lee Ngo	Executive Director Finance & Administrative Department
3.	Mr. Goh Him Peow	Executive Director Operations & Marketing
4.	Mr. John R. Drew	Project Director
5.	Mr. Akira Omori	GM of Operations & Marketing
6.	Mr. Kawee Wasaruchareekul	GM of Tooling Department
7.	Mr. Kannika Kartiwithcha	Finance & Accounting Manager
8.	Mr. Worawit Ongkranjana	QA & QC Manager
9.	Mr. Katsuya Kawaguchi	Die Engineering Advisor
10.	Mr. Sathaporn Srithammarote	Training Manager
11.	Mr. Masayuki Kanno	Marketing & Key A/C Manager
12.	Ms. Sriwan Patipimpakom	Personnel & Administrative Manager
13.	Ms. Yeap Xin Rhu	Purchasing Manager
14.	Mr. Tiwa Boonthem	Production Manager
15.	Mr. Sattha Petch-in	Production Manager

## Audit Committee's Report

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

The Audit Committee consists of 3 independent directors as follows:

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

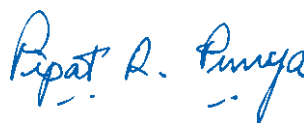
The Audit Committee has carried out the works under its duties and responsibilities as follows:

1. Reviewed the financial statement of the Company to ensure that the Company's financial statement is correct and reliable before proposing to the Board of Directors, the Securities and Exchange Commission and the Stock Exchange of Thailand.
2. Reviewed the information disclosure of the Company, particularly those of the connected transactions or the transactions that might have the conflict of interest, to ensure the transparency and correctness.
3. Reviewed and recommended the Company to ensure the internal audit system and the internal audit appropriate and effective.
4. Reviewed and supported the Company to comply with the good corporate governance and risk management based on the guideline of the Stock Exchange of Thailand, the relevant laws and regulations.
5. Reported the results of the operation and provided recommendations to the Board of Directors at the Board of Directors' meetings.
6. Considered and selected the auditor and fixed the auditor's remuneration.
7. Carried out other assignments given by the Board of Directors.

During the fiscal year ended as at December 31, 2007, the Audit Committee held 7 meetings in total. The Audit Committee conducted its audit independently and provided recommendations in the related issues with a good co-operation from the executives, the internal audit officers, and the auditor of the Company.

In conclusion, the Audit Committee, having considered the audit report has the same opinion with the auditor that the financial statement of the Company conforms to the general accounting standard, has adequate information disclosures, has the internal audit system in good level, has transparent administration, and does not have any material issue concerning the non-compliance with the related regulations.

For the 2008 financial statement, the Audit Committee proposed the Board of Directors to appoint Ernst & Young Co., Ltd. as the Company's auditor following the past year. This is because Ernst & Young has the widely recognized auditing standard. The proposal to appoint the auditor would be presented to the Annual General Meeting of the shareholders for further approval.



Mr. Pipat R.Punya

Chairman of Audit Committee

# Shareholders and Management

## Shareholders

The company has a registered and fully paid-up capital of Baht 282,360,000

Name	Number of shares	Percentage of Paid Up Capital
Mr. Yeap Swee Chuan	28,236,000	10.00
Madam Teo Lee Ngo	26,409,455	9.35
Ms. Yeap Xin Rhu	21,000,000	7.44
Ms. Yeap Xin Yi	12,573,455	4.45
Mrs. Kannika Kartiwithcha	7,103,045	2.52
Sait Co., Ltd.	21,603,600	7.65
Sojitz Automotive Investment Pte. Ltd.	20,756,400	7.35
Other Shareholders	148,678,045	51.24

## Dividend Policy

The company and its affiliates have a policy to pay dividend of not less than 10% of the net profit after tax. We have continuously paid more than 20% of profit.

## 2007 Dividend Payout

The Chairman proposes the payment of additional dividend from the performance in the fiscal year ended as of December 31, 2007 to the shareholders for 268,874,300 shares, whose name in the list of shareholders as of April 8, 2008 at Baht 0.24 per share. The total dividend to be paid would be Baht 64,529,832 and would be paid on May 23, 2008. It was noted that the company had paid the interim dividend payment to the shareholders on September 11, 2007 at the rate of Baht 0.15 per share in the amount of Baht 40,331,145. Therefore, the total dividend for the performance as of December 31, 2007 is at the rate of Baht 0.39 per share in the total amount of Baht 104,860,977. This represent 30 % of the net profit. This resolution would be presented for further approval of the Shareholders in the Annual General Meeting scheduled for April 28, 2008.

## Board of Directors

**Management Structure:** The management structure of the company consists of a Board of Directors and Audit Committee as follows:

### Board of Directors - As of year end 2007

1.	Mr.Yeap Swee Chuan	Chairman & Executive Director
2.	Madam Teo Lee Ngo	Executive Director
3.	Mr.Goh Him Peow (Joe)	Executive Director
4.	Mr.Hiroto Murai	Executive Director
5.	Mr.Masayoshi Fujimoto	Director
6.	Mr.Pipat R. Punya	Director and Chairman of Audit Committee
7.	Mrs. Pornnipa Praditsuktavorn	Director and member of Audit Committee
8.	Mr.Supasak Chirasavinuprapand	Director and member of Audit Committee

**Authorized Directors:** Any two of the executive directors, namely Mr. Yeap Swee Chuan or Madam Teo Lee Ngo or Mr.Goh Him Peow or Mr. Hiroto Murai jointly sign and affix the company seal.

**Directors Election :** The directors are elected by the shareholders meeting as follows :

- a) Each shareholder has one share equal one vote.
- b) Each shareholder can vote for some of or all of the directors but can not split share voting
- c) If two directors have the same number of votes, the chairman of the meeting has the casting vote

## Scope and Duty of the Board of Directors

The Board of Directors shall have the power and duty to manage the company in compliance with the laws, objects, articles of association and resolution of shareholders. The Board of Directors may authorize directors to form an executive committee in order to perform any acts except for the following which must be performed after first obtaining the approval from the shareholders. Provided that for any transaction which the directors or persons who might have a conflict of interest with the company or the affiliated company, such directors who have the conflict in the transaction shall not have any voting rights

- a The subject which the law requires of the shareholders.
- b. The transaction which the directors have interest therein and that the law or Regulations of the Stock Exchange requires the resolution of the shareholders.

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

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

## Audit Committee

As of end year 2007

1	Mr. Pipat R. Punya	Chairman of the Audit Committee
2	Mr. Supasak Chirasavinuprapand	Audit Committee
3	Mrs. Porntipa Praditsuktavorn	Audit Committee

## Scope and Duty of Audit Committee

The Audit Committee has the following duties and responsibilities:

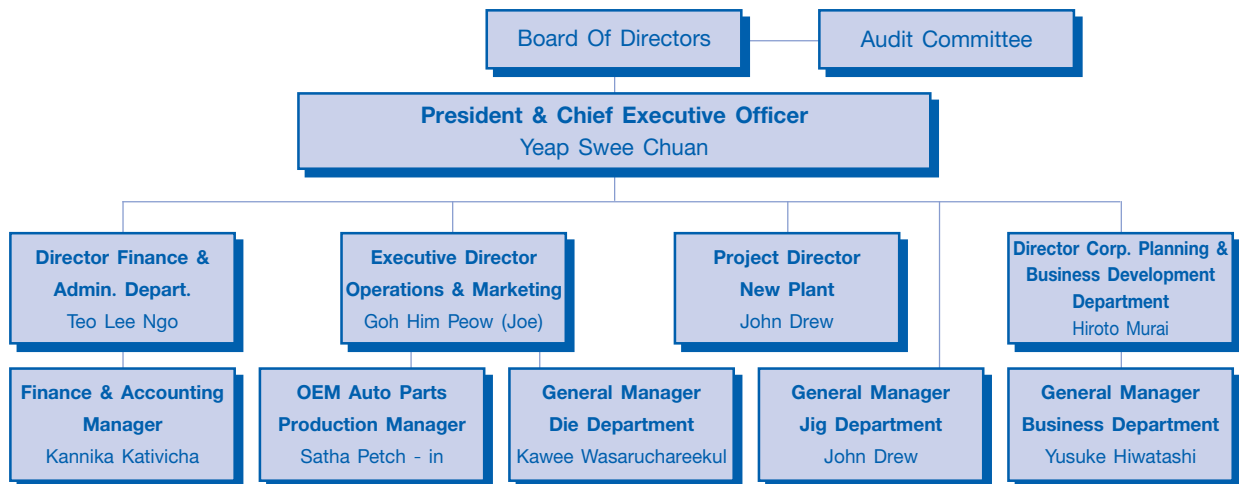
1. Ensure that the Company maintains accurate and sufficient financial statement;
2. Ensure that there is sufficient and efficient internal control and internal audit;
3. Consider, select, and appoint the auditor;
4. Ensure that the Company performs in accordance with the securities and exchange laws, regulations of the Stock Exchange of Thailand, and laws concerning the business of the company;
5. Consider the disclosure of information of the Company for matters that may constitute a related transaction or have any conflict of interest to be full and accurate;

6. Prepare the report of the Audit Committee to be revealed in the annual report of the Company which shall be signed by the Chairman of the Audit Committee; and
7. Any other matters assigned by the Board of Directors and approved by the Audit Committee.

### Scope and Duty of President & CEO

The President & CEO will have the power and duty as authorized by the Board of Directors which should be in compliance with the rules and regulations as well as the Articles of Association of the company. The President & CEO shall also be authorized to conduct day-to-day normal business provided that such authorization shall not allow the President & CEO to approve any transaction which himself or other person who might have any conflict of interest whatsoever with the company or any affiliated company.

### Organization Chart of AAPICO Hitech PLC. Group



### The Executive Remuneration and Internal Information

	Executive Remuneration and Internal Information		
	Number of persons	Amount (Million Baht)	Benefits
Directors	3	0.702	Meeting Allowances
Executive Directors and Management Team	11	27.04	Salary, Bonus and Provident Fund

**Other Benefits :** None

#### Control of Internal Information :

The company has informed the related executives to recognize the importance of reporting shareholding in the company. The company prohibits the using of inside significant information before disclosing to the public to buy or sell the securities of the company. The executives and officers in related department should avoid buying or selling for 1 month before disclosure of the financial statements to the public.

#### Internal Control

The audit committee has evaluated the adequacy of the internal group of the company and considers that the company has effective internal control system.

## Board of Directors Profile

<b>1. Mr. Yeap Swee Chuan</b>	
<b>Age</b>	- 60 years
<b>Education</b>	- Bachelor of Technology (Industrial management) Massey University, New Zealand
<b>Position in listed companies</b>	- President & CEO of Aapico Hitech Plc. - Director of Goodyear (Thailand) Plc.
<b>2. Madam Teo Lee Ngo</b>	
<b>Age</b>	- 58 years
<b>Education</b>	- Bachelor of Commerce (Industrial and Business Management) Nanyang University, Singapore.
<b>Position in listed company</b>	- Executive Director of Aapico Hitech Plc.
<b>3. Mr. Him Peow Goh</b>	
<b>Age</b>	- 59 years
<b>Education</b>	- Bachelor of Commerce, University of Canterbury, New Zealand. Associate of Chartered Accountant (ACA), New Zealand Society of Accountants
<b>Position in listed company</b>	- Executive Director of Aapico Hitech Plc.
<b>4. Mr. Hiroto Murai</b>	
<b>Age</b>	- 41 Years
<b>Education</b>	- Bachelor of Engineering, Osaka University, Japan
<b>Position in listed companies</b>	- Executive Director of Aapico Hitech Plc. - Director of Motherson Sumi System Ltd.
<b>5. Mr. Masayoshi Fujimoto</b>	
<b>Age</b>	- 50 Years
<b>Education</b>	- Bachelor of Laws, Tokyo University
<b>Position in listed company</b>	- Director of Aapico Hitech Plc.
<b>6. Mr. Pipat R. Punya</b>	
<b>Age</b>	- 57 Years
<b>Education</b>	- Bachelor of Laws, Thammasat University. Master of Public and Private Management, NIDA Director Accreditation Program (DAP)
<b>Position in listed company</b>	- Director and Chairman of Audit committee of Aapico Hitech Plc.

<b>7. Mrs. Porntipa Praditsuktavorn</b> <b>Age</b> <b>Education</b> <b>Position in listed company</b>	<ul style="list-style-type: none"> <li>- 53 Years</li> <li>- Master in Accounting, Chulalongkorn University</li> <li>- Director Accreditation Program (DAP)</li> <li>- Director and Member of Audit committee of Aapico Hitech Plc.</li> </ul>
<b>8. Mr. Supasak Chirasavinuprapand</b> <b>Age</b> <b>Education</b> <b>Position in listed companies</b>	<ul style="list-style-type: none"> <li>- 42 Years</li> <li>- LL.B. (Thammasart University, Faculty of Law)</li> <li>- Barrister-at-Law (The Institute of Legal Education, Thailand)</li> <li>- M.S. in Economics - Policy and Planning (Northeastern University, Boston, Massachusetts)</li> <li>- M.C.L. (California Western School of Law, San Diego, California)</li> <li>- LL.M. (Arizona State University, College of Law, Tempe, Arizona)</li> <li>- Director Accreditation Program (DAP) Positions in listed companies</li> <li>- Director and Member of Audit committee of Aapico Hitech Plc.</li> <li>- Director and Member of Audit committee of BFIT Securities Plc.</li> <li>- Director and Member of Audit committee of C.I. Group Plc.</li> <li>- Director and Member of Audit committee of Sea Horse Plc.</li> </ul>

## Related Transactions

### The reasons and necessity of related transactions :

1. During the year 2007, the company increased the share capital in one of our subsidiary company. The company also disposed of all its investment in one of our associated company with the consideration and approval of the Board of Directors of the company.
2. Most of the trading among AAPICO group was the sale of OEM auto parts and Dies at market price level.
3. The calculation of interest was subject to the interest rate of the bank. The loan among the related parties was done only under necessary and urgent conditions.

### The procedure for approval of related transactions :

Related transactions in the past were concerned with product trading and loan. They were approved under the scope and duty of the authorized executives. In case of important related transactions or investment in other businesses, the audit committee considered the suitability and necessity and made the decision in accordance with the notification of the Stock Exchange of Thailand B.E. 2546 under the subject of "Governance Disclosure of Listed Company" item of Related Transaction.

### Trends and policy on related transactions :

The company has policy on related transactions. Future transactions at market value will be made in the interest of the group. The company has assigned the audit committee to consider suitable prices for related transactions. Future transactions will be considered by the Board of Directors in compliance with related laws and regulations. The audit committee will consider and make suggestions about the necessity and suitability of the transactions. In cases which the audit committee is unable to arrive at a conclusion, the company will use external independent specialists or auditors or auditors of the company to assist in the decision making process for the Board of Directors and shareholders. The company will disclose related transactions in the notes of the financial statements.

# 2007 Performance and Financial Status

## Overall corporate performance

The total revenue of the company and subsidiaries comes from 6 business units: 1. Design, manufacture and installation of car assembly Jigs 2. Design and manufacture Dies 3. Manufacture of OEM Auto Parts 4. Manufacture Chassis Frame 5. Manufacture of automotive Forging Parts and 6. Automobile Sales and Services. Each business has different characteristic, stability and profit margin. Jig design and Jig making for example, is a cyclical product. The time length from receiving PO from the customers, designing and manufacturing of the Jigs and delivery to the customers takes around 6-10 months. Stamping press parts, on the other hand, has a stable revenue since the company receive a long term commitment from the customers and the order will be delivered on the daily basis until the model run out. Car dealership, on the other hand, has a high revenue (21 % of total revenue in 2007), but the profit margin is low. Other revenue comes from plastics operation, car navigation, manufacture of HDD stamping parts and car accessories.

## 2007 Performance

### Revenue

Sales revenue of the group in 2006 and 2007 was 9,699.58 million Baht and 8,010.24 million Baht respectively. The total sale revenue in 2007 had increased 21% as compare to 2006.

In the sector of OEM Parts Manufacturing, total revenue has increased by 23.9% from 5,503.02 million Baht in year 2006 to 6,820.49 million Baht in 2007. The reason for the increase was because of the revenue from Forging parts has been included in the full year revenue of stamping parts. In addition, vehicle production in the automotive industry had increased by 5.6% shown in 2007 from the year 2006.

The 2007 revenue of Jig manufacturing has shown significant improvement with 840.96 % increase from 18.04 million Baht in 2006 to 169.75 million Baht in 2007. The main reason of the increase was that we exported 3 sets of Mercedes Benz jigs to 3 countries - Thailand, Malaysia and India, 1 set of Jig to Renault Colombia and 1 set of jig for Hyundai in Thailand.

For Dies design and manufacturing, we were able to export Die to Proton in Malaysia and local delivery of Die to Nissan and AAT. This generated revenue of 130.96 million baht in 2007 which was an increase of 2.23% from 127.91 million Baht in 2006.

In addition, the revenue of the Dealer business was slightly increase by 20.56 million Baht, with revenue of 2,005.91 million Baht in 2007 as accomplished to 1,985.35 million Baht in 2006.

### Gross Margin

The gross profit margin rate of the group increased from 6.76 % in 2006 to 7.38 % in 2007. The main reason of the group profit margin increase were that we successfully implemented some cost reduction (CR) activities and the increase jigs sales contributed higher gross margin.

## Net Profit

The net profit of the group in 2007 decreased by 8.07%, from 380.79 million Baht in 2006 to 350.07 million Baht in 2007. The higher ratio of selling and administrative expense against total revenue from 4.4% in 2006 to 5.7% in 2007 was the main cause of the declining net profit.

## Financial Status

### Cash Flow

The net cash flow from operating activities decreased 487.55 million Baht from 986.89 million Baht in 2006 and 499.34 million Baht in 2007. The main reason for the decrease in the net cash flow was that during the year 2007, the company and a subsidiary company make long term loan prepayment of 493 million Baht to the financial institution creditors.

### Asset / Liability

There had been slightly increased of total assets and total liability of the group. Total assets in 2006 and 2007 was 8,854 million Baht and 8,978 million Baht respectively. Total liabilities in 2006 and 2007 was 4,460 million Baht and 4,585 million Baht respectively .

### Shareholders' equity

The total shareholders' equity of the group had almost the same figure by 4,394.15 million Baht in 2006 and 4,392.67 million Baht in 2007.

# Financial Ratios

	Consolidated			
	2004	2005	2006	2007
<b>Liquidity Ratios</b>				
Current Ratio (times)	1.27	2.37	0.84*	0.85
Quick Ratio (times)	0.99	1.97	0.62*	0.64
Cash Flow from Operation to Current Liability (times)	0.51	0.50	0.27	0.15
Account Receivable Turnover (times)	7.76	7.19	5.98*	6.39
Average Collection Period (days)	47.04	50.79	61.05*	57.09
Inventory Turnover (times)	14.99	13.53	10.14*	10.97
Days to sell the average inventory (days)	24.35	26.98	35.99*	33.28
Accounts Payable Turnover (times)	7.16	7.28	6.39	6.60
Average Payment Period (days)	50.97	50.15	57.08	55.30
Cash Cycle (days)	20.42	27.62	39.96*	35.08
<b>Profitability Ratios</b>				
Gross Profit Margin (%)	12.79%	10.63%	6.76%	7.38%
Operating Profit Margin (%)	11.71%	9.39%	5.23%	5.48%
Cash Flow from Operation to Operation Profit (%)	109.06%	93.62%	235.70%*	94.00%
Net Profit Margin (%)	10.85%	8.55%	4.75%	3.61%
Rate of Return on Equity (%)	41.28%	22.46%	8.95%	7.97%
<b>Operating Efficiency Ratios</b>				
Return on Assets (%)	17.43%	13.08%	5.09%*	3.93%
Return on Fixed Assets (%)	35.91%	34.86%	12.02%*	8.49%
Assets Turnover (times)	1.55	1.48	1.04*	1.04
<b>Leverage Ratios</b>				
Debt to Shareholder's Equity Ratio (times)	0.72	0.28	0.60*	0.64
Time Interest Earned (times)	15.45	17.75	16.58	3.20
Dividend Yield (%)	0.79%	3.06%	2.56%*	3.55%

\* Restated due to the restatement of Aapico Forging Balance Sheet

## Financial Statements Summary

Items	Consolidated (In Thousand Baht)			
	2004	2005	2006	2007
Cash and Deposit in Bank	513,203	471,044	385,755*	276,792
Current investments-fixed deposits	4,298	1,070,407	173,000	123,171
Account Receivable	1,085,271	1,160,435	1,433,969*	1,473,546
Inventories	478,534	587,489	838,508*	731,484
Loan to Related Company	12,162	4,941	73,648	70,975
Investment	153,774	165,016	344,567	365,109
Excess of cost of investment over fair value of investment in a subsidiary company (Goodwill)	299,943	270,576	869,135*	1,393,862
Property, Plant and Equipment (net)	2,050,553	2,027,486	4,317,537*	3,930,467
Other Assets	170,729	342,856	417,883*	612,737
<b>Total Assets</b>	<b>4,768,467</b>	<b>6,100,250</b>	<b>8,854,002</b>	<b>8,978,143</b>
Bank Overdrawn and Short-Term Loan	217,231	64,387	1,553,375	1,598,509
Account Payable	1,038,859	942,716	1,319,107	1,289,126
Current Portion of Long-Term Liabilities	300,000	300,000	390,608	86,866
Loan from Directors	7,000	10,776	10,143	12,284
Loan From Related Company	516	7,818	5,421	102,658
Long-Term Loans	793,000	493,000	711,039	1,130,933
Other Liabilities	198,913	163,949	470,155*	365,099
<b>Total Liabilities</b>	<b>2,555,519</b>	<b>1,982,646</b>	<b>4,459,848</b>	<b>4,585,475</b>
Registered Capital	240,000	282,360	285,183	285,183
Paid-Up Capital	240,000	282,360	282,360	282,360
Share Premium	749,107	2,164,355	2,160,754	2,166,505
Translation Adjustment	(5,923)	2,420	(21,757)	(23,012)
Gain (Loss) Retained Earning - appropriate statutory reverse	51,000	106,541	134,541	139,541
- unappropriated	1,122,359	1,494,438	1,494,973	1,746,001
Minority interest	56,405	67,490	343,283*	81,273
<b>Shareholder's Equities</b>	<b>2,212,948</b>	<b>4,117,604</b>	<b>4,394,154</b>	<b>4,392,668</b>
<b>Total Revenue</b>	<b>7,035,375</b>	<b>8,310,486</b>	<b>8,010,240</b>	<b>9,699,578</b>
Cost of Sales	5,930,957	7,210,856	7,231,421	8,608,363
Selling and Administration Expenses	274,714	316,800	353,007	557,115
Directors' Remuneration	549	610	614	702
Interest Expenses	53,322	43,948	25,261	165,929
Income Tax	8,627	23,660	18,177	17,842
Earnings before minority interest	762,031	712,560	375,275	347,465
Minority Interest	1,058	(1,740)	5,513	2,606
Share of profit from investments accounted for under equity method	51,441	35,053	28,709	38,087
Gain (Loss) from foreign exchange	(2,156)	1,814	(1,059)	1,279
Net Profit	763,088	710,820	380,789	350,070
Earnings per share (par value at 1 Bt./sh.)	3.18	2.96	1.60	1.55
Net cash flow from operation	898,603	730,396	986,894*	499,345
Net cash flow from (used in) investment	(206,816)	(430,754)	(2,529,217)*	(774,929)
Net cash flow from (used in) financing	(448,406)	724,308	386,626	166,621
<b>Net increases in Cash and cash equivalent</b>	<b>239,307</b>	<b>1,023,951</b>	<b>(1,155,697)</b>	<b>(108,963)</b>

\* Restated due to the restatement of Aapico Forging Balance Sheet

# Report of Independent Auditor

To the Board of Directors and Shareholders of  
AAPICO Hitech Public Company Limited

I have audited the accompanying consolidated balance sheets of AAPICO Hitech Public Company Limited and its subsidiaries as at 31 December 2007 and 2006, the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended, and the separate financial statements of AAPICO Hitech Public Company Limited for the same periods. These financial statements are the responsibility of the management of the Company and its subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits. I did not audit the financial statements of the subsidiary companies for the years ended 31 December 2007 and 2006 as discussed in Note 11 to financial statements. As at 31 December 2007 and 2006, the subsidiary companies' financial statements as included in the consolidated financial statements present total assets of Baht 514 million and Baht 1,478 million, respectively, and revenues for the years then ended of Baht 1,326 million and Baht 1,193 million, respectively. The financial statements of the above subsidiary companies were audited by other auditors whose reports, which have been furnished to me, expressed unqualified opinions. My opinion in so far as it relates to the amounts of the various transactions of those companies included in the consolidated financial statements is based on the reports of those auditors.

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

In my opinion, based on my audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of AAPICO Hitech Public Company Limited and its subsidiaries and of AAPICO Hitech Public Company Limited as at 31 December 2007 and 2006, the results of their operations, and cash flows for the years then ended, in accordance with generally accepted accounting principles.

Without qualifying my opinion on the above financial statements, I draw attention to the matter discussed in Note 4.1 to the financial statements whereby, in 2007, the Company changed its accounting policy for recording investments in subsidiaries and associates in the separate financial statements from the equity method to the cost method and restated the separate financial statements as at 31 December 2006 and for the year then ended to reflect this accounting change. In addition, as discussed in Note 4.2 to the financial statements, in 2007 the Company changed its accounting policy for measurement of goodwill acquired in a business combination, from presenting it at cost less accumulated amortisation and impairment losses to presenting it at cost less accumulated impairment only, without amortisation. The Company early adopted Accounting Standard No. 43 (revised 2007) "Business Combination" and the change was applied prospectively, beginning with the accounting period commencing 1 January 2007.



Sumalee Reewarabandith

Certified Public Accountant (Thailand) No. 3970

## BALANCE SHEETS

AAPICO HITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

AS AT 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents		276,792,091	385,754,810*	69,855,451	82,917,764
Current investment - investment unit in open-end funds		123,171,050	-	111,327,964	-
Current investment - ordinary shares	6	-	173,000,000	-	-
Trade accounts receivable					
Related parties	7	1,695,900	1,794,525	19,913,074	26,967,732
Unrelated parties - net		1,471,850,169	1,432,174,076*	255,609,573	269,661,378
Total trade accounts receivable - net	8	1,473,546,069	1,433,968,601	275,522,647	296,629,110
Unbilled contract works receivable		37,559,506	56,889	37,559,506	56,889
Advances and short-term loans					
to related parties	7	70,974,806	73,647,662	364,825,478	178,233,109
Dividend receivable from related party	7	13,585,594	17,423,681	13,585,594	17,423,681
Share subscription receivable - related parties	7	6,542,500	9,042,500	-	-
Inventories - net	9	731,483,476	838,508,462*	192,172,790	224,381,081
Other current assets		194,584,441	205,059,981*	52,557,627	55,310,043
<b>Total current assets</b>		<b>2,928,239,533</b>	<b>3,136,462,586</b>	<b>1,117,407,057</b>	<b>854,951,677</b>
<b>Non-current assets</b>					
Restricted bank deposits	10	40,726,090	12,264,400	-	-
Long-term loans to related parties	7	-	-	1,407,762,333	645,200,000
Investments in subsidiaries	11	-	-	3,694,256,267	2,910,915,776**
Investments in associates	12	365,109,210	344,566,998	54,686,215	66,040,351**
Other long-term investments - net	13	42,150,000	36,400,000	-	-
Goodwill	11	1,393,861,862	869,134,988*	-	-
Property, plant and equipment - net	14	3,930,467,091	4,317,536,518*	408,387,735	427,148,668
Leasehold right - net	15	12,706,867	18,650,467*	-	-
Software - net	16	51,253,786	45,000,983	42,478,118	43,767,923
Other non-current assets		213,628,088	73,984,587	163,215,122	8,562,589
<b>Total non-current assets</b>		<b>6,049,902,994</b>	<b>5,717,538,941</b>	<b>5,770,785,790</b>	<b>4,101,635,307</b>
<b>TOTAL ASSETS</b>		<b>8,978,142,527</b>	<b>8,854,001,527</b>	<b>6,888,192,847</b>	<b>4,956,586,984</b>

\* Restated due to the restatement of Aapico Forging Balance Sheet

\*\* Restated due to the change in accounting policy for recording investments from the equity method to the cost method.

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

# BALANCE SHEETS (Continued)

AAPICO HITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
AS AT 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans from financial institutions	17	1,598,509,063	1,553,374,872	1,400,000,000	1,024,405,200
Trade accounts payable					
Related parties	7	63,329,196	3,344,586	20,676,698	3,295,171
Unrelated parties		1,225,797,123	1,315,762,178	337,014,285	228,405,161
Total trade accounts payable		1,289,126,319	1,319,106,764	357,690,983	231,700,332
Current portion of long-term loans	18	86,865,694	390,608,000	75,000,000	80,000,000
Current portion of liabilities under hire purchase and financial lease agreements		9,969,085	10,923,164	-	-
Advances and short-term loans from related parties	7	102,658,580	5,420,864	534,578,890	140,860,548
Short-term loans from director	19	12,283,693	10,143,315	-	-
Share subscription payable - related party	7	-	-	4,207,500	4,207,500
Accounts payable - factoring	20	-	71,350,305	-	-
Warranty reserve	21	-	18,649,325	-	-
Other current liabilities		330,182,346	337,334,903*	81,464,092	111,496,872
<b>Total current liabilities</b>		<b>3,429,594,780</b>	<b>3,716,911,512</b>	<b>2,452,941,465</b>	<b>1,592,670,452</b>
<b>Non-current liabilities</b>					
Long-term loans - net of current portion	18	1,130,932,660	711,039,173	1,125,000,000	100,000,000
Liabilities under hire purchase and financial lease agreements - net of current portion		11,743,742	22,205,576	-	-
Other non-current liabilities		13,203,553	9,691,295	-	-
<b>Total non-current liabilities</b>		<b>1,155,879,955</b>	<b>742,936,044</b>	<b>1,125,000,000</b>	<b>100,000,000</b>
<b>Total liabilities</b>		<b>4,585,474,735</b>	<b>4,459,847,556</b>	<b>3,577,941,465</b>	<b>1,692,670,452</b>

\* Restated due to the restatement of Aapico Forging Balance Sheet

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

## BALANCE SHEETS (Continued)

AAPICO HITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
AS AT 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006
<b>Shareholders' equity</b>					
Share capital					
Registered					
42,360,000 non-cumulative preferred shares					
of Baht 1 each	24	42,360,000	42,360,000	42,360,000	42,360,000
242,823,600 ordinary shares of Baht 1 each					
		242,823,600	242,823,600	242,823,600	242,823,600
Issued and fully paid up					
42,360,000 non-cumulative preferred shares					
of Baht 1 each	24	42,360,000	42,360,000	42,360,000	42,360,000
240,000,000 ordinary shares of Baht 1 each					
		240,000,000	240,000,000	240,000,000	240,000,000
Premium on preferred shares					
		1,415,247,600	1,415,247,600	1,415,247,600	1,415,247,600
Premium on ordinary shares					
		749,106,732	749,106,732	749,106,732	749,106,732
Surplus (deficit) on changes in value of investments					
		2,150,000	(3,600,000)	-	-**
Translation adjustment					
		(23,011,913)	(21,756,767)	-	-**
Retained earnings					
Appropriated					
Statutory reserve - the Company					
	27	59,541,000	59,541,000	59,541,000	59,541,000
- subsidiary					
		80,000,000	75,000,000	-	-
Reserve for treasury shares					
	23	192,809,988	192,809,988	192,809,988	192,809,988
Unappropriated					
		1,746,001,145	1,494,972,626	803,996,050	757,661,200**
Equity attributable to the Company's shareholders					
		4,504,204,552	4,243,681,179	3,503,061,370	3,456,726,520
Less: Treasury shares					
	22	(192,809,988)	(192,809,988)	(192,809,988)	(192,809,988)
Equity attributable to the Company's shareholders - net					
		4,311,394,564	4,050,871,191	3,310,251,382	3,263,916,532
Minority interest - equity attributable to minority					
shareholders of subsidiaries					
		81,273,228	343,282,780*	-	-
<b>Total shareholders' equity</b>					
		4,392,667,792	4,394,153,971	3,310,251,382	3,263,916,532
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
		8,978,142,527	8,854,001,527	6,888,192,847	4,956,586,984

\* Restated due to the restatement of Aapico Forging Balance Sheet

\*\* Restated due to the change in accounting policy for recording investments from the equity method to the cost method.

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

# INCOME STATEMENTS

AAPICO HITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006
<b>Revenues</b>					
Sales and service income	29	9,294,707,168	7,755,453,820	1,649,876,094	1,487,787,375
Share of income from investments in associates		40,951,117	34,747,528	-	-**
Dividend income		-	-	117,034,356	276,551,029**
Exchange gains		1,279,189	-	2,220,796	-
Other income	28	362,640,350	220,038,721	140,116,409	93,388,066
<b>Total revenues</b>		<b>9,699,577,824</b>	<b>8,010,240,069</b>	<b>1,909,247,655</b>	<b>1,857,726,470</b>
<b>Expenses</b>					
Cost of sales and services		8,608,363,270	7,231,421,367	1,545,157,558	1,423,659,910
Selling and administrative expenses		557,114,569	353,007,475	97,241,565	78,891,836
Exchange loss		-	1,058,997	-	3,555,021
Loss on impairment of investments		-	-	-	18,079,227**
Share of loss from investments in associates		2,864,243	6,038,671	-	-**
<b>Total expenses</b>		<b>9,168,342,082</b>	<b>7,591,526,510</b>	<b>1,642,399,123</b>	<b>1,524,185,994</b>
Income before interest expenses and corporate income tax		531,235,742	418,713,559	266,848,532	333,540,476
Interest expenses		(165,929,358)	(25,260,842)	(114,930,394)	(11,438,555)
Corporate income tax		(17,841,545)	(18,177,483)	(11,541,348)	(15,538,088)
Income after corporate income tax		347,464,839	375,275,234	140,376,790	306,563,833
Net loss attributable to minority interest		2,605,620	5,513,438	-	-
<b>Net income for the year</b>		<b>350,070,459</b>	<b>380,788,672</b>	<b>140,376,790</b>	<b>306,563,833</b>
<b>Earnings per share</b>					
<b>Basic earnings per share</b>		30			
Net income		1.55	1.60	0.62	1.29
Weighted average number of ordinary shares (shares)		226,514,300	237,936,979	226,514,300	237,936,979
<b>Diluted earnings per share</b>					
Net income		1.30	1.36	0.52	1.09
Weighted average number of ordinary shares (shares)		268,874,300	280,296,979	268,874,300	280,296,979

\*\* Restated due to the change in accounting policy for recording investments from the equity method to the cost method.

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

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

AAPICO HITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Consolidated financial statements												
	Issued and paid-up share capital			Surplus (deficit) on changes in value of investments			Retained earnings			Minority interest - equity attributable to minority shareholders			
	Preferred shares	Ordinary shares	Premium on Ordinary shares	Preferred shares	Ordinary shares	Translation adjustment	The Company	Subsidiary	Appropriated Statutory reserve	Appropriated reserve for treasury shares	Unappropriated	Treasury shares	Total
<b>Balance - beginning of year 2006</b>	42,360,000	240,000,000	1,415,247,600	749,106,732	-	2,419,997	59,541,000	47,000,000	-	1,494,438,335	-	67,489,857	4,117,603,521
Net income for the year 2006	-	-	-	-	-	-	-	-	-	380,788,672	-	-	380,788,672
Transfer to statutory reserve	-	-	-	-	-	-	-	28,000,000	-	(28,000,000)	-	-	-
Dividend paid (Note 25)	-	-	-	-	-	-	-	-	-	(159,444,393)	-	-	(159,444,393)
Increase in treasury shares during the year	-	-	-	-	-	-	-	-	-	-	(192,809,988)	-	(192,809,988)
Reserve for treasury shares	-	-	-	-	-	-	-	-	192,809,988	(192,809,988)	-	-	-
Minority interest - equity attributable to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	373,762,651	373,762,651
Deficit on changes in value of investments	-	-	-	-	(3,600,000)	-	-	-	-	-	-	-	(3,600,000)
Translation adjustment	-	-	-	-	-	(24,176,764)	-	-	-	-	-	-	(24,176,764)
<b>Balance - end of year 2006</b>	42,360,000	240,000,000	1,415,247,600	749,106,732	(3,600,000)	(21,756,767)	59,541,000	75,000,000	192,809,988	1,494,972,626	(192,809,988)	441,252,508	4,492,123,699
<b>Balance - beginning of year 2007</b>	42,360,000	240,000,000	1,415,247,600	749,106,732	(3,600,000)	(21,756,767)	59,541,000	75,000,000	192,809,988	1,494,972,626	(192,809,988)	441,252,508	4,492,123,699
- as previously reported	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjust net asset value of subsidiary from purchasing (Note 11)	-	-	-	-	-	-	-	-	-	-	-	(97,969,728)	(97,969,728)
<b>Balance - beginning of year 2007</b>	42,360,000	240,000,000	1,415,247,600	749,106,732	(3,600,000)	(21,756,767)	59,541,000	75,000,000	192,809,988	1,494,972,626	(192,809,988)	343,282,780	4,394,153,971
- as restated	-	-	-	-	-	-	-	5,000,000	-	(5,000,000)	-	-	350,070,459
Net income for the year 2007	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	(94,041,940)	-	-	(94,041,940)
Dividend paid (Note 25)	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase investments in subsidiary from minority interest	-	-	-	-	-	-	-	-	-	-	-	(258,704,524)	(258,704,524)
Minority interest - equity attributable to minority shareholders of subsidiaries	-	-	-	-	5,750,000	-	-	-	-	-	-	(3,305,028)	(3,305,028)
Surplus on changes in value of investments	-	-	-	-	-	(1,255,146)	-	-	-	-	-	-	(1,255,146)
Translation adjustment	-	-	-	-	-	(23,011,913)	-	80,000,000	192,809,988	1,746,001,145	(192,809,988)	81,273,228	4,392,667,792
<b>Balance - end of year 2007</b>	42,360,000	240,000,000	1,415,247,600	749,106,732	2,150,000	(23,011,913)	59,541,000	80,000,000	192,809,988	1,746,001,145	(192,809,988)	81,273,228	4,392,667,792

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

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

AAPICO HITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Separate financial statements												
	Issued and paid-up share capital					Premium on		Deficit on		Retained earnings			
	Preferred shares	Ordinary shares	Preferred shares	Ordinary shares	Ordinary shares	changes in value of investments	Translation adjustment	Appropriated statutory reserve	Appropriated reserve for treasury shares	Unappropriated	Treasury shares	Total	
<b>Balance - beginning of year 2006</b>	42,360,000	240,000,000	1,415,247,600	749,106,732	-	-	2,419,997	59,541,000	-	1,541,438,335	-	4,050,113,664	
- as previously reported	-	-	-	-	-	-	-	-	-	-	-	-	
Cumulative effect of the change in accounting policy for investments in subsidiaries and associates (Note 4.1)	-	-	-	-	-	(2,419,997)	-	-	-	(738,086,587)	-	(740,506,584)	
<b>Balance - beginning of year 2006 - as restated</b>	42,360,000	240,000,000	1,415,247,600	749,106,732	-	-	-	59,541,000	-	803,351,748	-	3,309,607,080	
Net income for the year 2006 (restated)	-	-	-	-	-	-	-	-	-	306,563,833	-	306,563,833	
Dividend paid (Note 25)	-	-	-	-	-	-	-	-	-	(159,444,393)	-	(159,444,393)	
Increase in treasury shares during the year	-	-	-	-	-	-	-	-	-	-	(192,809,988)	(192,809,988)	
Reserve for treasury shares	-	-	-	-	-	-	-	-	192,809,988	(192,809,988)	-	-	
<b>Balance - end of year 2006 - as restated</b>	42,360,000	240,000,000	1,415,247,600	749,106,732	-	-	-	59,541,000	192,809,988	757,661,200	(192,809,988)	3,263,916,532	
<b>Balance - beginning of year 2007</b>	42,360,000	240,000,000	1,415,247,600	749,106,732	(3,600,000)	(21,756,767)	21,756,767	59,541,000	192,809,988	1,569,972,626	(192,809,988)	4,050,871,191	
- as previously reported	-	-	-	-	-	-	-	-	-	-	-	-	
Cumulative effect of the change in accounting policy for investments in subsidiaries and associates (Note 4.1)	-	-	-	-	-	3,600,000	-	-	-	(812,311,426)	-	(786,954,659)	
<b>Balance - beginning of year 2007</b>	42,360,000	240,000,000	1,415,247,600	749,106,732	-	-	-	59,541,000	192,809,988	757,661,200	(192,809,988)	3,263,916,532	
Net income for the year 2007	-	-	-	-	-	-	-	-	-	140,376,790	-	140,376,790	
Dividend paid (Note 25)	-	-	-	-	-	-	-	-	-	(94,041,940)	-	(94,041,940)	
<b>Balance - end of year 2007</b>	42,360,000	240,000,000	1,415,247,600	749,106,732	-	-	-	59,541,000	192,809,988	803,996,050	(192,809,988)	3,310,251,382	

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

# CASH FLOW STATEMENTS

AAPICO HITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
<b>Cash flows from operating activities</b>				
Net income	350,070,459	380,788,672	140,376,790	306,563,833**
Adjustments to reconcile net income to net cash provided by (paid from) operating activities: -				
Depreciation and amortisation	658,951,357	490,061,951	59,525,747	59,727,550
Share of income from investments in associates	(40,951,117)	(34,747,528)	-	-**
Share of loss from investments in associates	2,864,243	6,038,671	-	-**
Gain from current investment - investment unit in open-end funds	(1,732,048)	(1,063,875)	(1,309,609)	(1,063,875)
Loss on impairment of investments	-	-	-	18,079,227**
Reversal of allowance for loss on impairment of investments	-	-	(3,645,864)	-
Allowance for diminution in stock value (reversal)	(34,311,999)	-	9,653,651	-
Dividend income from subsidiaries and associates	-	-	(117,034,356)	(276,551,029)**
Allowance for doubtful accounts (reversal)	2,947,284	(4,000,000)	2,500,000	-
Amortisation of goodwill	-	36,048,695	-	-
Gain on sale of investment in associate	(11,645,864)	-	(8,000,000)	-
Gain on sales of equipment	(1,887,527)	(610,984)	(611,005)	(160,234)
Decrease in minority interest	(3,305,028)	(8,172,674)	-	-
Income from operating activities before changes in operating assets and liabilities	920,999,760	864,342,928	81,455,354	106,595,472
Operating assets (increase) decrease				
Current investment - investment unit in open-end funds	(121,439,002)	1,063,875	(110,018,355)	1,063,875
Trade accounts receivable	(42,524,752)	(10,015,113)	18,606,463	(73,623,242)
Unbilled contract works receivable	(37,502,617)	293,840	(37,502,617)	293,840
Inventories	172,846,367	(3,288,409)	22,554,640	8,934,870
Other current assets	10,475,540	9,730,305	2,752,416	(18,751,660)
Other non-current assets	(19,643,501)	49,864,259	(8,052,533)	(4,152,418)
Operating liabilities increase (decrease)				
Trade accounts payable	(29,980,445)	133,900,361	125,990,651	10,653,721
Other current liabilities	(357,398,656)	(51,663,353)	(40,755,662)	47,349,499
Other non-current liabilities	3,512,257	(7,334,459)	-	-
Net cash flows from operating activities	499,344,951	986,894,234	55,030,357	78,363,957

\*\* Restated due to the change in accounting policy for recording investments from the equity method to the cost method.

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

# CASH FLOW STATEMENTS (Continued)

AAPICO HITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
<b>Cash flows from investing activities</b>				
Decrease (increase) in restricted bank deposits	(28,461,690)	(1,095,680)	-	11,000,000
Decrease (increase) in advances and loans to related parties	2,672,856	(64,303,806)	(949,154,702)	(651,357,899)
Proceed from sale of current investment	173,000,000	-*	-	-**
Cash paid to purchase the subsidiaries	(783,431,398)	(1,039,987,828)*	(783,340,491)	(1,263,756,141)
Dividend received from subsidiary and associate	21,904,731	10,873,845	120,872,443	280,873,718
Increase in other long-term investments	-	(20,000,000)	-	-
Increase in investments in associates	(25,351,060)	(157,054,227)	(15,000,000)	(2,086,351)
Advance for investments	(120,000,000)	-	(120,000,000)	-
Proceed from sale of investment in associate	38,000,000	-	38,000,000	-
Decrease in call in arrear	2,500,000	-	-	-
Proceeds from sales of equipment	24,256,121	21,521,777	3,532,224	2,882,003
Acquisitions of plant and equipment	(77,238,554)	(1,262,655,199)	(58,273,346)	(63,321,394)
Investment in subsidiary by minority shareholders	-	8,000,000	-	-
Net cash flows used in investing activities	(772,148,994)	(2,504,701,118)	(1,763,363,872)	(1,685,766,064)
<b>Cash flows from financing activities</b>				
Increase in bank overdrafts and short-term loans from financial institutions	1,509,019,987	1,020,241,516	375,594,800	1,024,405,200
Increase (decrease) in advances and loans from related parties	97,237,716	(4,586,749)	393,718,342	133,732,224
Repayment of long-term loans	(1,347,734,613)	(300,000,000)	-	(80,000,000)
Increase in long-term loans	-	26,709,958	1,020,000,000	-
Increase (decrease) in short-term loans from director	2,140,378	(3,484,335)	-	-
Cash paid for treasury shares	-	(192,809,988)	-	(192,809,988)
Dividend paid	(94,041,940)	(159,444,393)	(94,041,940)	(159,444,393)
Net cash flow from financing activities	166,621,528	386,626,009	1,695,271,202	725,883,043
Decrease in translation adjustment	(2,780,204)	(24,515,915)	-	-
Net decrease in cash and cash equivalents	(108,962,719)	(1,155,696,790)	(13,062,313)	(881,519,064)
Cash and cash equivalents at beginning of year	385,754,810	1,541,451,600	82,917,764	964,436,828
Cash and cash equivalents at end of year	276,792,091	385,754,810	69,855,451	82,917,764

\* Restated due to the restatement of Aapico Forging Balance Sheet

\*\* Restated due to the change in accounting policy for recording investments from the equity method to the cost method.

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

# CASH FLOW STATEMENTS (Continued)

AAPICO HITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
Supplemental cash flows information: -				
Cash paid during the year for				
Interest expenses	174,411,857	39,037,776	114,249,596	10,749,220
Corporate income tax	14,534,440	20,473,428	9,610,989	11,027,606
Non-cash items consist of				
Transfer equipment under installation to software	260,599	40,114,823	260,599	40,114,823
Purchase of investment in subsidiary for which payment has yet to be made	-	-	-	4,207,500
Purchase of machinery for which payment has yet to be made	248,830,556	88,673,678	10,722,882	2,795,127
Surplus (deficit) on changes in value of investments	5,750,000	(3,600,000)	-	-**
Dividend receivable from associate	13,585,594	17,423,681	13,585,594	17,423,681**

\*\* Restated due to the change in accounting policy for recording investments from the equity method to the cost method.

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

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AAPICO HITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

## 1. GENERAL INFORMATION

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

## 2. BASIS OF PREPARATION

2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547. The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 14 September 2001, issued under the Accounting Act B.E. 2543.

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 subsidiary companies (“the Group”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding		Assets as a percentage to the consolidated total assets as at 31 December		Revenues as a percentage to the consolidated total revenues for the years ended 31 December	
			2007	2006	2007	2006	2007	2006
			Percent	Percent	Percent	Percent	Percent	Percent
<i>Held by the Company</i>								
AAPICO Amata Company Limited	Manufacture of autoparts	Thailand	100	100	19	24	36	52
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	5	6	9	11
Able Motors Co., Ltd.	Sales of automobiles and the provision of automobile repair services	Thailand	100	100	1	1	2	3
AAPICO Hitech Parts Co., Ltd.	Manufacture of autoparts	Thailand	100	100	10	9	3	-
AAPICO Hitech Tooling Co., Ltd.	Design and manufacture of car assemble jigs and stamping dies	Thailand	100	100	1	1	-	-
Able ITS Co., Ltd.	Manufacture of car navigation systems and its derivatives	Thailand	60	60	1	1	-	-
AAPICO Shanghai Co., Ltd.	Machining autoparts service	The People's Republic of China	100	100	1	1	-	1
Tenaga Setia Resources SDN. BHD.	Sales of automobiles and the provision of automobile repair services	Malaysia	49	49	1	1	10	11
Kunshan Chaitai-Xincheng Precision Forging Co., Ltd.	Manufacture and sales of autoparts	The People's Republic of China	100	100	2	3	3	3
AAPICO Investment Pte. Ltd.	Investment in other companies	Singapore	100	100	2	2	-	-
Katsuya (Thailand) Co., Ltd.	Manufacture of autoparts	Thailand	55	55	-	-	-	-
AAPICO Forging Public Co., Ltd. (formerly known as “KPN Automotive Public Co., Ltd.”)	Manufacture of autoparts	Thailand	100	57	20	27	20	-
AAPICO Mitsuike (Thailand) Co., Ltd.	Manufacture of autoparts	Thailand	51	51	-	-	-	-

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			2007	2006
			Percent	Percent
<b>Held by subsidiary companies</b>				
Able ITS Pte. Ltd. (100 percent held by Able 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. (formerly known as "KPN Plastic Public Co., Ltd.") (100 percent held by AAPICO Forging Public Co., Ltd.)	Manufacture and contract manufacture of plastic parts	Thailand	100	57
AMaction Co., Ltd. (50 percent held by AAPICO Investment Pte. Ltd.)	Development of software	Thailand	50	50
AAPICO Engineering SDN. BHD. (100 percent held by Tenaga Setia Resources SDN. BHD.)	Not yet operation	Malaysia	49	-

The Company regards Tenaga Setia Resources SDN. BHD. as a subsidiary company since it is able to exercise management control.

- b) The financial statements of overseas subsidiary companies are translated into Thai Baht at the closing exchange rate as to assets and liabilities, and at monthly average exchange rates as to revenues and expenses. The resultant differences have been shown under the caption of "Translation adjustment" in shareholders' equity.
- c) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- d) Goodwill acquired from a business combination represents the excess of the cost of an acquisition over the fair value of the Company's share of the net assets of the acquired subsidiary undertaking at the date of acquisition.

Goodwill is stated at cost less accumulated impairment losses.

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

### 3. ADOPTION OF NEW ACCOUNTING STANDARDS

The Federation of Accounting Professions (FAP) has issued Notifications No. 9/2550, 38/2550 and 62/2550 regarding Accounting Standards. The notifications mandate the use of the following new Accounting Standards.

#### a) Accounting Standards which are effective for the current year

TAS 44 (revised 2007)	Consolidated Financial Statements and Separate Financial Statements
TAS 45 (revised 2007)	Investments in Associates
TAS 46 (revised 2007)	Interests in Joint Ventures

These accounting standards become effective for the financial statements for fiscal years beginning on or after 1 January 2007. During the first quarter of the current year, the Company changed its accounting policy for recording investments in subsidiaries and associates in the separate financial statements in order to comply with the revised Thai Accounting Standards No. 44 and 45 as discussed in Note 4.1.

**b) Accounting Standards which are not effective for the current year**

TAS 25 (revised 2007)	Cash Flow Statements
TAS 29 (revised 2007)	Leases
TAS 31 (revised 2007)	Inventories
TAS 33 (revised 2007)	Borrowing Costs
TAS 35 (revised 2007)	Presentation of Financial Statements
TAS 39 (revised 2007)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 41 (revised 2007)	Interim Financial Reporting
TAS 43 (revised 2007)	Business Combinations
TAS 49 (revised 2007)	Construction Contracts
TAS 51	Intangible Assets

These accounting standards will become effective for the financial statements for fiscal years beginning on or after 1 January 2008. However, as at 1 January 2007 the Company early adopted Accounting Standard No. 43 (revised 2007), to change its accounting policy for measurement of goodwill acquired from a business combination, as discussed in Note 4.2. The management has assessed the effect of the remaining revised accounting standards and believes that they will not have any significant impact on the financial statements for the year in which they are initially applied.

**4. CHANGE IN ACCOUNTING POLICY****4.1 Change in accounting policy for recording investments in subsidiaries and associates in the separate financial statements**

During the first quarter of the current year, the Company changed its accounting policy for recording investments in subsidiaries and associates in the separate financial statements from the equity method to the cost method, in compliance with Accounting Standard No. 44 (Revised 2007) regarding “Consolidated Financial Statements and Separate Financial Statements”, under which investments in subsidiaries, jointly controlled entities and associates are to be presented in the separate financial statements under the cost method.

In this regard, the Company has restated the previous year’s separate financial statements as though the investments in the subsidiaries and associates had originally been recorded using the cost method. The change has the effect of decreasing net income in the separate income statements for the years ended 31 December 2007 and 2006 by Baht 210 million (Baht 0.93 per share) and Baht 74 million (Baht 0.31 per share), respectively. The cumulative effect of the change in accounting policy has been presented under the heading of “Cumulative effect of the change in accounting policy for investments in subsidiaries and associates” in the separate statements of changes in shareholders’ equity.

Such change in accounting policy affects only the accounts related to investments in subsidiaries and associates in the Company’s separate financial statements, with no effect to the consolidated financial statements.

- 4.2 Change in accounting policy for measurement of goodwill acquired from a business combination  
During the current year, the Company changed its accounting policy for measurement of goodwill acquired from a business combination, from stating it at cost less accumulated amortisation (the maximum amortisation period was 20 years) and impairment losses, to stating it at cost less accumulated impairment losses, to comply with Accounting Standard No. 43 (revised 2007), which the Company has early adopted. The Company applied the change prospectively, beginning with the accounting period commencing 1 January 2007, by discontinuing amortisation of goodwill and eliminating the carrying amount of accumulated amortisation of goodwill at the beginning of 2007, with a corresponding decrease in the amount of goodwill.
- 4.3 Change in accounting policy for costing inventories  
In 2006, the Company changed its accounting policy for valuing raw materials under a cost basis from the first-in, first-out method to the average method in order to present the value more appropriately. The change in the accounting policy has no significant impact on the financial statements.

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

#### *Dividend income*

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, cash 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 debtor 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 subsidiary companies 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. Gains or losses arising from changes in the carrying amount of securities are included in determining income.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the carrying amounts of securities are recorded as separate items in shareholders' equity until the securities are sold, when the changes are then included in determining income.
- c) Investments in non-marketable equity securities, which the Group classifies as other investments, are stated at cost net of allowance for loss on diminution in value (if any).
- d) Investments in associates are accounted for in the consolidated financial statements using the equity method.
- e) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand. 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.

## 5.6 Property, plant and equipment/Depreciation

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

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

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

## 5.7 Land leasehold right and amortisation

Land leasehold right is stated at cost less accumulated amortisation. Amortisation is calculated by reference to cost on a straight-line basis over leasehold period.

## 5.8 Software and amortisation

Software is stated at cost less accumulated amortisation. Amortisation is calculated by reference to cost on a straight-line basis over the estimated useful live of 5-10 years.

## 5.9 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.

**5.10 Long-term leases**

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

**5.11 Foreign currencies**

Foreign currency transactions are translated into Baht at the exchange rates ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currencies outstanding at the balance sheet date are translated into Baht at the exchange rates ruling on the balance sheet date.

Gains and losses on exchange are included in determining income.

**5.12 Impairment of assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the income statement. An asset's recoverable amount is the higher of fair value less costs to sell and value in use.

**5.13 Treasury shares**

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

**5.14 Income tax**

Income tax is provided for in the accounts based on the taxable profits determined in accordance with tax legislation.

**5.15 Employee benefits**

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

**5.16 Use of accounting estimates**

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption in certain circumstances, affecting amounts reported in these financial statements and related notes. Actual results could differ from these estimates.

## 6. CURRENT INVESTMENT

This investment was an investment in the ordinary shares in KPN-ST Logistic Co., Ltd., which was a subsidiary of AAPICO Forging Public Co., Ltd. The Company classified this investment as current investment since AAPICO Forging Public Co., Ltd. had to dispose of this investment in accordance with the sale and purchase agreement for ordinary shares in AAPICO Forging Public Co., Ltd. which the Company signed with the shareholders of AAPICO Forging Public Co., Ltd. On 5 January 2007, AAPICO Forging Public Co., Ltd. sold such investment.

## 7. RELATED PARTY TRANSACTIONS

During the years, the Group had significant business transactions with related parties, which have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Group and those companies. Below is a summary of those transactions.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	2007	2006	2007	2006	
<u>Transactions with subsidiary companies</u> (eliminated from the consolidated financial statements)					
Sales of goods and services	-	-	82.7	105.7	Cost plus margin, averaging around 12% (2006: 20%)
Purchases of goods and services	-	-	13.8	0.7	Cost plus margin
Interest income	-	-	58.8	14.4	4.0 - 6.2% p.a. (2006: 3.5 - 4.0% p.a.)
Dividend income	-	-	110.0	270.0	As declared
Interest expense	-	-	10.4	-	2% p.a.
Rental income	-	-	2.0	-	Baht 65,000 per month
Management fee income	-	-	5.4	-	Baht 0.4 million per month
<u>Transactions with associated companies</u>					
Sales of goods and services	1.0	5.8	0.8	4.1	Cost plus margin
Purchases of goods and services	39.5	31.7	39.5	31.7	Cost plus margin, averaging around 50%
<u>Transactions with related parties</u>					
Purchase of machinery	-	521.6	-	-	Cost plus margin
Purchases of goods and services	95.8	-	-	-	Cost plus margin, averaging around 7%
Interest expense	2.7	-	-	-	2% p.a.
Interest income	4.2	-	1.3	14.4	7.5 - 9.4% p.a. (2006: 5.9 - 9.5% p.a.)

The outstanding balances between the Company and the related companies as at 31 December 2007 and 2006 are as follows: -

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
<b>Trade accounts receivable - related parties</b>				
<u>Subsidiary companies</u>				
AAPICO Amata Company Limited	-	-	13,481,054	26,586,831
AAPICO Jackspeed Company Limited	-	-	6,244,060	-
<u>Associated company</u>				
Able Sanoh Industries (1996) Company Limited	187,960	454,255	187,960	380,901
<u>Related companies</u>				
Jackspeed Leather Manufacture (Thailand) Co., Ltd.	492,200	-	-	-
Jackson Vehicle (Singapore) Pte., Ltd.	955,178	1,256,234	-	-
J.V. (Thailand) Co., Ltd.	60,562	84,036	-	-
	1,695,900	1,794,525	19,913,074	26,967,732
<b>Advances and short-term loans to related parties</b>				
<u>Subsidiary companies</u>				
New Era Sales Company Limited	-	-	12,589,528	98,096,359
Tenaga Setia Resources SDN. BHD.	-	-	941,661	941,661
AAPICO Amata Company Limited	-	-	940,000	940,000
Able Motors Company Limited	-	-	6,073,469	24,073,028
Kunshan Chaitai-Xincheng Precision Forging Company Limited	-	-	15,045,418	16,110,462
AAPICO Hitech Parts Company Limited	-	-	71,647,055	15,004,388
AAPICO Hitech Tooling Company Limited	-	-	8,160,116	694,304
Able ITS Company Limited	-	-	755,130	876,963
AAPICO Mitsuike (Thailand) Company Limited	-	-	165,100	165,100
A Maction Company Limited	-	-	27,255	110,300
AAPICO Jackspeed Company Limited	-	-	6,958,964	262,587
AAPICO Forging Public Company Limited	-	-	34,226,888	-
AAPICO Plastics Public Company Limited	-	-	179,479,169	-
AAPICO Investment Pte., Limited	-	-	8,138,963	-
<u>Associated companies</u>				
New Era Sales (M) SDN. BHD.	-	1,078,368	-	-
Able Sanoh Industries (1996) Company Limited	2,563,611	476,809	2,463,680	403,146
Fischer - AAPICO Company Limited	-	6,535	-	-
Katsuya International Pte., Limited	8,838,310	8,821,031	-	-
Jackspeed Corporation Limited	-	163,530	-	163,530

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
<u>Related companies</u>				
Jackson Vehicle (Singapore) Pte., Ltd.	30,939	-	-	-
Sojitz Corporation Limited	-	140,596	-	140,596
Protech Link Technology Incorporation Limited	27,029,542	25,265,205	-	-
J.V. (Thailand) Company Limited	199,322	80,172	-	-
Yamakawa Dies Manufacturing R&D Company Limited	17,213,082	20,250,685	17,213,082	20,250,685
Thai Mekki Limited Partnership	15,100,000	17,364,731	-	-
	70,974,806	73,647,662	364,825,478	178,233,109
<b><u>Dividend receivable from related party</u></b>				
<u>Associated company</u>				
Able Sanoh Industries (1996) Company Limited	13,585,594	17,423,681	13,585,594	17,423,681
<b><u>Share subscription receivable - related parties</u></b>				
<u>Related companies</u>				
Maction Technology Company Limited	2,500,000	5,000,000	-	-
Mitsuike Kogyo Company Limited	4,042,500	4,042,500	-	-
	6,542,500	9,042,500	-	-
<b><u>Long-term loans to related parties</u></b>				
<u>Subsidiary companies</u>				
New Era Sales Company Limited	-	-	265,800,000	-
Able Motors Company Limited	-	-	30,000,000	-
AAPICO Forging Public Company Limited	-	-	514,312,333	-
AAPICO Hitech Parts Company Limited	-	-	568,700,000	621,600,000
AAPICO Hitech Tooling Company Limited	-	-	28,950,000	23,600,000
	-	-	1,407,762,333	645,200,000
<b><u>Trade accounts payable - related parties</u></b>				
<u>Associated companies</u>				
Able Sanoh Industries (1996) Company Limited	6,705,093	3,295,171	20,676,698	3,295,171
<u>Related companies</u>				
Katsuya Industry Company Limited	-	49,415	-	-
Jackson Vehicle (Singapore) Pte., Limited	2,633	-	-	-
Metal One (Thailand) Company Limited	51,648,582	-	-	-
J.V. (Thailand) Company Limited	2,596,052	-	-	-
New Era Sales (M) SDN. BHD.	490,836	-	-	-
Jackspeed Leather Manufacture (Thailand) Company Limited	1,886,000	-	-	-
	63,329,196	3,344,586	20,676,698	3,295,171

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
<b>Advances and short-term loans from related parties</b>				
<u>Subsidiary companies</u>				
AAPICO Engineering Company Limited	-	-	-	9,854,777
AAPICO Amata Company Limited	-	-	530,505,193	130,349,956
New Era Sales Company Limited	-	-	177,236	120,285
Tenaga Setia Resources SDN. BHD.	-	-	340,662	-
AAPICO Hitech Parts Company Limited	-	-	1,220,489	4,417
AAPICO Hitech Tooling Company Limited	-	-	2,317,382	-
Able Motors Company Limited	-	-	17,928	-
<u>Associated companies</u>				
Able Sanoh Industries (1996) Company Limited	-	531,113	-	531,113
Jackspeed Corporation Limited	32,585	31,916	-	-
<u>Related companies</u>				
Katsuya International Pte., Limited	7,586,113	-	-	-
Metal One (Thailand) Company Limited	91,705,500	-	-	-
Jackson Vehicle (Singapore) Pte., Limited	334,382	2,852,200	-	-
J.V. (Thailand) Company Limited	3,000,000	2,005,635	-	-
	102,658,580	5,420,864	534,578,890	140,860,548
<b>Share subscription payable - related party</b>				
<u>Subsidiary company</u>				
AAPICO Mitsuike (Thailand) Company Limited	-	-	4,207,500	4,207,500

During 2007, movements of loans to related parties and loans from related parties were as follows: -

**Consolidated financial statements**

(Unit: Baht)

	Balance as at 1 January 2007	During the year		Unrealised loss on exchange	Balance as at 31 December 2007
		Increase	Decrease		
<u>Short-term loans to related parties</u>					
<b>Associated companies</b>					
Katsuya International Pte., Limited	8,821,031	-	-	17,279	8,838,310
<b>Related companies</b>					
Protech Link Technology Incorporation Limited	25,265,205	-	-	1,764,337	27,029,542
Yamakawa Dies Manufacturing R&D Company Limited	20,000,000	-	(3,000,000)	-	17,000,000
Thai Mekki Limited Partnership	17,000,000	-	(1,900,000)	-	15,100,000
Total	71,086,236	-	(4,900,000)	1,781,616	67,967,852

(Unit: Baht)

	Balance as at 1 January 2007	During the year		Unrealised loss on exchange	Balance as at 31 December 2007
		Increase	Decrease		
<u>Short-term loans from related parties</u>					
<b>Associated company</b>					
Katsuya International Pte., Limited	-	7,586,113	-	-	7,586,113
<b>Related companies</b>					
J.V. (Thailand) Company Limited	-	3,000,000	-	-	3,000,000
Metal One (Thailand) Company Limited	-	133,814,380	(43,305,605)	-	90,508,775
Total	-	144,400,493	(43,305,605)	-	101,094,888

**Separate financial statements**

(Unit: Baht)

	Balance as at 1 January 2007	During the year		Unrealised loss on exchange	Balance as at 31 December 2007
		Increase	Decrease		
<u>Short-term loans to related parties</u>					
<b>Subsidiaries</b>					
New Era Sales Company Limited	97,800,000	195,000,000	(287,800,000)	-	5,000,000
Able Motors Company Limited	24,000,000	13,000,000	(32,000,000)	-	5,000,000
Kunshan Chaitai-Xincheng Precision Forging Company Limited	10,732,260	-	-	(1,310,972)	9,421,288
AAPICO Hitech Parts Company Limited	-	30,000,000	-	-	30,000,000
AAPICO Hitech Tooling Company Limited	-	5,000,000	-	-	5,000,000
AAPICO Forging Public Company Limited	-	30,000,000	-	-	30,000,000
AAPICO Plastics Public Company Limited	-	177,156,000	-	-	177,156,000
<b>Related company</b>					
Yamakawa Dies Manufacturing R&D Company Limited	20,000,000	-	(3,000,000)	-	17,000,000
Total	152,532,260	450,156,000	(322,800,000)	(1,310,972)	278,577,288
<u>Long-term loans to related parties</u>					
<b>Subsidiaries</b>					
New Era Sales Company Limited	-	265,800,000	-	-	265,800,000
Able Motors Company Limited	-	30,000,000	-	-	30,000,000
AAPICO Forging Public Company Limited	-	596,312,333	(82,000,000)	-	514,312,333
AAPICO Hitech Parts Company Limited	621,600,000	164,500,000	(217,400,000)	-	568,700,000
AAPICO Hitech Tooling Company Limited	23,600,000	5,350,000	-	-	28,950,000
Total	645,200,000	1,061,962,333	(299,400,000)	-	1,407,762,333

(Unit: Baht)

	Balance as at 1 January 2007	During the year		Unrealised loss on exchange	Balance as at 31 December 2007
		Increase	Decrease		
Short-term loans from related parties					
<b>Subsidiaries</b>					
AAPICO Engineering Company Limited	9,800,000	-	(9,800,000)	-	-
AAPICO Amata Company Limited	130,000,000	736,000,000	(347,000,000)	-	519,000,000
<b>Total</b>	<b>139,800,000</b>	<b>736,000,000</b>	<b>(356,800,000)</b>	<b>-</b>	<b>519,000,000</b>

**Directors and management's remuneration**

In 2007 the Group paid salaries, meeting allowance and gratuities to their directors and management totaling Baht 22.8 million (2006: Baht 19.6 million).

**Guarantee obligations with related parties**

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

**8. TRADE ACCOUNTS RECEIVABLE**

The outstanding balances of trade accounts receivable as at 31 December 2007 and 2006 are aged, based on due date, as follows: -

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
<b>Age of receivables</b>				
<u>Trade accounts receivable - related parties</u>				
Not yet due and overdue				
not over 3 months	1,316,413	715,966	16,887,692	19,258,874
Overdue 3 - 12 months	379,487	1,078,559	-	5,723,452
Overdue more than 12 months	-	-	3,025,382	1,985,406
<b>Total</b>	<b>1,695,900</b>	<b>1,794,525</b>	<b>19,913,074</b>	<b>26,967,732</b>
<u>Trade accounts receivable - unrelated parties</u>				
Not yet due and overdue				
not over 3 months	1,450,717,541	1,425,084,911*	254,137,412	261,965,893
Overdue 3 - 12 months	40,540,141	14,854,072	3,689,596	4,165,543
Overdue more than 12 months	8,439,597	14,634,919	1,800,913	5,048,290
<b>Total</b>	<b>1,499,697,279</b>	<b>1,454,573,902</b>	<b>259,627,921</b>	<b>271,179,726</b>
Less: Allowance for doubtful accounts	(27,847,110)	(22,399,826)	(4,018,348)	(1,518,348)
	<b>1,471,850,169</b>	<b>1,432,174,076</b>	<b>255,609,573</b>	<b>269,661,378</b>
<b>Total trade accounts receivable - net</b>	<b>1,473,546,069</b>	<b>1,433,968,601</b>	<b>275,522,647</b>	<b>296,629,110</b>

\* Restated due to the restatement of Aapico Forging Balance Sheet

As at 31 December 2007, rights of claim over trade accounts receivable of the subsidiaries of Baht 4.0 million have been transferred to a company as collateral to secure the loan facility granted by that company under financial lease agreements.

As at 31 December 2006, rights of claim over trade accounts receivable of the subsidiaries of Baht 3.3 million have been transferred to a company as collateral to secure the loan facility granted by that company under financial lease agreements, and Baht 95.9 million have been sold at a discount to a factoring company, with recourse.

**9. INVENTORIES**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
Raw materials	239,612,070	273,878,683	56,034,102	58,015,448
Work in process	192,149,183	259,040,747*	74,944,468	121,685,185
Finished goods	311,287,153	303,322,889*	63,584,761	38,442,226
Spareparts and supplies	56,174,729	63,718,647*	7,773,877	6,748,989
Goods in transit	1,655,735	35,691,089	-	-
Total	800,878,870	935,652,055	202,337,208	224,891,848
Less: Allowance for diminution in stock value	(69,395,394)	(97,143,593)	(10,164,418)	(510,767)
Inventories - net	731,483,476	838,508,462	192,172,790	224,381,081

\* Restated due to the restatement of Aapico Forging Balance Sheet

**10. RESTRICTED BANK DEPOSITS**

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

**11. INVESTMENTS IN SUBSIDIARIES**

(Unit: Thousand Baht)

Company's name	Separate financial statements							
	Paid-up capital		Shareholding percentage		Cost		Dividend received for the year ended 31 December	
	2007	2006	2007	2006	2007	2006	2007	2006
			(%)	(%)				
New Era Sales Co., Ltd.	Baht 20 million	Baht 20 million	100	100	20,000	20,000	-	-
AAPICO Amata Company Limited	Baht 800 million	Baht 800 million	100	100	1,164,139	1,164,139	110,000	270,000
Able Motors Co., Ltd.	Baht 20 million	Baht 20 million	100	100	19,999	19,999	-	-
AAPICO Engineering Company Limited	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 2.3 million	USD 2.3 million	100	100	125,592	125,592	-	-
Able 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	-	-
Katsuya (Thailand) Co., Ltd.	Baht 28.5 million	Baht 28.5 million	55	55	15,675	15,675	-	-
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	57	1,823,889	1,040,549	-	-
Total					3,710,702	2,927,362	110,000	270,000
Less: Allowance for impairment					(16,446)	(16,446)		
Net					3,694,256	2,910,916		

Significant transactions regarding the investments in subsidiary companies during 2007 and 2006 are as follows: -

- a) In January 2006, the Company invested an additional Baht 39.6 million in AAPICO Shanghai Co., Ltd., an oversea subsidiary, since such company called-up additional unpaid share capital.
- b) In June 2006, Able ITS Company Limited, a subsidiary company, acquired a 100% equity interest in Able ITS Pte. Ltd., a company registered in Singapore, costing USD 0.7 million.
- c) In July 2006, the Company acquired a 100% equity interest in AAPICO Investment Pte. Ltd., a company registered in Singapore, at a cost of SGD 7 million.
- d) In August 2006, the Company acquired a 55% equity interest in Katsuya (Thailand) Co., Ltd., a company registered in Thailand, at a cost of Baht 15.7 million. The net asset value of such subsidiary company at the investment date consisted of the following: -

(Unit: Thousand Baht)

Cash and deposits at financial institutions	27
Trade accounts receivable	2,511
Inventories	159
Property, plant and equipment - net	26,423
Other assets	7,115
Total assets	<u>36,235</u>
Bank overdrafts	7,668
Trade accounts payable	6,264
Other liabilities	6,537
Total liabilities	<u>20,469</u>
Net asset value	<u>15,766</u>
Net asset value attributable to the Company's investment	8,671
Goodwill	7,004
Purchase price	15,675
Less: Cash of subsidiary company	(27)
Net cash paid for purchase of subsidiary company	<u>15,648</u>

- e) In August 2006, AAPICO Hitech Parts Co., Ltd., a subsidiary company, acquired a 60% equity interest in AAPICO Jackspeed Co., Ltd., a company registered in Thailand, at a cost of Baht 12 million.
- f) In November 2006, the Company acquired a 51% equity interest in AAPICO Mitsuike (Thailand) Company Limited, a company registered in Thailand, costing Baht 4.2 million.
- g) The Extraordinary General Meeting of the Company's shareholders held on 21 December 2006 passed a resolution approving the acquisition of 56,911,400 ordinary shares of AAPICO Forging Public Company Limited amounting Baht 1,024.4 million, accounting for 56.9 percent of its issued and paid-up share capital, from the existing shareholders, at a price of Baht 18 per share. As at the investment date, the net asset value of the subsidiary attributable to the Company's investment amounted to Baht 828 million. Subsequently, in January 2007, the Company submitted notification of a general tender offer for 43,088,600 ordinary shares of AAPICO Forging Public Company Limited to the Securities and Exchange Commission. The offer price was Baht 18 per share (Baht 17.9519 per share, net of commission) and the offer period ran from 9 January 2007 to 12 February 2007.

During such period, the Company purchased 42,775,902 shares for a total price of Baht 775 million. Subsequently, during March 2007, the Company submitted notification of a second general tender offer for the 312,698 remaining ordinary shares of AAPICO Forging Public Company Limited to the Securities and Exchange Commission. The offer price was the same as for the first offering and the offer period ran from 22 March 2007 to 30 May 2007. During such period, the Company purchased additional 269,696 shares for a total price of Baht 4.9 million. As a result of the offerings, the Company's shareholding in AAPICO Forging Public Company Limited has increased to 99.96% as at 31 December 2007.

The Company recorded the excess of the cost of the investment acquired in the subsidiary over the net asset value attributable to the Company's investment under the caption of "Excess of cost of investment in subsidiary company over net asset value of investment" ("Goodwill"). Later, in 2007, the Company preliminarily examined and estimated the fair value of the assets, and adjusted the net asset value downward by approximately Baht 200 million, recording the change against goodwill in accordance with Accounting Standard No.43 (revised 2007). The Company has restated the consolidated financial statements of the previous year, as if the adjustment transactions had been recognised from the acquisition date.

At present, the Company is in the final stages of investigating and estimating the fair value of the above subsidiary's net assets. Therefore the Company is unable to disclose the fair value or book value of the subsidiary's net assets as of the acquisition date at this stage.

Since the Company has had to reduce the value of the subsidiary's net assets, as discussed in the preceding paragraph, the Company submitted a letter to its former major shareholders requesting a claim under the share purchase agreement. At present, the Company is negotiating with the former major shareholders.

h) Goodwill

	(Unit: Million Baht)
Balance - beginning of the year 2007	869
Additional during the year	<u>525</u>
Balance - end of the year 2007	<u>1,394</u>
	Balance as at
	<u>31 December 2007</u>
Goodwill from purchase of subsidiaries:	
AAPICO Amata Company Limited	230
AAPICO Forging Public Co., Ltd.	1,152
Other companies	<u>12</u>
Total	<u>1,394</u>

i) In December 2006, AAPICO Investment Pte. Ltd., a subsidiary company, acquired a 50% equity interest in A Maction Co., Ltd., a company registered in Thailand, at cost of Baht 5 million.

j) On 14 February 2007, an extraordinary meeting of AAPICO Forging Public Company Limited's shareholders passed a resolution to delist its securities from the Stock Exchange of Thailand and to change its name from "KPN Automotive Public Company Limited" to "AAPICO Forging Public Company Limited". The company registered the change of its name with the Ministry of Commerce on 16 February 2007.

- k) In the fourth quarter of 2007, Tenaga Setia Resources SDN. BHD. acquired a 100% equity interest in AAPICO Engineering SDN. BHD., a company registered in Malaysia, at cost of RM 2.

The financial statements for the year ended 31 December 2007 of four subsidiary companies which are included in the consolidated financial statements were audited by other auditors. Their aggregate assets and revenues are as follows: -

(Unit: Million Baht)

	Total assets	Total revenues
Tenaga Setia Resources SDN. BHD.	117	1,009
Kunshan Chaitai-Xincheng Precision Forging Co., Ltd.		
Able ITS Co., Ltd. and its subsidiary	222	287
AAPICO Shanghai Co., Ltd.	88	18
Total	87	12
	514	1,326

The financial statements for the year ended 31 December 2006 of eight subsidiary companies which are included in the consolidated financial statements were audited by other auditors. Their aggregate assets and revenues are as follows: -

(Unit: Million Baht)

	Total assets	Total revenues
Tenaga Setia Resource SDN. BHD.	112	876
Kunshan Chaitai-Xincheng Precision Forging Co., Ltd.	247	245
Able ITS Co., Ltd. and its subsidiary	88	22
AAPICO Hitech Parts Co., Ltd. and its subsidiary	842	7
AAPICO Hitech Tooling Co., Ltd.	92	-
AAPICO Shanghai Co., Ltd.	67	41
Katsuya (Thailand) Co., Ltd.	30	2
Total	1,478	1,193

The financial statements of AAPICO Investment Pte., Limited, AAPICO Hitech Tooling Company Limited, AAPICO Engineering Company Limited and AAPICO Mitsuike (Thailand) Company Limited for the year ended 31 December 2007, which are included in the consolidated financial statements for the year, were prepared by the management of those companies and were not audited by their auditors.

The financial statements of AAPICO Investment Pte., Limited and AAPICO Mitsuike (Thailand) Company Limited for the year ended 31 December 2006, which are included in the consolidated financial statements for the year, were prepared by the management of those companies and were not audited by their auditors.

12. INVESTMENTS IN ASSOCIATES

12.1 Details of associates:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2007	2006	2007	2006	2007	2006
			(%)	(%)				
<u>Investments in associated companies, directly held by the Company</u>								
Able Sanoh Industries (1996) Company Limited	Manufacture and distribution of autoparts	Thailand	46	46	30,700	30,700	178,833	156,155
New Era Sales (M) SDN. BHD.	Automobile dealer in Malaysia	Malaysia	40	40	6,373	6,373	3,027	718
Fischer-AAPICO Company Limited	Manufacture and distribution of autoparts	Thailand	-	30	-	15,000	-	11,354
Sanoh Industries (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	20	20	29,250	29,250	26,042	23,268
					66,323	81,323	207,902	191,495
<u>Investments in associated companies, directly held by subsidiary</u>								
Jackspeed Corporation Limited	Manufacture and distribution of car accessories	Singapore	20	20	162,036	151,415	153,869	147,046
Katsuya International Pte., Limited	Investment in other companies in Singapore	Singapore	30	30	7,218	7,218	3,338	6,026
					169,254	158,633	157,207	153,072
Total					235,577	239,956	365,109	344,567

(Unit: Thousand Baht)

Company's name	Separate financial statements							
	Shareholding percentage		Cost		Provision for impairment of investments		Carrying amounts based on cost method - net	
	2007	2006	2007	2006	2007	2006	2007	2006
			(%)	(%)				
<u>Investments in associated companies, directly held by the Company</u>								
Able Sanoh Industries (1996) Company Limited	46	46	30,700	30,700	-	-	30,700	30,700
New Era Sales (M) SDN. BHD.	40	40	6,373	6,373	(5,655)	(5,655)	718	718
Fischer-AAPICO Company Limited	-	30	-	15,000	-	(3,646)	-	11,354
Sanoh Industries (Thailand) Company Limited	20	20	29,250	29,250	(5,982)	(5,982)	23,268	23,268
Total			66,323	81,323	(11,637)	(15,283)	54,686	66,040

(Unit: Thousand Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Share of income (loss) from investments in associates during the year		Dividend received during the year	
	2007	2006	2007	2006
<u>Investments in associated companies, directly held by the Company</u>				
Able Sanoh Industries (1996) Company Limited	29,713	34,747	7,034	6,551
New Era Sales (M) SDN. BHD.	2,289	(1,707)	-	-
Fischer-AAPICO Company Limited	(565)	(613)	-	-
Sanoh Industries (Thailand) Company Limited	2,774	(1,823)	-	-
<u>Investments in associated companies, directly held by subsidiary</u>				
Jackspeed Corporation Limited	6,175	(1,895)	5,957	-
Katsuya International Pte., Limited	(2,299)	-	-	-
<b>Total</b>	<b>38,087</b>	<b>28,709</b>	<b>12,991</b>	<b>6,551</b>

12.2 Fair values of investments in associated company which is listed company in the Stock exchange of Singapore

(Unit: Million Baht)

Company's name	Fair values as at 31 December 2007
Jackspeed Corporation Limited	182.2

12.3 Summarised financial information of associates

(Unit: Million Baht)

Company's name	Paid-up capital		Total assets as		Total liabilities as		Total revenues for the		Net income (loss) for	
	at 31 December		at 31 December		at 31 December		years ended		the years ended	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
<u>Investments in associated companies, directly held by the Company</u>										
Able Sanoh Industries (1996) Company Limited	117.7	117.7	654.7	586.9	262.7	245.0	1,164.1	870.8	65.5	77.1
New Era Sales (M) SDN. BHD.	RM 1.5 million	RM 1.5 million	40.1	31.2	32.5	34.7	457.2	363.4	5.7	2.0
Fischer-AAPICO Company Limited	-	50.0	-	170.9	-	133.1	-	124.1	-	0.1
Sanoh Industries (Thailand) Company Limited	146.3	146.3	231.7	222.5	101.5	106.7	265.4	169.3	14.4	(9.6)
<u>Investments in associated company, directly held by subsidiary</u>										
Katsuya International Pte., Limited	SGD 1 million	SGD 1 million	25.6	25.4	14.6	9.0	0.1	-	(8.0)	(3.9)

(Unit: Million Baht)

Company's name	Paid-up capital		Total assets as		Total liabilities as		Total revenues for the		Net income (loss) for	
	at 31 August		at 31 August		at 31 August		years ended		the years ended	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
<u>Investments in associated company, directly held by subsidiary</u>										
Jackspeed Corporation										
Limited	SGD 24.1	SGD 21.8	994.1	999.9	252.1	300.4	510.0	554.0	36.9	35.5
	million	million								

Significant transactions regarding the investments in associated companies during 2007 and 2006 are as follows: -

- a) In July 2006, AAPICO Investment Pte. Ltd., a subsidiary company, acquired a 20% equity interest in Jackspeed Corp. Ltd. and a 30% equity interest in Katsuya International Pte. Ltd., two companies registered in Singapore, at cost of SGD 6.3 million and SGD 0.3 million, respectively.
- b) In August 2006 New Era Sales (M) SDN. BHD. increased its registered share capital by RM 0.5 million, of which RM 0.2 million was invested by the Company to maintain its proportion of shareholding.
- c) In February 2007, Fischer-AAPICO Company Limited increased its share capital by Baht 50 million, of which Baht 15 million was invested by the Company to retain its shareholding proportion.
- d) In June 2007, Jackspeed Corporation Limited increased its share capital by SGD 2.4 million, of which SGD 0.5 million was invested by AAPICO Investment Pte., Ltd. a subsidiary of the Company, to retain its shareholding proportion.
- e) In October 2007 the Company disposed of all of its investment in Fischer-AAPICO Company Limited to a Singapore company at a price of Baht 38 million.

The Company's interest in the equity of New Era Sales (M) SDN. BHD. in the consolidated financial statements for the years end 31 December 2007 and 2006 were determined based on the financial statements audited by its auditor.

Since the accounting period of Jackspeed Corporation Limited ends in February, share of income from investment in such associated company for the year ended 31 December 2007, as included in the consolidated statement of income, was recorded based on unaudited/unreviewed financial statements for the six-month period ended 31 August 2007. The management does not expect that the effects of transactions occurring between the date of the financial statements of the associate and that of the Company's financial statements would be significant.

The Company's interest in the equity of Fischer-AAPICO Company Limited and Sanoh Industries (Thailand) Company Limited for the years ended 31 December 2007 and 2006 were determined based on the unaudited financial statements of those companies.

13. OTHER LONG-TERM INVESTMENT

(Unit: Baht)

	Consolidated financial statements			
	2007		2006	
	Cost	Fair value	Cost	Fair value
<b>Available-for-sale securities</b>				
Domestic marketable equity securities	40,000,000	42,150,000	40,000,000	36,400,000
Adjust: Allowance for change in value	2,150,000		(3,600,000)	
<b>Net</b>	<b>42,150,000</b>		<b>36,400,000</b>	

14. PROPERTY, PLANT AND EQUIPMENT

(Unit: Baht)

	Consolidated financial statements					
	Land	Building and Improvements	Machinery and factory equipment	Motor vehicles and office equipment	Machinery and factory equipment under	Total
					production/ installation	
<b>Cost</b>						
31 December 2006 (restated)	510,479,430	1,139,328,635	4,369,390,408	180,755,597	999,242,057	7,199,196,127
Acquisitions	-	4,545,217	150,026,324	22,523,487	138,210,751	315,305,779
Disposals	-	-	(10,981,730)	(31,077,331)	(2,798,975)	(44,858,036)
Transfer in (out)	-	150,480,649	707,011,054	1,316,870	(859,069,170)	(260,597)
Transfer out to inventories	-	-	(94,639,614)	-	-	(94,639,614)
Translation adjustment	-	(68,090)	(90,080)	(52,073)	-	(210,243)
31 December 2007	510,479,430	1,294,286,411	5,120,716,362	173,466,550	275,584,663	7,374,533,416
<b>Accumulated depreciation</b>						
31 December 2006 (restated)	-	294,441,810	2,491,010,241	96,207,558	-	2,881,659,609
Depreciation for the year	-	46,806,250	576,088,093	25,500,707	-	648,395,050
Depreciation on disposals	-	-	(9,614,434)	(13,135,602)	-	(22,750,036)
Reversal of accumulated depreciation for inventories' transfer	-	-	(63,130,233)	-	-	(61,130,233)
Translation adjustment	-	(46,387)	(40,708)	(20,970)	-	(108,065)
31 December 2007	-	341,201,673	2,994,312,959	108,551,693	-	3,444,066,325
<b>Net book value</b>						
31 December 2006	510,479,430	844,886,825	1,878,380,167	84,548,039	999,242,057	4,317,536,518
31 December 2007	510,479,430	953,084,738	2,126,403,403	64,914,857	275,584,663	3,930,467,091
Depreciation for the years						
2006						483,945,896
2007						648,395,050

(Unit: Baht)

	Separate financial statements					
	Land	Building and Improvements	Machinery and factory equipment	Machinery and factory equipment under		Total
				Motor vehicles and office equipment	production/ installation	
<b>Cost</b>						
31 December 2006	85,150,153	171,013,001	426,359,519	46,231,186	25,785,363	754,539,222
Acquisitions	-	176,826	28,380,078	3,975,240	7,335,083	39,867,227
Disposals	-	-	-	(1,098,131)	(2,660,355)	(3,758,486)
Transfer in (out)	-	-	16,610,084	424,997	(17,295,680)	(260,599)
31 December 2007	85,150,153	171,189,827	471,349,681	49,533,292	13,164,411	790,387,364
<b>Accumulated depreciation</b>						
31 December 2006	-	72,239,439	224,549,304	30,601,811	-	327,390,554
Depreciation for the year	-	10,812,849	38,594,934	6,038,559	-	55,446,342
Depreciation on disposals	-	-	-	(837,267)	-	(837,267)
31 December 2007	-	83,052,288	263,144,238	35,803,103	-	381,999,629
<b>Net book value</b>						
31 December 2006	85,150,153	98,773,562	201,810,215	15,629,375	25,785,363	427,148,668
31 December 2007	85,150,153	88,137,539	208,205,443	13,730,189	13,164,411	408,387,735
Depreciation for the years						
2006						57,514,785
2007						55,446,342

As at 31 December 2007 and 2006, certain equipment items of the Group have been fully depreciated but are still in use. The original cost of those assets amounted to approximately Baht 651 million and Baht 467 million, respectively (Separate financial statements: Baht 105 million and Baht 62 million, respectively).

Two subsidiaries have mortgaged land with structures thereon, certain machinery and certain factory equipment with a total net book value as at 31 December 2007 of Baht 385 million as collateral for short-term credit facilities granted by financial institutions.

As at 31 December 2006, the Group have mortgaged land with structures thereon, certain machinery and certain factory equipment with a total net book value as at that date of Baht 1,444 million (Separate financial statements: Baht 197 million) as collateral for short-term and long-term credit facilities granted by financial institutions.

Certain machinery and factory equipment were acquired under finance lease agreements.

**15. LEASEHOLD RIGHT**

(Unit: Baht)

	Consolidated financial statements	
	2007	2006
Leasehold right	22,900,000	14,800,000
Acquisition of subsidiary during the year (restated)	-	8,100,000
Less: Accumulated amortisation	(10,193,133)	(4,249,533)
Net	12,706,867	18,650,467
Amortisation included in the income statement for the year	5,943,600	1,799,200

A subsidiary has pledged its land leasehold right with a net book value as at 31 December 2007 of Baht 3.5 million (2006: Baht 8.1 million) as collateral for credit facilities granted by financial institutions.

**16. SOFTWARE**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
Computer software	72,379,387	60,799,520	53,328,005	50,538,405
Less: Accumulated amortisation	(21,125,601)	(15,798,537)	(10,849,887)	(6,770,482)
Net	51,253,786	45,000,983	42,478,118	43,767,923
Amortisation included in the income statement for the year	5,327,064	4,316,854	4,079,405	2,212,764

**17. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS**

(Unit: Baht)

	Interest rate (percent per annum)	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006
Bank overdrafts	MOR, 3.9% - 4.05%	15,638,826	126,760,878	-	-
Short-term loan from banks	3.9% - 5.085%, 7.47% THBFIX + 0.15%	1,582,870,237	1,426,613,994	1,400,000,000	1,024,405,200
<b>Total</b>		<b>1,598,509,063</b>	<b>1,553,374,872</b>	<b>1,400,000,000</b>	<b>1,024,405,200</b>

Bank overdrafts and short-term loans from financial institutions are secured by the mortgage of land and building thereon of the Group, the transfer of land leasehold of a subsidiary, the pledge of certain machinery and factory equipment of the Group, the pledge of certain fixed deposit accounts of the Group, and by the guarantees of the directors of the Group and the subsidiary company.

**18. LONG-TERM LOANS**

(Unit: Baht)

Credit facility	Interest rate	Repayment schedule	Consolidated financial statements		Separate financial statements	
			2007	2006	2007	2006
1	3.5% to 4.0% per annum for the first three years from the drawdown date, and the fixed deposit interest rate plus 2.25% per annum for the remaining period	Repayable in quarterly installments until 2009	-	493,000,000	-	180,000,000
2	THBFIX+0.65%	Repayable in quarterly installments of Baht 75 million each from December 2008 to September 2012	1,200,000,000	-	1,200,000,000	-
3	MLR	Repayable over 7 years in 84 monthly installments.	-	69,722,000	-	-
4	MLR	Repayable over 7 years in 72 monthly installments, after a grace period of 1 year.	-	70,270,600	-	-
5	MLR-1 for the first two years, at MLR-0.5 for the third and fourth years, and at MLR for the remaining period	Repayable in 28 quarterly installments beginning April 2006.	-	296,000,000	-	-

(Unit: Baht)

Credit facility	Interest rate	Repayment schedule	Consolidated financial statements		Separate financial statements	
			2007	2006	2007	2006
6	MLR	Repayable in 72 monthly installments.	-	53,788,615	-	-
7	MLR for the first two years and at MLR+0.5 for the remaining years	Repayable on a monthly basis from January 2003 to April 2010.	-	84,000,000	-	-
8	MLR	Repayable in 18 monthly installments, with the first of these due in June 2006, and is to be repaid in full within November 2007.	-	8,156,000	-	-
9	Interest is charged at a rate based on the interest rates announced by a bank in the People's Republic of China	Repayable in 9 quarterly installments, with the first due in June 2007	17,798,354	26,709,958	-	-
Total			1,217,798,354	1,101,647,173	1,200,000,000	180,000,000
Less: Current portion			(86,865,694)	(390,608,000)	(75,000,000)	(80,000,000)
Long-term loans - net			1,130,932,660	711,039,173	1,125,000,000	100,000,000

During the current year, the Company and a subsidiary company made long-term loan prepayments of Baht 493 million to the financial institution creditors.

As at 31 December 2006, loans from financial institutions were secured by the mortgage of land and building thereon and certain machinery and factory equipment of the Group, the transfer of leasehold rights of the subsidiary, the pledge of shares in a subsidiary company held by the Company and certain fixed deposit accounts of the Group and guaranteed by the directors of the Group, and by the subsidiary company.

As at 31 December 2007, long-term loans of the Company are guaranteed by a subsidiary company and long-term loans of the subsidiary company are guaranteed by the Company's directors.

As at 31 December 2007, the loan agreements contain covenants relating to various matters, including the restriction on incurring or having other outstanding financial indebtedness other than intercompany loans, and the maintenance of certain financial ratios (as at 31 December 2006, the loan agreements contained other covenant and prohibitions on loans between affiliates without prior consent from the financial institution lenders).

**19. SHORT-TERM LOANS FROM DIRECTORS**

These represent loans from the directors of subsidiary companies, of which Baht 1.5 million is free of interest, and Baht 10.5 million carries interest at rates of 3.5 percent per annum. The loans are due at call.

**20. ACCOUNTS PAYABLE - FACTORING**

This represents the amount received from a factoring company from the factoring of rights of claim in receivable of a subsidiary with recourse. The amounts were guaranteed by another subsidiary.

**21. WARRANTY RESERVE**

This represents warranty reserve which bases on a certain percentage of revenue and after consideration of experienced warranty claims and estimated warranty claims to be incurred.

**22. TREASURY SHARES**

As at 31 December 2007 and 2006, details of treasury shares are as follows: -

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

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

**23. RESERVE FOR TREASURY SHARES**

Under the notification of the Office of the Securities and Exchange Commission no. Gor Lor Tor. Chor Sor. (Wor) 2/2548 and the notification of the Federation of Accounting Professions no. Sor. Sor Wor Bor Chor. 016/2548 public companies have to set aside retained earnings in an amount equal to the amount paid for treasury shares until they either dispose of such shares or reduce paid-up capital to cancel any remaining shares.

**24. 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.

**25. DIVIDENDS**

(Unit: Baht)

	Approved by	Total dividends	Dividend per share
Dividends for the year 2006	Annual General Meeting of the Shareholders on 27 April 2007	53,774,860	0.20
Interim dividends for 2007	Board of Directors' meeting on 14 August 2007	40,267,080	0.15
Total		94,041,940	0.35
Dividends for the year 2005	Annual General Meeting of the Shareholders on 20 April 2006	101,649,600	0.36
Interim dividends for 2006	Board of Directors' meeting on 11 August 2006	57,794,793	0.21
Total		159,444,393	0.57

**26. SHARE CAPITAL / WARRANTS**

The meeting of the Board of Directors of the Company held on 20 April 2006 passed a resolution approving the issue of no more than 2,823,600 registered, transferable warrants free of charge to directors and employees of the Company. These warrants are exercisable at a price of Baht 26 per share in a ratio of 1 warrant to 1 new ordinary share (unless there is a right adjustment), every 12 months for a period of 5 years from the issue and offering date. Warrant holders may exercise their options as follows: -

- The first year - Up to 20 percent of total warrants allotted may be exercised
- The second year - A cumulative total of up to 40 percent of the warrants allotted may be exercised
- The third year - A cumulative total of up to 60 percent of the warrants allotted may be exercised
- The fourth year - A cumulative total of up to 80 percent of the warrants allotted may be exercised
- The fifth year - A cumulative total of up to 100 percent of the warrants allotted may be exercised

The period over which the warrant holders may sell the warrants, and the proportion that may be sold are the same as for the exercise of the warrants, as outlined above.

To date, the Company is in the process of requesting approval for the issue of the above warrants from the Office of the Securities and Exchange Commission.

**27. 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.

**28. OTHER INCOME**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
Scrap sales	194,837,697	109,203,730	46,851,440	45,830,480
Interest income	8,304,423	35,646,084	60,406,498	35,997,370
Reversal of allowance for diminution in value of inventories	39,182,349	-	-	-
Others	120,315,881	75,188,907	32,858,471	11,560,216
Total	362,640,350	220,038,721	140,116,409	93,388,066

**29. PROMOTIONAL PRIVILEGES**

The Company has been granted promotional privileges under the Investment Promotion Act B.E. 2520 by the Board of Investment under certain significant conditions. Significant privileges of the Company are as follow:

Details		
1. Certificate No.	1430/2539	1470(2)/2546
2. Promotional privileges for	Manufacturing of dies and jigs	Manufacturing of stamping parts
3. The significant privileges are		
- Exemption of corporate income tax for net income from promotional privileges and exemption of income tax on dividends paid from the profit of the operations throughout the period in which the corporate income tax is exempted.	8 years (Expired)	7 years
4. Date of first earning operating income	5 March 1998	5 August 2004

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

(Unit: Baht)

	Separate financial statements					
	2007			2006		
	Promoted operations	Non-promoted operations	Total	Promoted operations	Non-promoted operations	Total
Sales and service income						
Domestic	184,591,471	1,303,997,263	1,488,588,734	190,549,625	1,294,800,121	1,485,349,746
Export	-	161,287,360	161,287,360	366,173	2,071,456	2,437,629
Total	184,591,471	1,465,284,623	1,649,876,094	190,915,798	1,296,871,577	1,487,787,375

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

	Exemption from corporate income tax for 7 years commencing from	Exemption from corporate income tax for 8 years commencing from
<b>AAPICO Amata Company Limited</b>		
Manufacture of frame components for automobiles	28 April 2002	-
<b>AAPICO Hitech Parts Company Limited</b>		
Manufacture of stamping parts	16 November 2006	-
<b>AAPICO Hitech Tooling Company Limited</b>		
Manufacture of autoparts	-	Not yet utilised
<b>Able ITS Company Limited</b>		
Manufacture of car navigation system	-	25 March 2005
<b>AAPICO Jackspeed Company Limited</b>		
Manufacture of metal parts	20 March 2007	-

### 30. EARNINGS PER SHARE

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

Diluted earnings per share is calculated by dividing net income for the year by the weighted average number of ordinary shares held by outside shareholders in issue during the year by net from the treasury stock held by the Company plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

Reconciliation between basic earnings per share and diluted earnings per share is presented below.

Consolidated financial statements						
For the years ended 31 December						
number of Net income		Weighted average Earnings ordinary shares		per share		
2007	2006	2007	2006	2007	2006	
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)	
<b>Basic earnings per share</b>						
Net income	350,070	380,789	226,514	237,937	1.55	1.60
<b>Effect of dilutive potential ordinary shares</b>						
Convertible preferred shares	-	-	42,360	42,360		
<b>Diluted earnings per share</b>						
Net income of ordinary shareholders assuming the conversion of preferred shares to ordinary shares	350,070	380,789	268,874	280,297	1.30	1.36

Separate financial statements						
For the years ended 31 December						
number of Net income		Weighted average Earnings ordinary shares		per share		
2007	2006	2007	2006	2007	2006	
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)	
<b>Basic earnings per share</b>						
Net income	140,377	(Restated) 306,564	226,514	237,937	0.62	(Restated) 1.29
<b>Effect of dilutive potential ordinary shares</b>						
Convertible preferred shares	-	-	42,360	42,360		
<b>Diluted earnings per share</b>						
Net income of ordinary shareholders assuming the conversion of preferred shares to ordinary shares	140,377	306,564	268,874	280,297	0.52	1.09

### 31. NUMBER OF EMPLOYEES AND RELATED COSTS

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
Number of employees at end of year (persons)	2,871	2,916	647	820
Employee costs for the year (Million Baht)	710	744	189	183

**32. PROVIDENT FUND**

The Company and some subsidiaries and their employees have jointly established provident funds in accordance with the Provident Fund Act B.E. 2530. Both employees and the Group contribute to the funds monthly at rates of 2-4 percent of basic salary. The funds will be paid to employees upon termination in accordance with the fund rules. During the year 2007, the Group contributed Baht 10 million (2006: Baht 9 million) to the funds.

**33. COMMITMENT AND CONTINGENT LIABILITIES**

**33.1 Capital commitments**

- a) As at 31 December 2007, the Group had capital commitments of approximately Baht 112 million relating to the construction of factory buildings, acquisition of machinery and raw materials.
- b) As at 31 December 2007, the Group had outstanding commitment of Baht 18 million in respect of uncalled portion of investments in its subsidiaries.

**33.2 Operating lease and service commitments**

The Group has entered into several lease agreements in respect of the lease of land, office building space and equipment and service agreement. Future minimum rentals payable under these leases and services as at 31 December 2007 amounted to Baht 54 million.

**33.3 Long-term service commitments**

The Company has entered into a technical assistance agreement with a Japanese company, under which it has to pay license fees at a rate as stipulated in the agreement, based on a percentage of fuel tank sales. The agreement is effective until 2008. The Company has also 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 has entered into a service agreement with an American company, under which it has to pay fees at a certain rate, as stipulated in the agreement, on sales of particular products (door checks) to a customer of the Company. This agreement is effective until the Company finishes the project for that customer. The fees for year 2007 amounted to approximately Baht 15 million.

**33.4 Guarantee**

- a) As at 31 December 2007, the Company had guaranteed bank credit facilities of its subsidiary companies amounting to Baht 1,119 million, USD 1 million and RMB 8 million.
- b) As at 31 December 2007, there were outstanding bank guarantees of approximately Baht 58 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 3.2 million to guarantee payments due to creditors, Baht 51 million to guarantee contractual performance and Baht 3.4 million to guarantee electricity use, among others.

### 34. SEGMENT INFORMATION

The Group's business operations involve 2 principal segments: the manufacture of automobiles assembly tools and part, and sales of automobiles and the provision of automobiles repair service. These operations are mainly carried on in Thailand. Below is the consolidated financial information for the years ended 31 December 2007 and 2006 of the Group by segment.

(Unit: Million Baht)

	Manufacture of automobiles and parts segment		Sales of automobiles and the provision of automobiles repair service segment		Elimination of inter-segment revenue		Consolidation	
	2007	2006	2007	2006	2007	2006	2007	2006
	Revenues from external customers	7,289	5,770	2,006	1,985	-	-	9,295
Intersegment revenues	237	106	-	1	(237)	(107)	-	-
Total revenues	7,526	5,876	2,006	1,986	(237)	(107)	9,295	7,755
Segment profit	629	517	4	3	(140)	(131)	493	389
Unallocated income and expenses:								
Share of income of associated companies							38	29
Interest expense							(166)	(25)
Corporate income tax							(18)	(18)
Minority interest							3	6
Net income							350	381

(Unit: Million Baht)

	Manufacture of automobiles and parts segment		Sales of automobiles and the provision of automobiles repair service segment		Elimination of inter-segment revenue		Consolidation	
	2007	2006	2007	2006	2007	2006	2007	2006
	Property, plant and equipment	3,423	3,784	213	221	294	293	3,930
Other assets	6,890	5,384	368	450	(2,210)	(1,187)	5,048	4,647
Total assets	10,313	9,168	581	671	(1,916)	(894)	8,978	8,945

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

### 35. FINANCIAL INSTRUMENTS

#### 35.1 Financial risk management

The Group's financial instruments, as defined under Thai Accounting Standard No. 48 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, loans, investments, trade accounts payable, overdrafts, short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

**Credit risk**

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

**Interest rate risk**

The Group's exposure to interest rate risk relates primarily to its cash at bank, loans, bank overdrafts and interest-carrying loans. However, since most of the Company's financial assets and liabilities have floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

During the current year, the Company entered into interest rate swap agreements with a bank for the new loans amounting to Baht 1,200 million, to swap the rate of THBFIX plus 0.65 p.a. to fixed rate of 4.77 p.a.

**Foreign currency risk**

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

As at 31 December 2007, the Group had outstanding forward foreign exchange contracts for the purchase of USD 0.3 million at the rate of Baht 33.27 - 33.45 per USD 1.

**35.2 Fair values of financial instruments**

Since the majority of the Group's financial instruments are short-term in nature or bear floating interest rates, the fair values is not expected to be materially different from the amounts presented in the balance sheets.

**36. SUBSEQUENT EVENTS**

The meeting of the Company's Board of Directors, held on 29 February 2008, passed a resolution to propose the payment of a dividend of Baht 0.24 per share, or a total of approximately by Baht 64.5 million, to be paid on 23 May 2008, for approval by the Annual General Meeting of the Company's shareholders, which will be held on 28 April 2008.

**37. RECLASSIFICATION**

In addition to the change in accounting policy as mentioned in Note 4.1, which affects the previously reported net income and shareholders' equity, certain other amounts in the financial statements for the year ended 31 December 2006 have been reclassified to conform to the current year's classification but with no effect to previously reported net income or shareholders' equity other than from the change in accounting policy.

**38. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were authorised for issue by the Company's Board of Directors on 29 February 2008.

# GENERAL INFORMATION

## AAPICO Hitech Public Company Limited

<b>Type of Business</b>	: Design and manufacture of car assembly jig Design and manufacture of stamping die Manufacture of OEM auto part
<b>Head Office &amp; Factory</b>	: 99 Moo 1, Hitech Industrial Estate, Tambol Ban Lane, Amphur Bangpa-in, Ayuthaya 13160
<b>Company Registered No.</b>	: 40854500690
<b>Web Site</b>	: www.aapico.com
<b>E-mail</b>	: aapico@aapico.com
<b>Telephone Number</b>	: 66 (0) 35 350880
<b>Fax</b>	: 66 (0) 35 350881
<b>Registered &amp; Paid up Capital</b>	: Baht 282,360,000
<b>Total and Type of Shares</b>	: Common Shares : 240.00 million shares Preferred Shares : 42.36 million shares
<b>Par Value</b>	: Baht 1 per share (One Baht only)

## Subsidiary and Associated Companies

### 1. AAPICO Amata Company Limited

<b>Address</b>	: 700/483 Amata-nakorn Industrial Estate Moo 2, Tambol Ban-Kao, Amphur Panthong, Chonburi 20160
<b>Type of Business</b>	: Manufacture of Chassis Frame for Isuzu D-Max pickup & GM Colorado
<b>Telephone Number</b>	: 66 (0) 38 717200
<b>Fax</b>	: 66 (0) 38 717187
<b>Registered &amp; Paid up Capital</b>	: Baht 800 million
<b>Total and Type of Shares</b>	: 8 million ordinary shares
<b>Par Value</b>	: Baht 100 per share
<b>Holding by AH</b>	: 100%

### 2. New Era Sales Company Limited

<b>Address</b>	: 66/24 Moo 14, Ramindra KM 7, Kwang Kannayao, Khet Kannayao, Bangkok 10220
<b>Type of Business</b>	: Ford Vehicle Dealership
<b>Telephone number</b>	: 66 (0) 2 9465190
<b>Fax</b>	: 66 (0) 2 9465156
<b>Registered &amp; Paid up Capital</b>	: Baht 20 million
<b>Total &amp; Type of Share</b>	: 2 million ordinary shares
<b>Par Value</b>	: Baht 10 per share
<b>Holding by AH</b>	: 100%

**3. Able Motors Company Limited**

<b>Address</b>	: 14/9 Moo 14, Phaholyothin Road, Tambol Klong Neung, Amphur Klong Luang, Pathumthani 12120
<b>Type of Business</b>	: Mitsubishi Vehicle Dealership
<b>Telephone Number</b>	: 66 (0) 2 9086001
<b>Fax</b>	: 66 (0) 2 9086009
<b>Registered &amp; Paid up Capital</b>	: Baht 20 million
<b>Total &amp; Type of share</b>	: 200,000 ordinary shares
<b>Par Value</b>	: Baht 100 per share
<b>Holding by AH</b>	: 100%

**4. AAPICO Engineering Company Limited**

<b>Address</b>	: 99 Moo 1, Hitech Industrial Estate, Tambol Ban Lane, Amphur Bangpa-in, Ayuthaya 13160
<b>Type of Business</b>	: Engineering Research and Development
<b>Telephone Number</b>	: 66 (0) 35 350880
<b>Fax</b>	: 66 (0) 35 350881
<b>Registered &amp; Paid up Capital</b>	: Baht 10 million
<b>Total &amp; Type of share</b>	: 1 million ordinary shares
<b>Par Value</b>	: Baht 10 per share
<b>Holding by AH</b>	: 100%

**5. Able Sanoh Industries (1996) Company Limited**

<b>Address</b>	: 98 Moo 1, Hitech Industrial Estate, Tambol Ban Lane, Amphur Bangpa-in, Ayuthaya 13160
<b>Type of Business</b>	: Manufacture and supply of OEM brake lines, fuel lines and engine parts to automotive car assemblers.
<b>Telephone Number</b>	: 66 (0) 35 350880
<b>Fax</b>	: 66 (0) 35 351328
<b>Registered &amp; Paid up Capital</b>	: Baht 117.7 million
<b>Total &amp; Type of share</b>	: 11.77 million ordinary shares
<b>Par Value</b>	: Baht 10 per share
<b>Holding by AH</b>	: 45.6%

**6. Sanoh Industries (Thailand) Company Limited**

<b>Address</b>	: 7/209 Moo 6, Amata City Industrial Eatate, Tambol Pluakdaeng Amphur Pluakdaeng, Rayong
<b>Type of Business</b>	: Manufacture of Fulton Brazed Steel Tubing products.
<b>Telephone Number</b>	: 66 (0) 38 956250
<b>Fax</b>	: 66 (0) 38 956252
<b>Registered &amp; Paid up Capital</b>	: Baht 146.25 million
<b>Total &amp; Type of share</b>	: 146,250 ordinary shares
<b>Par Value</b>	: Baht 1,000 per share
<b>Holding by AH</b>	: 20%

**7. Fischer-Aapico Company Limited**

<b>Address</b>	: 40/7 Moo 5, Rojana Industrial Park, Tambol Uthai, Amphur Uthai, Ayuthaya 13210
<b>Type of Business</b>	: Manufacture of precision engineering plastic components for electronic products
<b>Telephone Number</b>	: 66 (0) 35 332088
<b>Fax</b>	: 66 (0) 35 332078
<b>Registered &amp; Paid up Capital</b>	: Baht 50 million
<b>Total &amp; Type of share</b>	: 500,000 ordinary shares
<b>Par Value</b>	: Baht 100 per share
<b>Holding by AH</b>	: 30% (AH sell all shares in October 2007)

**8. New Era Sales (M) Sdn Bhd**

<b>Address</b>	: No. 109 Jalan Pudu, 55100 Kuala Lumpur, Malaysia
<b>Type of Business</b>	: Honda Vehicle Dealership
<b>Telephone Number</b>	: 60 3 20780078
<b>Fax</b>	: 60 3 20780028
<b>Registered &amp; Paid up Capital</b>	: RM 1.5 million
<b>Total &amp; Type of share</b>	: 1.5 million ordinary shares
<b>Par Value</b>	: RM 1 per share
<b>Holding by AH</b>	: 40%

**9. Tenaga Setia Resources Sdn Bhd**

<b>Address</b>	: Lot 8229 Jalan 222, Section 51A 46100 Petaling Jaya, Selangor, Malaysia
<b>Type of Business</b>	: Honda Vehicle Dealership
<b>Telephone Number</b>	: 60 3 20780078
<b>Fax</b>	: 60 3 20780028
<b>Registered &amp; Paid up Capital</b>	: RM 6 million
<b>Total &amp; Type of share</b>	: 6 million ordinary shares
<b>Par Value</b>	: RM 1 per share
<b>Holding by AH</b>	: 49%

**9.1 (a) AAPICO Engineering Sdn Bhd (TSRSB Hold 100%)**

<b>Address</b>	: Lot 8229 Jalan 222, Section 51A 46100 Petaling Jaya, Selangor, Malaysia
<b>Type of Business</b>	: Future Business Potential
<b>Telephone Number</b>	: 60 3 79575590
<b>Fax</b>	: 60 3 79578718
<b>Registered &amp; Paid up Capital</b>	: RM 100,000
<b>Total &amp; Type of share</b>	: 100,000 ordinary shares
<b>Par Value</b>	: RM 1 per share
<b>Holding by AH</b>	: 49%

**10. Kunshan Chaitai-Xincheng Precision Forging Company Limited**

<b>Address</b>	: Lujia Town, Kunshan City, Jiangsu, China 215331
<b>Type of Business</b>	: Manufacture of automotive forging parts
<b>Telephone Number</b>	: 86 512 57671757
<b>Registered &amp; Paid up Capital</b>	: US\$ 2.3 million
<b>Holding by AH</b>	: 100%

**11. AAPICO Shanghai Company Limited**

<b>Address</b>	: 3600 Wai Qing Song Rd. Qingpu, Shanghai, China 201709
<b>Type of Business</b>	: Manufacture of automotive machining parts
<b>Telephone Number</b>	: 86 21 59744843
<b>Registered &amp; Paid up Capital</b>	: US\$ 1 million
<b>Holding by AH</b>	: 100%

**12. Able ITS Company Limited**

<b>Address</b>	: 99 Moo 1, Hitech Industrial Estate, Tambol Ban Lane, Amphur Bangpa-in, Ayuthaya 13160
<b>Type of Business</b>	: Car Navigator Distributor
<b>Telephone Number</b>	: 66 (0) 35 350880
<b>Fax</b>	: 66 (0) 35 350881
<b>Registered &amp; Paid up Capital</b>	: Baht 100 million
<b>Total &amp; Type of share</b>	: 10 million ordinary shares
<b>Par Value</b>	: Baht 10 per share
<b>Holding by AH</b>	: 60%

**12. (a) Able ITS Pte. Ltd. (AITS Hold 100%)**

<b>Address</b>	: 1 Robinson Road #17-00, AIA Tower, Singapore 048542
<b>Type of Business</b>	: Car Navigation System
<b>Telephone Number</b>	: 65 6535 1944
<b>Fax</b>	: 65 6439 0682
<b>Registered &amp; Paid Up Capital</b>	: SG\$ 310,000
<b>Total &amp; Type of Share</b>	: 310,000 ordinary shares
<b>Par Value</b>	: SG\$ 1 per share
<b>Holding by AH</b>	: 60 %

**12. (b) A Maction Company Limited (AITS Hold 51%)**

<b>Address</b>	: 99 Moo 1, Hitech Industrial Estate, Tambol Ban Lane, Amphur Bangpa-in, Ayutthaya 13160
<b>Type of Business</b>	: Manufacture of Car Navigator Software
<b>Telephone Number</b>	: 66 (0) 35 350880
<b>Fax</b>	: 66 (0) 35 350881
<b>Authorised Capital</b>	: Baht 20 million
<b>Total &amp; Type of Share</b>	: 200,000 ordinary shares
<b>Par Value</b>	: Baht 100 per share
<b>Holding by AH</b>	: 30.6%

**13. AAPICO Hitech Parts Company Limited**

<b>Address</b>	: 99/2 Moo 1, Hitech Industrial Estate, Tambol Ban Lane, Amphur Bangpa-in, Ayuthaya 13160
<b>Type of Business</b>	: Manufacture of OEM Press Part
<b>Telephone Number</b>	: 66 (0) 35 350880
<b>Fax</b>	: 66 (0) 35 350881
<b>Registered &amp; Paid up Capital</b>	: Baht 120 million
<b>Total &amp; Type of share</b>	: 12 million ordinary shares
<b>Par Value</b>	: Baht 10 per share
<b>Holding by AH</b>	: 100%

**13. (a) AAPICO Jackspeed Company Limited (AHP Hold 60%)**

<b>Address</b>	: 99/2 Moo 1, Hitech Industrial Estate, Tambol Ban Lane, Amphur Bangpa-in, Ayuthaya 13160
<b>Type of Business</b>	: Manufacture of Sport Bars for pickup
<b>Telephone Number</b>	: 66 (0) 35 350880
<b>Fax</b>	: 66 (0) 35 350881
<b>Registered &amp; Paid Up Capital</b>	: Baht 20 million
<b>Total &amp; Type of Share</b>	: 200,000 ordinary shares
<b>Par Value</b>	: Baht 100 per share
<b>Holding by AH</b>	: 60 %

**14. AAPICO Hitech Tooling Company Limited**

<b>Address</b>	: 99/1 Moo 1, Hitech Industrial Estate, Tambol Ban Lane, Amphur Bangpa-in, Ayuthaya 13160
<b>Type of Business</b>	: Design and Manufacture of Car Assembly Jigs and Stamping Dies
<b>Telephone Number</b>	: 66 (0) 35 350880
<b>Fax</b>	: 66 (0) 35 350881
<b>Registered &amp; Paid up Capital</b>	: Baht 65 million
<b>Total &amp; Type of share</b>	: 6,500,000 ordinary shares
<b>Par Value</b>	: Baht 10 per share
<b>Holding by AH</b>	: 100%

**15. Katsuya (Thailand) Company Limited**

<b>Address</b>	: 229/104-105 Moo 1 Teparak Road, Tambol Bangsaothong, Bangsaothong Sub-District, Samutprakarn 10540
<b>Type of Business</b>	: Manufacture of Water Transfer Printing (dip - printing process) and Fabric Flocking for automotive interior panels and applications in wide range of plastics and consumer products
<b>Telephone Number</b>	: 66 (0) 2 706 5915 - 8
<b>Fax</b>	: 66 (0) 2 706 5910
<b>Authorised Capital</b>	: Baht 28,500,000
<b>Total &amp; Type of Share</b>	: 285,000 ordinary shares
<b>Par Value</b>	: Baht 100 per share
<b>Holding by AH</b>	: 55 %

**16. AAPICO Mitsuike Company Limited**

<b>Address</b>	: 99 Moo 1, Hitech Industrial Estate, Tambol BanLane, Amphur Bangpa-in, Ayutthaya 13160
<b>Type of Business</b>	: Manufacture of OEM Press Part
<b>Telephone Number</b>	: 66 (0) 35 350880
<b>Fax</b>	: 66 (0) 35 350881
<b>Registered &amp; Paid Up Capital</b>	: Baht 33,000,000 million
<b>Total &amp; Type of Share</b>	: 3,300,000 ordinary shares
<b>Par Value</b>	: Baht 10 per share
<b>Holding by AH</b>	: 51%

**17. AAPICO Forging Public Company Limited**

<b>Address</b>	: 700/20 Moo 6 Amata Nakorn Industrial Estate, Bangna-Trad Rd. Km. 57, Muang District, Chonburi 20000
<b>Type of Business</b>	: Manufacture of automotive forging parts
<b>Telephone Number</b>	: 66 (0) 38 213355-59
<b>Fax</b>	: 66 (0) 38 213360
<b>Registered &amp; Paid Up Capital</b>	: Baht 500 million
<b>Total &amp; Type of Share</b>	: 100 ordinary shares
<b>Par Value</b>	: Baht 5 per share
<b>Holding by AH</b>	: 100%

**17. (a) AAPICO Plastic Public Company Limited (AF Hold 100%)**

<b>Address</b>	: 358-358/1 Moo 17 Bangplee Industrial Estate, Tambol Bangsaothong, Bangsaothong Sub-district, Samutprakarn 10540
<b>Type of Business</b>	: Manufacture of automotive plastic parts
<b>Telephone Number</b>	: 66 (0) 2 3153456
<b>Fax</b>	: 66 (0) 2 3153334
<b>Registered &amp; Paid Up Capital</b>	: Baht 150 million
<b>Total &amp; Type of Share</b>	: 15,000,000 ordinary shares
<b>Par Value</b>	: Baht 10 per share
<b>Holding by AH</b>	: 100 %

**18. AAPICO Investment Pte. Ltd. (AIPL)**

<b>Address</b>	: 1 Robinson Road #17-00, AIA Tower, Singapore 048542
<b>Type of Business</b>	: Merger & Acquisition activities
<b>Telephone Number</b>	: 65 6535 1944
<b>Fax</b>	: 65 6439 0682
<b>Registered &amp; Paid Up Capital</b>	: SG\$ 6,973,000
<b>Total &amp; Type of Share</b>	: 6,973,000 ordinary shares
<b>Par Value</b>	: SG\$ 1 per share
<b>Holding by AH</b>	: 100 %

**18. (a) Jackspeed Corporation Ltd. (AIPL Hold 20%)**

<b>Address</b>	: 47 Layong Drive, Singapore, 508955
<b>Type of Business</b>	: Manufacture and distribution of car accessories
<b>Telephone Number</b>	: 65 6788 2088
<b>Fax</b>	: 65 6789 0020
<b>Registered &amp; Paid Up Capital</b>	: SG\$ 21,837,000
<b>Total &amp; Type of Share</b>	: 174, 666, 667 ordinary shares
<b>Holding by AH</b>	: 20 %

**18. (b) Katsuya International Pte. Ltd. (AIPL Hold 30%)**

<b>Address</b>	: 47 Loyang Drive, Loyang Industrial Estate, Singapore 508955
<b>Type of Business</b>	: Dip Printing Technology
<b>Telephone Number</b>	: 65 6788 2088
<b>Fax</b>	: 65 6789 0020
<b>Registered &amp; Paid Up Capital</b>	: SG\$ 1,000,000
<b>Total &amp; Type of Share</b>	: 1 million ordinary shares
<b>Par Value</b>	: SG\$ 1 per share
<b>Holding by AH</b>	: 30 %
<b>Holding by Jackspeed Corp. Ltd.</b>	: 51 %
<b>Holding by Coryor Pte. Ltd.</b>	: 19 %

## Reference by :

<b>1. Auditor:</b> <b>Ernst &amp; Young Office Co., Ltd.</b>	33th Floor, Lake Rajada Building, 193/136-137 New Rajadapisek Road, Bangkok Tel. 66 2 264-0777, 66 2 661-9190 Fax 66 2 264-0789, 66 2 661-9192
<b>2. Security Depository Registrar:</b> <b>Thailand Security Depository Co., Ltd.</b>	62 Rajapisek Road Kwaeng Klongtoey Khet Klongtoey, Bangkok 10110 Tel. 66 2 229-2800 Fax 66 2 359-1259



**AAPICO HITECH PUBLIC COMPANY LIMITED**

**Factory :** 99 Moo 1 Hitech Industrial Estate, Tambol Ban Lane, Amphur Bang Pa-in, Ayuthaya, Thailand 13160

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