



Annual Report | 2008

AAPICO HITECH PUBLIC COMPANY LIMITED

www.aapico.com

C o n t e n t s

01	Vision Statement
02	President's Message
04	Board of Directors Profile
06	Corporate Social Responsibilities
08	Financial Highlights
09	Awards / Achievements
12	History and Profile
13	Shareholding Structure
15	Thailand Operations
19	Overseas Operations
20	Revenue Structure and Business Objectives
21	Thailand Auto Vehicle Industry and Brief Outlook
22	Government Policy
23	Risk Factors
25	Major Milestones of 2008
30	Employees
31	Audit Committee's Report
32	Shareholders and Management
37	Related Transactions
38	2008 Performance and Financial Status
40	Financial Ratios
41	Financial Statements Summary
42	Financial Statements and Auditor Report
89	General Information



VISION STATEMENT

The AAPICO manufacturing group vision is to become a lean and happy manufacturing organization through a set of sustainable values which include happy customers, happy employees, happy shareholders, and happy public.



President's Message

The turnover for 2008 was Baht 9,500 million compared to Baht 9,700 million in 2007. The last 2 months of the year namely November and December saw some steep reduction in car production resulting in AAPICO not being able to realize its targeted turnover of Baht 10,500 million.

Overall 2008 was expected to be a better year for the AAPICO Group as per my forecast in the last year's annual report. However, due to the economic slow down in the latter half of 2008, business remained flat VS 2007. The profit from operations was Baht 348 million compared to Baht 350 million in 2007. The car production for 2008 as compared to 2007 was 1.3 million and 1.42 million units respectively, representing an increase of 10 percent which is reflected in the improved profits for 2008.

However, due to the crisis, the company need to impair its goodwill and write off investment losses resulting in a total write off of Baht 107 million, hence resulting in a final reported profit for 2008 of Baht 241 million.

The outlook for 2009 is expected to be weak and the Group will be going through a very tough year. Local market is expected to shrink and the export market is similarly affected. As a result, the forecast for 2009 Thailand production would be in the region of 1.1 million units and about half of the volume would be for export to the global markets.

In view of the shrinking volumes, redundancy exercises were carried out in December 2008 in several Group companies and similar action would be taken in 2009 gauging the market situation and planning the layoffs in line with the manpower needs of each company. It is fortunate that we had the experience of the Asian crisis of 1997 and had prepared well. Layoffs have been confined to subcontract employees without having to pay the large compensations if all were employed on a permanent basis.



In 2008, there were stronger efforts to improve the forging and plastic operations through streamlining of production, cost cutting and introduction of Oracle ERP system to ensure more effective control and management. However, the turnaround is slower than expected.

The China operations performed to expectations in 2008 and is expected to improve marginally in 2009 which is considered to be good, relative to the shrinking market in China.

2008 was the best year for the Honda car dealership in Malaysia. A total of 1,500 vehicles were sold. A piece of land was purchased near the Jalan 222 leased showroom and construction is expected to start in 2009. Total investments would be in the region of Baht 150 million. 2009 is expected to be flat compared to 2008 which is commendable in a shrinking global market.

The 3 new factories under construction in Amata City Industrial Estate at Rayong are almost 70 percent completed. The plastic fuel tank plant under technical assistance with Kautex Textron will start production in September 2009, followed by the door sash factory in joint venture with Minth China and the press shop will be operation towards the latter part of 2009. These factories were built mainly to supply parts to the Ford and Mazda B car platform which is proceeding on stream with no delays despite the economic slowdown.

Using the advantages of the Thai/Australia FTA, we moved the production of HVAC/heater ventilation and aircon for GM and Ford from Australia to Thailand under sub contract to Air International and also supplying the plastic components locally. By such a strategic action, there were no lay offs at our plastic operations.

I would like to take this opportunity to thank all employees, business associates and customers without whose support we would not have been able to go through this eventful year.



Yeap Swee Chuan
President and CEO

Board of Directors Profile



Mr. Yeap Swee Chuan
President & CEO

Age 61 years

Education

- Bachelor of Technology (Industrial management) Massey University, New Zealand
- Director Certification Program (DCP)

Position in listed company

- President & CEO of Aapico Hitech Plc.
- Director of Goodyear (Thailand) Plc.



Madam Teo Lee Ngo
Executive Director

Age 59 years

Education

- Bachelor of Commerce (Industrial and Business Management) Nanyang University, Singapore

Position in listed company

- Executive Director of Aapico Hitech Plc.



Mr. Hiroto Murai
Executive Director

Age 42 years

Education

- Bachelor of Engineering, Osaka University, Japan

Position in listed company

- Executive Director of Aapico Hitech Plc.



Mr. Ichimura Yoshiaki
Director

Age 54 Years

Education

- Bachelor of Business Management, Yokohama National University, Japan

Position in listed company

- Director of Aapico Hitech Plc.



Mr. Kenneth Ng
Director

Age 41 Years

Education

- Bachelor of Sciences (Hons) Graduated uppersecond, King's College London University, UK

Position in listed company

- Director of Aapico Hitech Plc.



Mrs. Porntipa Praditsuktavorn
Director and member of
Audit Committee

Age 55 Years

Education

- Master in Accounting, Chulalongkorn University
- Director Accreditation Program (DAP)

Position in listed company

- Director and Member of Audit committee of Aapico Hitech Plc.



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

Age 60 Years

Education

- Bachelor of Laws, Thammasat University.
- Master of Public and Private Management, NIDA
- Director Accreditation Program (DAP)

Position in listed company

- Director and Chairman of Audit Committee of Aapico Hitech Plc.



Mr. Supasak Chirasavinuprapand
Director and member of
Audit Committee

Age 45 Years

Education

- LL.B. (Thammasart University, Faculty of Law)
- Barrister-at-Law (The Institute of Legal Education, Thailand)
- M.S. in Economics - Policy and Planning (Northeastern University, Boston, Massachusetts)
- M.C.L. (California Western School of Law, San Diego, California)
- LL.M. (Arizona State University, College of Law, Tempe, Arizona)
- Director Accreditation Program (DAP)

Position in listed companies

- Director and Member of Audit Committee of Aapico Hitech Plc.
- Director and Member of Audit Committee of BFIT Securities Plc.
- Director and Member of Audit Committee of C.I. Group Plc.
- Director and Member of Audit Committee of Sea Horse Plc.

Corporate Social Responsibilities

AAPICO has focused on activities related to children and underprivileged as the management realizes the importance of family power and education.

Main activities for year 2008 are :

DONATION

AAPICO has been emphasizing donation activities especially with children. Company personnel were encouraged to join the activities and contribute together.

● Children's Day

AAPICO hosted Children's Day activity at Klong Charoen Rat School, a kindergarten and primary school of 800 students in Samutprakarn, on 11th January 2008. Management and staff donated together education equipment and lunch for school children.

● Donation to underprivileged children

On 2nd August 2008, AAPICO sponsored a trip for staff to Wat Bangplerng and Wat Sak in Ayudhya. Purpose of this trip is donation to Orphans and Hill Tribe children. Management donated money and stationery sets to hand to children. Needed items / learning equipment were collected among AAPICO staff to give out together.

● Blood donation

AAPICO have blood donation activity as a yearly event with cooperation of Pranakorn Sri Ayutthaya Hospital. This activity is to motivate staff to do good things and give to others.



SCHOLARSHIP

AAPICO management understands the importance of education. Therefore, the company has ongoing scholarship projects for employee's children and others with poverty and less opportunity.

● Scholarship for employee's children

AAPICO provided 15 scholarships from Primary school to university level for staff of the group in year 2008 by selection from staff's applications each year. The company plan to double the scholarship amount in 2009. Some criteria have been set for the recipients' qualifications e.g. children's GPA, work performance, to motivate staff and their children.

● Scholarship for Hill Tribe children at Wat Sak School

Started in 2008, 3 scholarships were provided to students with exceptional record from Wat Sak School. Each scholarship (approx. Baht 45,000 per year) will continue until graduation from university without commitment. The students will also have chance to join AAPICO after that. In 2009, 4 scholarships will be offered.

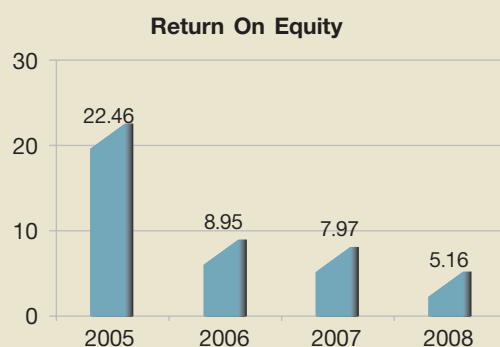
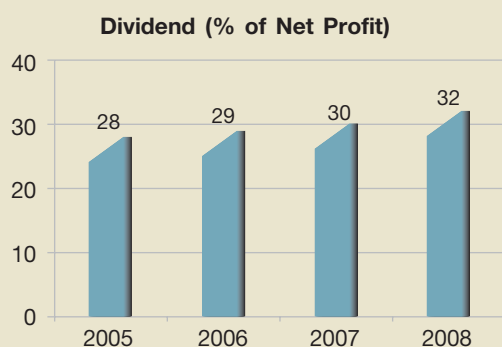
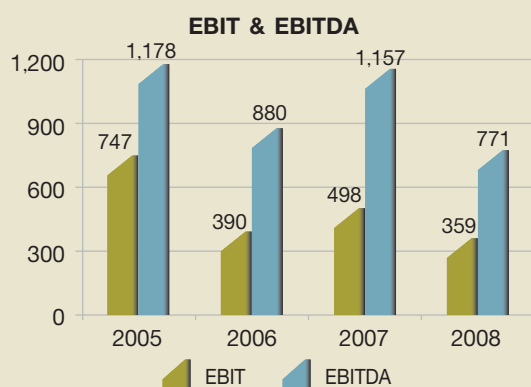


AAPICO also appreciates the importance of Thai culture. The company arranges for staffs to have Songkran and New Year ceremony every year. All staffs have chance to pour water on the hands of top management and get blessing in return. AAPICO also has Buddhists ceremony before end of the year during which management and staff can make merit together. Then they can go back to hometowns during New Year holiday and come back to work safely.



Financial Highlights

Million Baht	2005	2006	2007	2008
Total Revenue	8,275	7,975	9,659	9,516
EBIT	747	390	498	359
EBITDA	1,178	880	1,157	771
Gross Profit	858	524	686	665
Net Income	711	381	350	241
Assets	6,100	8,854 *	8,978	9,262
Equity	4,118	4,394 *	4,393	4,516
Ratios				
Return On Equity (ROE) (%)	22.46	8.95	7.97	5.16
Net Profit Margin (%)	8.55	4.75	3.61	2.41
Assets Turnover	1.48	1.04	1.04	1.00
Debt on Equity	0.21	0.60	0.63	0.66
Dividend (% of Net Profit)	28	29	30	32
* Restated due to the restatement of Aapico Forging Balance Sheet				



Awards / Achievements



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 again in 2008. This follows winning the Toyota Production System (TPS) championship for 3 consecutive years in 2004, 2005 and 2006 and the Leader award in 2007 and 2008. Being a TPS Leader, AAPICO Hitech was 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.

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 Amata received the Best in QCD Improvement Award and the Best Supportive Isuzu Car Sale Promotion Award from Isuzu Thailand in 2008



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.



AAPICO Hitech received the Frost & Sullivan Award for Automotive Component Manufacturer of the Year and Most Promising Car Navigation Software Company of the Year in 2008.



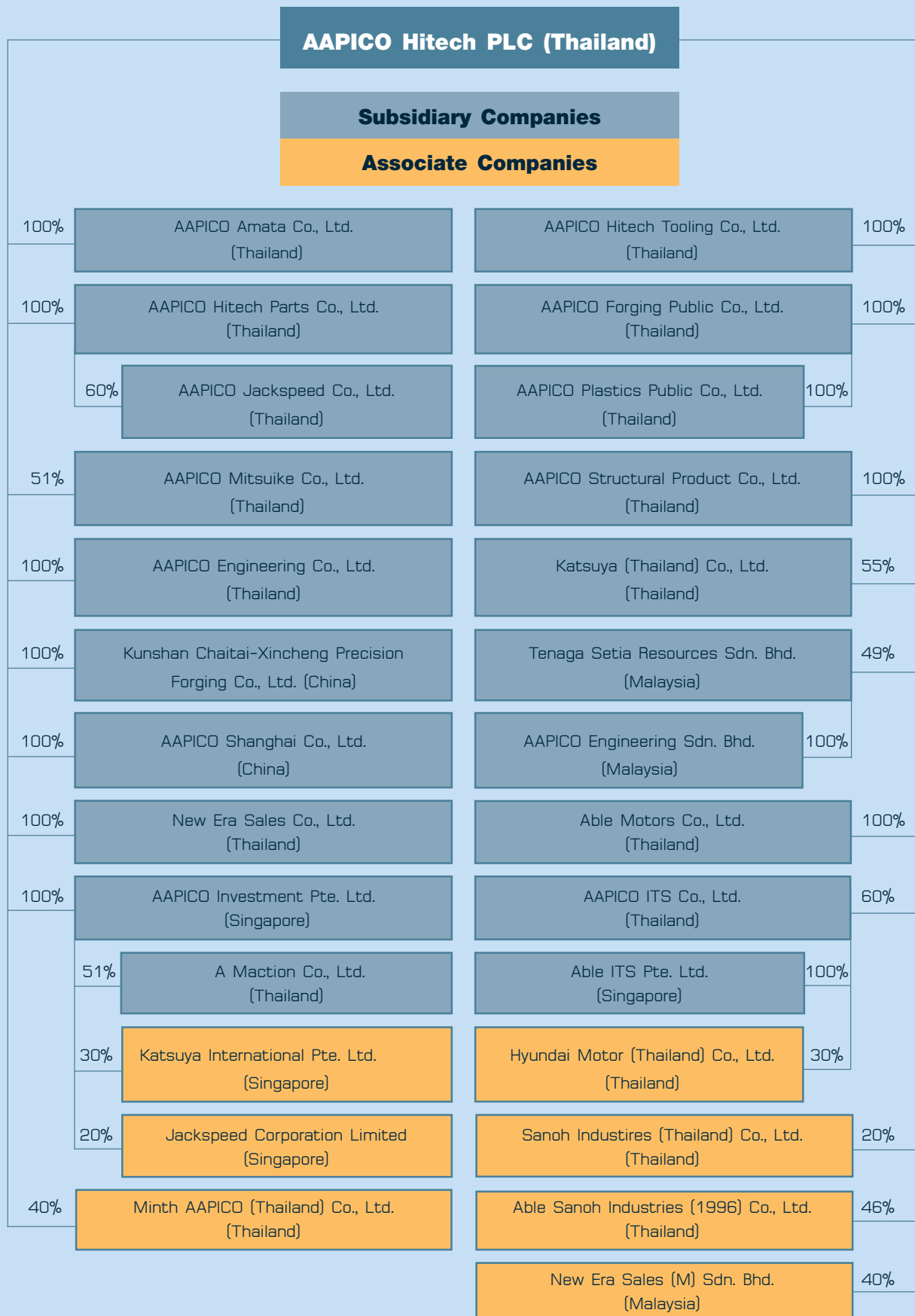
**Frost & Sullivan ASEAN Automotive Award
2008 for Automotive Component
Manufacturer and Most Promising Car
Navigation software Company**

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 Manufacturing know-how that the company has adopted, further eliminates wastes 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. The Oracle ERP system is now being introduced to all AAPICO group companies starting with AAPICO Hitech Parts Co. Ltd. in 2007 and AAPICO Forging Public Co., Ltd. in 2008, 'going live' in January 2008 and January 2009 respectively.

History and Profile

- 1985 Registered Able Autoparts Industries Co., Ltd (AAPICO)
- 1986 Started operations at leased factory located in Minburi, Bangkok
- 1990 Purchased own machines 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 Acquired 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's 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 Public Company Limited.
- 2007 Completed acquisition of 100% of KPN and renamed it 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 Textron of Germany to manufacture plastic fuel tanks.
- 2007 Signed an MOU for JV with Fuji Technica Inc, one of the biggest die makers in the world.
Acquired 100 rai (40 acres) of land at Amata City Industrial Estate, Rayong to build new factories for expansion.
- 2008 Established Minth AAPICO Thailand Co., Ltd., a 40% JV company with Sinoone Holdings, a wholly owned subsidiary of Minth Group of China to manufacture door sash, beltline molding and roof ditch molding
- 2008 60% JV with Fuji Technica, AAPICO-Fuji is in registration process (early 2009)
- 2008 Started construction of 3 new factories in Amata City, Rayong (AAPICO Hitech, AAPICO Plastics and Minth AAPICO)
- 2008 Acquired land of 51 rai (20.4 acres) with factory in Amata Nakorn, Chonburi, to set up a new company for future expansion in pickup frame production and machining of forging parts

Shareholding Structure



AAPICO Group Business Unit

The main businesses of the Company and its affiliates may be categorized as follows:

No.	Business Unit		Thailand	Overseas
1	OEM Autoparts Manufacturing	Steel Fuel Tank System	AAPICO Hitech PLC	
		Chassis Frame	AAPICO Amata Co., Ltd. AAPICO Structural Products Co., Ltd.	
		Metal Stamping Parts	AAPICO Hitech PLC AAPICO Hitech Parts Co., Ltd. AAPICO Mitsuike Co., Ltd.	
		Forged and Machined Parts	AAPICO Forging Public Co., Ltd.	AAPICO Shanghai Co., Ltd. Kunshan Chaitai-Xincheng Precision Forging Co., Ltd.
		Plastic Fuel Tank Systems	AAPICO Plastics Public Co., Ltd.	
		Plastic Parts	AAPICO Plastics Public Co., Ltd.	
		Fuel Lines, Brake Lines, Engine Parts	Able Sanoh Industries (1996) Co., Ltd.	
		Brazed Steel Tubing	Sanoh Industries (Thailand) Co., Ltd.	
		Roof Ditch Molding, Belt Line Molding, Door Sash	Mint AAPICO (Thailand) Co., Ltd.	
2	Design and Manufacture of Assembly Jigs		AAPICO Hitech PLC AAPICO Hitech Tooling Co., Ltd.	
3	Design and Manufacture of Dies		AAPICO Hitech PLC	
4	Car Distributor		Hyundai Motor (Thailand) Co., Ltd.	
5	Car Dealerships		Able Motors Co., Ltd. New Era Sales Co., Ltd.	New Era Sales (M) Sdn. Bhd. Tenega Setia Resources Sdn. Bhd.
6	Car Navigation		A Maction Co., Ltd. AAPICO ITS Co., Ltd.	Able ITS Pte. Ltd.
7	Engineering Research & Development		AAPICO Engineering Co., Ltd.	
8	Surface Treatment - Water transfer printing for Plastic and Metal Flocking		Katsuya (Thailand) Co., Ltd.	Katsuya International Pte. Ltd.
9	Manufacture of Accessories for Transportation Industry		AAPICO Jackspeed Co., Ltd.	Jackspeed Corporation Limited
10	Investment Activities, Merger & Acquisition			AAPICO Investment Pte. Ltd.
11	OEM Electronic Manufacturing	Metal Stamping Parts	AAPICO Hitech Parts Co., Ltd.	
12	Future Business Potential			AAPICO Engineering Sdn. Bhd.

Thailand Operations

AAPICO Hitech 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 27 companies (18 in Thailand and 9 overseas) as follows:



- 1) A Maction Co. Ltd. (AMAC) is jointly owned by AAPICO Hitech and Maction Technology (Taiwan) with equity participation of 51% and 49% respectively. A Maction has authorized capital of Baht 20 million. It will focus on the manufacture of car navigation software.
- 2) AAPICO Amata Co., Ltd. (AA) is wholly owned by AAPICO Hitech. The company is located at Amphur Panthong, Chonburi. 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.



- 3) 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) programming, engineering consultancy, engineering design and engineering research & development.

- 4) 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 and machining parts.



- 5) 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 Press Parts for automotive car assemblers in Thailand.



- 6) 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 and manufacture.
- 7) AAPICO ITS Co., Ltd. (AITS) is 60% owned by AAPICO Hitech. The company was established in 2005 with a registered capital of Baht 100 million. The company focuses on Car Navigation 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 truck.
- 9) 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.
- 10) 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 including automotive plastic fuel tank systems.



- 11) AAPICO Structural Products Co., Ltd. (ASP) is wholly owned by AAPICO Hitech. The company has paid up capital of Baht 100 million. It is the sole supplier of all chassis frame components to Isuzu Thailand.
- 12) Able Motors Co., Ltd. (AM) is wholly owned by AAPICO Hitech. AM is involved in the sales and after sales of Mitsubishi vehicles in the Navanakorn area, Pathumtanee province, Thailand. AM has a paid up capital of Baht 20 million.
- 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 focuses on the manufacturing of the interior decorative trim.

- 14) 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 province of Thailand. NESC has a paid-up capital of Baht 20 million. 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.



- 15) 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 and engine parts for automotive car assemblers in Thailand.



- 16) Minth AAPICO (Thailand) Co., Ltd. (MA) is jointly owned by SINOONE Holdings Limited, a wholly-owned unit of Minth Group Ltd (China), and AAPICO Hitech with 60% and 40% shareholding respectively. It has a capital of Baht 178.5 million. The main business of the company is to design, produce, and sell automotive components including door sash trim parts, decorative parts, and roof racks.
- 17) 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 for use in Thailand and export to ASEAN.
- 18) Hyundai Motor (Thailand) Co., Ltd. (HYU) is jointly owned by AAPICO Hitech, Sojitz Corporation (Japan) and Sojitz Asia Pte. Ltd. (Singapore) with 30%, 55% and 15% shareholding respectively. It has a paid up capital of Baht 400 million. It is a sole distributor responsible for the manufacturing, marketing, sales and after-sales services of both CKD and CBU models of Hyundai cars in Thailand.

Overseas Operations

- 1) AAPICO Engineering Sdn. Bhd. (Malaysia) (AEM) is wholly owned by Tenaga Setia Resources Sdn Bhd. 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.
- 2) 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 SGD 6.9 7 million. The main business for AAPICO Investment is related to merger and acquisition activities.
- 3) AAPICO Shanghai Co., Ltd. (AS) is wholly owned by AAPICO Hitech and is located in Chingpu, Shanghai. The company was established in 2005 with a registered capital of USD 1 million. It focuses on automotive machining parts.



- 4) 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 SGD 310,000. The main business of Able ITS Pte. Ltd. relates to car navigation system.
- 5) 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 copper forgings, gear sets and connecting rods for engines.
- 6) 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.
- 7) Jackspeed Corporation Limited (Singapore) (JCL) is 20% owned by AAPICO Hitech. Jackspeed Corporation Limited has a paid up capital of SGD 24.1 mil. It manufactures leather seats and accessories for the automotive industry.
- 8) 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 SGD 1 million. It is located in Loyang Industrial Estate, Singapore. It is involved in providing dip printing service and manufacturing fabric spray for OEM's.
- 9) 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.

Revenue Structure and Business Objectives

Revenue Structure of AAPICO Hitech Group

Product	By Company	Held by AAPICO Hitech Plc. (%)	2005		2006		2007		2008	
			Mill. Baht	%	Mill. Baht	%	Mill. Baht	%	Mill. Baht	%
			Jigs	AH	100	79.80	0.96	18.04	0.23	169.75
Dies	AH	100	4.59	0.06	127.91	1.60	130.76	1.35	165.17	1.74
OEM Press Parts	AH	100	1,180.38	14.20	1,143.09	14.27	1,522.40	15.70	1,525.16	16.03
Dealerships	NESC	100	651.47	7.84	863.85	10.78	816.23	8.42	512.28	5.38
	AM	100	419.37	5.05	256.10	3.20	192.07	1.98	209.27	2.20
	TSRSB	49	1,062.70	12.79	865.40	10.80	997.61	10.29	1,210.96	12.73
Chassis Frame	AA	100	4,470.22	53.79	4,111.57	51.33	3,315.55	34.18	3,062.13	32.18
Forging Parts	KCXPF	100	193.48	2.32	248.36	3.10	267.58	2.76	379.61	3.99
	AF	100	-	-	-	-	1,097.64	11.32	1,026.04	10.78
Plastics	AP	100	-	-	-	-	617.32	6.36	579.40	6.09
Others			248.47	2.99	375.92	4.69	572.10	5.90	694.90	7.30
Total			8,310.48	100	8,010.24	100.00	9,699.01	100.00	9,515.97	100.00

Business Objectives

The main goal of AAPICO Group is to be the best manufacturer of automotive parts and pickup chassis frames. Therefore AAPICO endeavors 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 as an excellent manufacturing company with sustainable SQCDME attributes. It endorses AAPICO Group's ultimate business objective, that is, to enhance its business relationship with all valuable customers.

AAPICO Group is on track to be the best producer of low volume of jigs for production of up to 20,000 cars per year. AAPICO Group is expanding to high volume jigs for production of more than 20,000 cars per year through cooperation with other overseas companies.

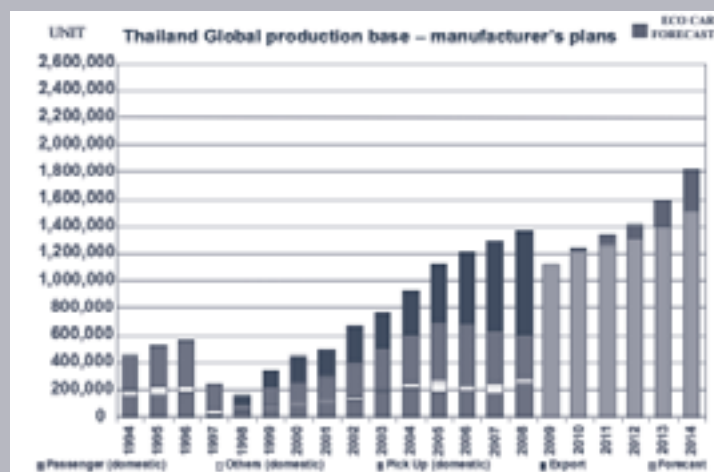
For car dealership operations, AAPICO Group sets the goal to be the best dealer for Honda and Mitsubishi and continues to be one of the best Ford dealer in Thailand by providing excellent services.

Together with the forging operation in China with AAPICO Kunshan (KCXPF), AAPICO Group strengthens its commitment to become one of the major forging parts manufacturers for the automotive industry in Asia.



Thailand Auto Vehicle Industry and Brief Outlook

- 2008 was the best ever for Thai Auto production achieving a total of 1,390,922 units.
- Total exports expanded by 12.4% to 775,652 units while the local market registered a sale of 615,270 units in 2008.
- This excellent production performance was the result of the good performance for the first half of the year despite a rather steep down turn in the fourth quarter.
- Thailand is extremely strong in the exports of pickups as the global production has been totally relocated to Thailand by Toyota, Nissan, Mitsubishi, Ford, Mazda, and Isuzu.
- It is important to take note that the export of automotive vehicles has been increasing from year to year. However, the local demand has seen a decline for 3 years. The 2006, 2007, and 2008 sale showed a decline of 3.0%, 7.5% and 2.5% respectively compared against the preceding years sale.
- Of more importance would be the outlook for 2009.
- The general industry forecast is that the production volume is forecasted to reduce by about 30% to 1,100,000 units about half for export and the remainder the local market.
- As for the Eco-car the good news is that Nissan will start production by end of 2009. The other Eco-car project has been delayed but it is expected that Honda should be making an announcement soon refer to its Eco-car plans. The Eco-car project will be the second boost to the Thailand car industry.
- AAT (Ford and Mazda JV company) is pushing ahead to produce a B-Car (subcompact car) to be launched by fourth quarter 2009.
- The turnaround in Thailand for the automotive industry is linked to the global economy as more than 50 percent of its production are exported to the global markets except North America.
- The manufacturing base for automotive components has reached global standards. With the strong Yen currency there are sign that the Japanese OEMs are moving more of its products to Thailand to use it as a base for manufacture and export to improve their profitability.
- Soon the autopart manufacturers will be busy again as Ford, Mazda and Isuzu will need to introduce their new models and preparation goes underway.
- Thailand will remain the bastion for the automotive industry in South East Asia. As soon as the economies pickup, it will come out stronger having the lowest cost base with world quality standards and good labor skills.



Government Policy

The Effect of Government Policy on the Automobile Industries

Vast investments are required to develop Thailand as the center of automotive manufacturing in 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 in 2003 varying from 0% to 5%. 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 the 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.

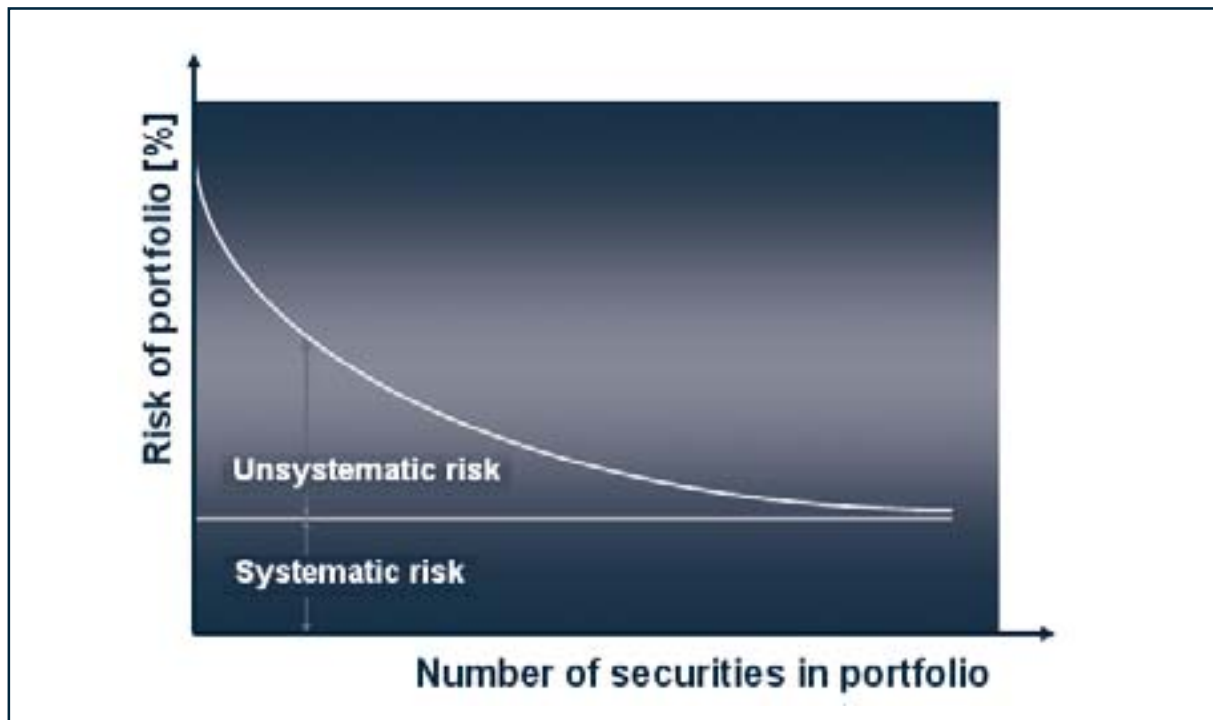
Japan and Thailand have been enjoying vibrant economic ties with bilateral trade since 2004 amounting to nearly 35 billion US dollars for that year. Thailand is also the most important destination for Japanese investment in Southeast Asia in terms of volume of its direct investment since 2004, while 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 programme, an initiative aimed at encouraging auto manufacturers to develop small, fuel-efficient cars for the local and export markets. BOI incentives require manufacturers to submit detailed plans demonstrating production of at 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

AAPICO Hitech always pays importance to the mitigation of all risks, which can affect the group. The total risk can be distinguished between two categories: the systematic and the unsystematic risks. Systematic risk or market risk affects the entire market and cannot be avoided through diversification. Unsystematic risk or specific risk affects a very specific group of securities or an individual security. (Systematic risk can be mitigated only by being hedged)



Risk factors in the operation of AAPICO Hitech and its subsidiaries are summarized below:

Systematic Risks

- **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 mean that foreign investments and trade are not fundamentally at risk in the Land of Smiles.
- **Steel price fluctuation:** The company's main raw material used in the production of autoparts is steel. The prices of raw materials is influenced by buying and selling price fluctuations, owing to the supply and demand of steel, plastic pellets and rubber in the world market. These factors are beyond the control of the company. Despite this, if raw material price fluctuations should prove a significant factor, the company believes that it can adjust the prices of its products to accommodate these fluctuations. This is because the conditions of the trading contracts made between the company and its customers allow both parties to consider price adjustments on a periodic basis, such as every 6 months, or whenever raw material prices change by more than 3%. When price adjustments are made, both parties

agree to institute the changes and in some cases, the customer agrees to back-adjustments of prices. Such adjustments help reduce the risk of raw material price fluctuations.

- **Exchange rate risk:** At present, the company's major revenue sources are generated from domestic sales therefore company's exposure to the impact of exchange rate risk is low and in order to reduce this impact, the company has a policy for managing the exchange rate risk by buying a forward contract.

Unsystematic Risks

- **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 plan to retire and will continue to support the development of the company by training the new management team and setting company objectives and policies.
- **Uncertainty of income from car assembly jigs:** Sales Revenue from jig operation was Baht 144.23 million in 2008 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 conducted on a project by project basis contract. Demand for jigs is cyclical, following automotive manufacturers launch of new models every 3-5 years.
- **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 2008. 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 2008

- 1) **JV with Minth Group to establish new factory in Amata City, Rayong-** Aapico Hitech announced its JV with Minth Group of China. The JV company 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 has been built in Amata City Industrial Estate at Rayong province on 100 rai of land and will be completed in 2009.
- 2) **Toyota Production System (TPS) Leader Award 2008-** 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 again in 2008. This follows winning the Toyota Production System (TPS) championship for 3 consecutive years in 2004, 2005 and 2006 and the Leader award in 2007 and 2008.
- 3) **Frost & Sullivan Automotive Awards-** Aapico Hitech was awarded for Automotive Component Manufacturer of the Year and Most Promising Car Navigation Software Company of the Year in 2008. Frost & Sullivan Awards are presented to companies in recognition of making an outstanding contribution to their respective industry or achieving a competitive or customer-based position of excellence in the market.
- 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 appointed to conduct DOJO training to other suppliers of Toyota. AAPICO Hitech has also been selected by Toyota to be a master trainer to 12 SME suppliers in the Automotive Human Resources Development Project (AHRDP), the joint development project between the Thai and Japanese Governments.
- 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) **MoU for future JV with Fuji Technica, one of the biggest die makers in the world-** Aapico Hitech announced new strategic partnerships, which will ultimately help to propel the company further towards becoming a global player. A future business venture will be established with Fuji Technica Inc. from Japan to further expand into the jig and die business.
- 7) **Purchased 100 rai (40 acres) of land at Amata City Industrial Estate, Rayong for future expansion-** For further expansion, AAPICO Hitech has purchased 100 Rai (40 acres) of land in Amata City, Rayong. Building of new factories in 2008, starting with a Plastic Fuel Tank factory, Minth-Aapico JV factory, and a pressed parts factory - all to be completed in 2009. High capacity and best in class machines are planned for the future.

Future Plans

- 1) **Design and manufacture of high volume jigs & fixtures** - AAPICO is well respected in the automotive industry for low volume jigs and has been one of the largest Jig Manufacturers in South East Asia for more than 20 years. AAPICO has recently manufactured jigs for Mercedes Benz C- Class car for 3 markets - Thailand, India and Malaysia. The JV with Fuji Technica Japan will allow AAPICO to draw on our partners' expertise to expand into the high volume jig business.
- 2) **Upgrade tooling making expertise** - AAPICO has recruited additional competent expatriates with design and engineering skills in die making (Japanese staff) and signed MoU to form a future joint venture with Fuji Technica of Japan, one of the world's biggest die makers.
- 3) **Upgrade OEM parts production to more complex and larger parts** - AAPICO has formed a JV with Mitsuike (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 the art" factory with new, latest Komatsu machines and an investment of 1 billion baht.

To broaden its OEM parts product line, AAPICO Hitech signed a TA agreements 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. Furthermore, the JV with Minth Group will enable AAPICO to develop complex rolled and extruded automobile parts in Thailand.

- 4) **Continuous improvement in manufacturing processes** - 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 Manufacturing know-how that the company has adopted, further eliminates wastes 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. and AAPICO Forging Public Co. Ltd. in 2007 and 2008 respectively and 'went live' on January 2008 and January 2009 respectively. Also AAPICO implemented the 6 Sigma practice for problem solving within the company.
- 5) **Launch of new product POWERMAP for car navigation systems** - AAPICO ITS launched a new generation of its product brand: POWERMAP in Feb 2009. The new product is called POWERMAP X2. It is not just an ordinary car navigation software. It is Thailand's first car navigation to display real-time 3D landmarks and junctions with a choice of voice navigation in Thai, English, Malay, Cantonese, Mandarin, Japanese and Korean. AAPICO ITS as a technology development company is committed to rapid development of POWERMAP brand to satisfy the end consumers as well as the Group's target. Planned expansion is in the region of ASEAN and South China.



Other AAPICO Attributes -

- o **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
- o **One Stop Service in Automotive Sector-** AAPICO 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 - Pressed parts, Dies and Jigs, plastic parts and forged/machined components. AAPICO is able to provide a "One Stop Service" to all the major OEMs
- o **Technical Partners** - Continual Technical advancement is a hallmark of AAPICO Hitech Public Company Limited's 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 Continental for Tank Sender, Kautex for Plastic Fuel tank, Sanoh Industries for Pipe Filler Neck and Mitsuike for Simultaneous engineering. This puts the company firmly at the leading edge in terms of acquiring world class technology and technical transfer
- o **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 2008. 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 doubled its capacity by the addition of a new 24000 square meters factory adjacent to its current plant location with a total investment of Baht 1 Billion, which has been in full operation since January 2007. This new factory is a 'state of the art' plant equipped with the latest new machines comprising Komatsu Transfer Press of 2500 ton and Komatsu Tandem Press, with head press of 1000 ton, followed by one 800 ton and three 400 ton presses. There is also a reserved 2nd Tandem Press Line and a Blanking Press Line of 1000 tons.

In AAPICO Amata, the company has also invested in new machines to meet increasing demand with a new Blanking Line of 1000 ton and two 800 ton Komatsu Forming Press. This has allowed AAPICO Amata's capacity to increase production of chassis frames to 32,000 sets per month from the middle of 2007.



1000T Blanking Line



Tandem Press Line



Hi-Speed Knuckle Link Press- 200T



2500T Transfer Press Line

For further expansion, AAPICO Hitech has purchased 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.



New Acquisitions - 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 has advanced further into new acquisitions and joint ventures. In 2007, AAPICO Hitech completed acquisition of 100% of KPN Public Company and reestablished 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 including 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.

New Collaboration

In early 2008, AAPICO Hitech announced new strategic partnerships, which will ultimately help to propel the company further into being a global player. AAPICO Hitech signed an MoU with Fuji Technica Inc. from Japan for future business venture and New business venture has been set up with Minth Group of China. Fuji Technica Inc. is one of the biggest die makers in the world and its subsidiary, Fuji Assembly Systems, Inc. is No. 2 jig maker in Japan. This collaboration provides an important development of the AAPICO Hitech's business growth strategy. Aapico Hitech will be able to enhance its automotive technology in die and jig making, diversify its product range to customers, gain synergy with a competent and successful Japanese manufacturer and extend the opportunity to market new products in the world markets.



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 rolled and extruded automobile parts in Thailand. A new factory for these products will be completed 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 : 3,986 Employees (as at Dec 31, 2008)

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

Expatriate Staff (In Thailand)

Japanese	19 Persons
Malaysian	4 Persons
Australian	2 Persons
Indian	2 Persons
Chinese	3 Persons
Taiwanese	2 Person
Filipino	1 Person
British	1 Person
German	1 Person
French	1 Person

Department	Number of persons as at 31 December 2008
Jig	69
Die	76
OEM Auto Parts	1,500
Chassis Frame	613
Auto Parts Precision Forging	931
Car Dealership	224
Precision Plastic	457
Car Navigator	35
Others	81
Total	3,986

Management Team		
1.	Mr. Yeap Swee Chuan	President & CEO
2.	Mrs. Teo Lee Ngo	Executive Director Finance & Administrative
3.	Mr. Hiroto Murai	Executive Director Corporate Planning & Business Development
4.	Mr. Namiji Kitakami	Director of Operations and Marketing
5.	Mr. Philippe Vyain	Director of Jigs & Dies
6.	Mr. Yugjio Daud	GM of Operations
7.	Mr. Kawee Wasaruchareekul	GM of Part Production
8.	Mrs. Kannika Kartiwithcha	Manager of Finance & Accounting
9.	Mr. Satttha Petch-in	Manager of Production System Development
10.	Ms. Yeap Xin Rhu	Manager of Purchasing
11.	Mr. Tiwa Boonthem	Manager of Production
12.	Mr. Worawit Ongkranjana	Manager of QA & QC
13.	Mr. Masayuki Kanno	Manager of Marketing & Key A/C
14.	Mr. Sathaporn Srithammarote	Manager of Training
15.	Mrs. Sriwan Patipimpakom	Manager of Personnel & Administrative
16.	Mr. Katsuya Kawaguchi	Die Engineering Advisor
17.	Mr. Akira Omori	Factory Advisor

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 |

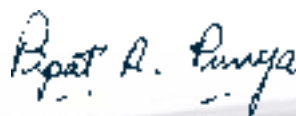
The Audit Committee has carried out the works under its duties and responsibilities as follows:

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 is 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, 2008, the Audit Committee held 4 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
Sojitz Corporation	42,360,000	15.00
Other Shareholders - Stock Exchange of Thailand (SET)	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.

2008 Dividend Payout

The company had paid the interim dividend payment to the shareholders for 268,874,300 shares on September 9, 2008 at the rate of Baht 0.29 per share in the amount of Baht 77,973,547.- This represent 32.31% of the net profit. This resolution would be presented for further approval of the Shareholders in the Annual General Meeting scheduled for April 27, 2009.

Board of Directors

Management Structure : The management structure of the company consists of 1. Board of Directors
2. Audit Committee and 3. Nomination and Compensation Committee as follows:

Board of Directors - As at 31 December 2008

- | | | |
|----|--------------------------------|-------------------------------|
| 1. | Mr. Yeap Swee Chuan | Chairman & Executive Director |
| 2. | Mrs. Teo Lee Ngo | Executive Director |
| 3. | Mr. Hiroto Murai | Executive Director |
| 4. | Mr. Ichimura Yoshiaki | Director |
| 5. | Mr. Kenneth Ng | Director |
| 6. | Mr. Pipat R. Punya | Director |
| 7. | Mrs. Pornnipa Praditsuktavorn | Director |
| 8. | Mr. Supasak Chirasavinuprapand | Director |

Authorized Directors: Any two of the executive directors, namely Mr. Yeap Swee Chuan or Madam Teo Lee Ngo 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, and 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. For any transaction in which the directors or other persons might have a conflict of interest with the company or the affiliated company, such directors or persons 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 of 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 at 31 December 2008

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

Nomination and Compensation Committee

As at 31 December 2008

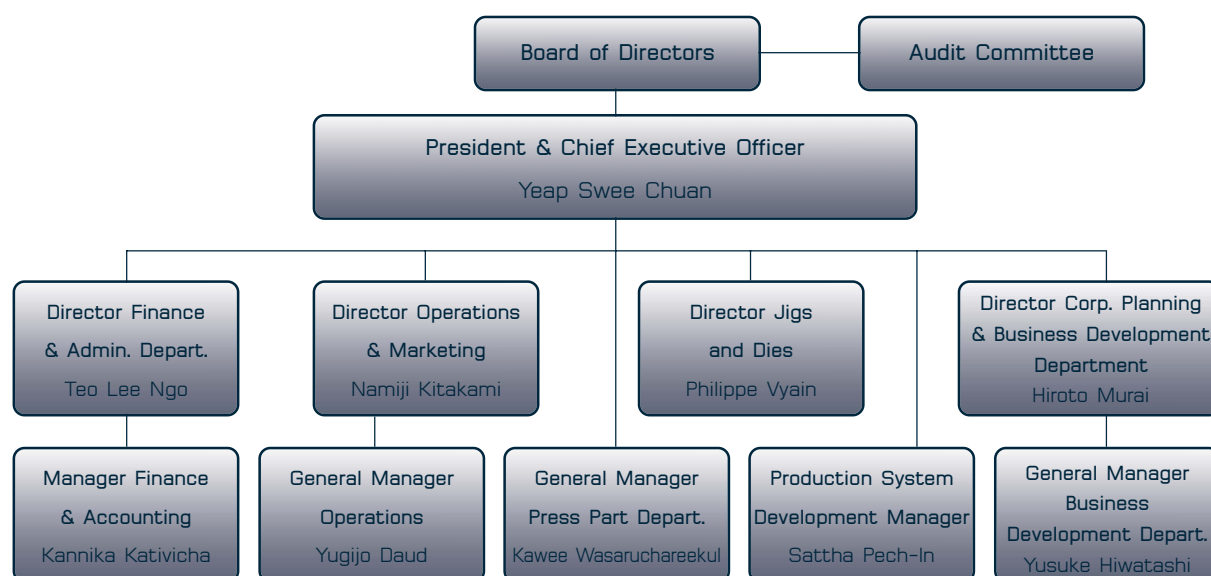
1	Mr. Pipat R. Punya	Chairman of the Nomination and Compensation Committee
2	Mrs. Pornnipa Praditsuktavorn	Nomination and Compensation Committee
3	Mr. Supasak Chirasavinuprapand	Nomination and Compensation Committee

The scope of duties and authorities of the Nomination and Compensation Committee

1. To determine the policy, criteria and procedures of the nomination of the Directors of the Company and Executives from the level of the Division Manager, to present to the approval of the Board of Directors;
2. To select and propose the persons who are qualified and suitable for the following positions for proposing to the Board of Directors:
 - (1) Directors of the Company;
 - (2) Executives from the level of the Division Manager;
3. To oversee the Board of Directors to have the size and elements suitable to the organization including to adjust and keep up with the change of the circumstances, where the Board of Directors shall consist of the persons with the knowledge, competent and experience in several fields;
4. To determine the policy of payment of the compensation and other benefits including the compensation and other benefits given to the Directors and the Executives from the level of the Division Manager, with the clear, express and transparent criteria, for proposing to the Board of Directors for approval;
5. To oversee the Directors and the Executives from the level of the Division Manager to receive the compensation suitable to their duties and responsibilities, where the Directors and the Executives from the level of the Division Manager who are assigned more duties and responsibilities shall receive more compensation in order to suit the assigned duties and responsibilities;
6. To determine the guideline for the evaluation of the works of the Board of Directors and the Executives from the level of the Division Manager, for purpose of considering the adjustment of the annual remuneration, by taking into account of the responsibilities and the risks involved, including to pay attention to the increase of the shareholders' equity in long term as a part of evaluation;
7. To be able to call the documents from the related person for consideration and provision of opinion;
8. To consider other related matters.

Scope of Authority 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 in 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**Remunerations of Directors and Executives for year 2008**

Remuneration in money of Board of directors including meeting allowance and attendance fee for year 2008 is totally amount Baht 780,000.- as follows :

Name	Total Remuneration Year 2007	Attendance Fee Year 2008	Meeting Allowance Year 2008	Total Remuneration Year 2008
Mr. Pipat R. Punya	239,000	25,000	250,000	275,000
Mrs. Porntipa Praditsuktavorn	229,000	30,000	225,000	255,000
Mr. Supasak Chirasavinuprapand	234,000	25,000	225,000	250,000

Executives Remunerations

	Number of persons	Amount (Million Baht)	Benefits
Executives Remuneration Year 2007	11	27.04	Salary, Bonus and Provident Fund
Executives Remuneration Year 2008	11	26.70	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.

Related Transactions

The reasons and necessity of related transactions :

1. During the year 2008, the company acquired a 100% equity interest in a new company registered in Thailand.
2. Most of the trading among AAPICO group was the sale of OEM auto parts, Jigs 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.

2008 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 (20% of total revenue in 2008), but the profit margin is low.

2008 Performance

Revenue

Sale revenue of the group in 2007 and 2008 was 9,659 million baht and 9,516 million baht respectively. The total sale revenue in 2008 had slightly down 1.5% from 2007.

In the sector of OEM Parts Manufacturing, total revenue has decreased by 3.5% from 6,820.49 million Baht in year 2007 to 6,579.16 million Baht in 2008. The reason was that the productivity of automotive industry local and export has slightly down in the 4th quarter 2008 .

For the revenue of Jig manufacturing has decrease from last year 15% by reduce from 169.75 million Baht in 2007 to 144.23 million Baht in 2008 .We were able to export 1 set of large Jig to Renault Morocco. This was able to generate revenue of 117.25 million from total revenue of 144.23 million baht in 2008 .

For Dies design and manufacturing, has increase 26.3% by increase from 130.8 million Baht to 165.17 million Baht .We had local delivery Die to Nissan. This was able to generate revenue of 95.62 million baht in 2008 .

In addition, the revenue of the Dealer business was slightly decrease around 3.7% .The total revenue was 1,932.51 million baht in 2008 and 2,005.91 million baht in 2007.

Gross Margin

The gross margin rate of the group was almost the same as last year by the rate was 7.32% in 2008 and 7.38% in 2007. We still conduct the cost reduction activity continuously and the Jig sale provide the highest gross margin rate.

Net Profit

The net profit of the group was decrease by 31.06%. The amount was 350.07 million baht in 2007 and 241.35 million baht in 2008. The provision for loss on impairment of investment 107 million Baht was the main cause of decreasing net profit .

Financial Status

Cash flow

The net cash flow from operating activities has increased 483.97 million baht from last year. The amount was 500.04 million baht in 2007 and 984.01 million baht in 2008. The main reason was that during the year 2008, the significantly decrease of trade account receivable in amount of Baht 351 million.

Asset / Liability

There had been slightly increased of total assets and total liability of the group.

Total assets in 2007 and 2008 was 8,978 million Baht and 9,262 million Baht respectively.

Total liabilities in 2007 and 2008 was 4,585 million Baht and 4,746 million Baht respectively.

Shareholders' equity

The total shareholders' equity of the group had increased by 2.8%. The amount was 4,393 million Baht in 2007 and 4,516 million Baht in 2008.



Financial Ratios

	Consolidated			
	2005	2006	2007	2008
Liquidity Ratios				
Current Ratio (times)	2.37	0.84 *	0.85	0.73
Quick Ratio (times)	1.97	0.62 *	0.64	0.51
Cash Flow from Operation to Current Liability (times)	0.50	0.27	0.15	0.29
Account Receivable Turnover (times)	7.19	5.98 *	6.39	6.99
Average Collection Period (days)	50.79	61.05 *	57.09	52.23
Inventory Turnover (times)	13.53	10.14 *	10.97	11.31
Days to sell the average inventory	26.98	35.99 *	33.28	32.28
Accounts Payable Turnover (times)	7.28	6.39	6.60	7.12
Average Payment Period (days)	50.15	57.08	55.30	51.25
Cash Cycle (days)	27.62	39.96 *	35.08	33.25
Profitability Ratios				
Gross Profit Margin (%)	10.63%	6.76%	7.38%	7.32%
Operating Profit Margin (%)	9.39%	5.23%	5.48%	3.77%
Cash Flow from Operation to Operation Profit (%)	93.62%	235.70% *	94.00%	274.14%
Net Profit Margin (%)	8.55%	4.75%	3.61%	2.41%
Rate of Return on Equity (%)	22.46%	8.95%	7.97%	5.16%
Operating Efficiency Ratios				
Return on Assets (%)	13.08%	5.09% *	3.93%	2.52%
Return on Fixed Assets (%)	34.86%	12.02% *	8.49%	5.46%
Assets Turnover (times)	1.48	1.04 *	1.04	1.00
Leverage Ratios				
Debt to Shareholder's Equity Ratio (times)	0.28	0.60 *	0.63	0.66
Time Interest Earned (times)	17.75	16.58	3.20	3.01
Dividend Yield (%)	3.06%	2.56% *	3.55%	8.79%

* Restated due to the restatement of Aapico Forging Balance Sheet

Financial Statements Summary

	Consolidated financial statements (In Thousand Baht)			
	2005	2006 RESTATE	2007	2008
Cash and cash equivalents	1,541,452	385,755 *	276,792	199,587
Current investment - investment unit in open-end funds	-	173,000	123,171	162,025
Total trade accounts receivable - net	1,160,435	1,433,969 *	1,473,546	1,124,027
Advances and short-term loans to related parties	4,941	73,648	70,975	54,407
Inventories - net	587,489	838,508 *	731,483	756,418
Investments in associates	435,592	344,567	365,109	535,578
Goodwill - net	-	869,135 *	1,393,862	1,286,862
Property, plant and equipment - net	2,027,487	4,317,537 *	3,880,566	4,531,238
Other assets	342,856	417,883 *	662,638	612,147
Total assets	6,100,250	8,854,002	8,978,143	9,262,289
Bank overdrafts and short-term loans from banks	64,387	1,553,375	1,598,509	1,080,341
Total trade accounts payable	942,716	1,319,107	1,289,126	1,073,317
Current portion of long-term loans	300,000	390,608	86,866	559,213
Advances and short-term loans from related parties	7,818	5,421	102,659	40,633
Short-term loans from director	10,775	10,143	12,284	17,323
Long-term loans - net of current portion	493,000	711,039	1,130,933	1,342,795
Other liabilities	163,949	470,155 *	365,099	632,658
Total liabilities	1,982,646	4,459,848	4,585,475	4,746,281
Share capital registered	282,360	285,184	285,184	285,184
Issued and fully paid up	282,360	282,360	282,360	282,360
Premium on shares	2,164,354	2,160,754	2,166,504	2,162,604
Translation adjustment	2,420	(21,757)	(23,012)	13,689
Retained earnings - Appropriated statutory reserve	106,541	134,541	139,541	139,904
- Unappropriated	1,494,438	1,494,973	1,746,001	1,844,500
Minority interest - equity attributable to minority shareholders of subsidiaries	67,490	343,283 *	81,273	72,951
Shareholders' equity	4,117,604	4,394,154	4,392,668	4,516,008
Total revenues	8,275,433	7,975,493	9,658,627	9,515,977
Cost of sales and services	7,210,856	7,231,421	8,608,363	8,412,211
Selling and administrative expenses	317,410	353,007	552,494	618,300
Finance cost	(43,948)	(25,261)	(170,549)	(121,035)
Corporate income tax	(23,660)	(18,177)	(17,842)	(20,293)
Earnings before minority interest	712,560	375,275	347,465	229,752
Minority interests of the subsidiaries	1,740	(5,513)	(2,606)	(11,599)
Share of income from investment in associates	33,000	28,709	38,087	12,131
Gain (Loss) from foreign exchange	1,814	(1,059)	1,279	(14,977)
Net Profit	710,820	380,789	350,070	241,351
Earnings per share (par value at Bt./Sh.)	2.96	1.60	1.55	1.07
Net cash flows from operating activities	730,396	986,894 *	500,044	984,010
Net cash flows used in investing activities	(439,108)	(2,504,701) *	(772,848)	(1,052,466)
Net cash flow from (used in) financing activities	724,308	386,626	166,622	(33,433)
Net decrease in cash and cash equivalents	1,023,951	(1,155,697)	(108,963)	(77,206)

* Restated due to the restatement of Aapico Forging Balance Sheet

Report of Independent Auditor

To the Shareholders of AAPICO Hitech Public Company Limited

I have audited the accompanying consolidated balance sheet of AAPICO Hitech Public Company Limited and its subsidiaries as at 31 December 2008, the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, and the separate financial statements of AAPICO Hitech Public Company Limited for the same period. These financial statements are the responsibility of the management of the Company and its subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audit. I did not audit the financial statements of the subsidiaries for the year ended 31 December 2008 as discussed in Note 10 to financial statements. As at 31 December 2008, the subsidiaries' financial statements as included in the consolidated financial statements present total assets of Baht 905 million and revenues for the year then ended of Baht 1,641 million. The financial statements of the above subsidiaries were audited by other auditors whose reports, which have been furnished to me, expressed unqualified opinions. My opinion in so far as it relates to the amounts of the various transactions of those companies included in the consolidated financial statements is based on the reports of those auditors. The consolidated financial statements of AAPICO Hitech Public Company Limited and its subsidiary companies for the year ended 31 December 2007, and the separate financial statements of AAPICO Hitech Public Company Limited for the same period, as presented herein for comparative purposes, were audited by another auditor of our firm who, based on her audit and the reports of other auditors of some subsidiaries expressed an unqualified opinion on those statements under her report dated 29 February 2008.

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

The consolidated financial statements of AAPICO Hitech Public Company Limited and its subsidiaries as at 31 December 2008, and for the year then ended, included investment in an associated company accounted for under the equity method amounting to Baht 101 million and share of loss from investment in an associated company amounting to Baht 19 million. These were recorded based on financial statements prepared by the management of such associated company, which were not yet audited by its auditor.

In my opinion, based on my audit and the reports of other auditors, except for the effect of any adjustments that may result from the scope limitation imposed by circumstance described in the preceding paragraph, 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 2008 and the results of their operations and their cash flows for the year then ended, in accordance with generally accepted accounting principles.



Vissuta Jariyathanakorn

Certified Public Accountant (Thailand) No. 3853

Ernst & Young Office Limited
Bangkok: 2 March 2009

BALANCE SHEETS

AAPICO HITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

As at 31 December 2008 and 2007

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
Assets					
Current assets					
Cash and cash equivalents		199,586,567	276,792,091	7,644,743	69,855,451
Current investment - investment unit in open-end funds		162,025,210	123,171,050	65,031,494	111,327,964
Trade accounts receivable					
Related parties	6	296,108	1,695,900	35,717,341	19,913,074
Unrelated parties - net		1,123,730,874	1,471,850,169	171,266,903	255,609,573
Total trade accounts receivable - net	7	1,124,026,982	1,473,546,069	206,984,244	275,522,647
Unbilled contract works receivable		20,402,795	37,559,506	20,402,795	37,559,506
Advances and short-term loans to related parties	6	54,406,755	70,974,806	203,055,046	364,825,478
Dividend receivable from related party	6	5,799,384	13,585,594	5,799,384	13,585,594
Share subscription receivable - related parties	6	2,500,000	6,542,500	-	-
Inventories - net	8	756,418,298	731,483,476	225,200,782	192,172,790
Other current assets		164,593,078	194,584,441	27,317,107	52,557,627
Total current assets		2,489,759,069	2,928,239,533	761,435,595	1,117,407,057
Non-current assets					
Restricted bank deposits	9	1,010,460	40,726,090	-	-
Long-term loans to related parties	6	9,500,000	-	2,154,633,626	1,407,762,333
Investments in subsidiaries	10	-	-	3,664,674,267	3,694,256,267
Investments in associates	11	535,578,368	365,109,210	90,386,215	54,686,215
Other long-term investments - net	12	35,571,000	42,150,000	-	-
Deposit for purchase of assets - related party	6	17,269,929	-	-	-
Goodwill - net	13	1,286,861,862	1,393,861,862	-	-
Property, plant and equipment - net	14	4,531,237,584	3,880,566,344	561,893,716	408,387,735
Leasehold right - net	15	130,974,464	16,276,352	-	-
Intangible assets - net	16	99,696,468	89,711,813	39,988,067	42,478,118
Non-operating assets		46,331,262	46,331,262	-	-
Other non-current assets		78,498,268	175,170,061	54,714,775	163,215,122
Total non-current assets		6,772,529,665	6,049,902,994	6,566,290,666	5,770,785,790
Total assets		9,262,288,734	8,978,142,527	7,327,726,261	6,888,192,847

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 2008 and 2007

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from banks	17	1,080,341,420	1,598,509,063	862,000,000	1,400,000,000
Trade accounts payable					
Related parties	6	119,310,547	63,329,196	96,945,216	6,977,069
Unrelated parties		954,006,895	1,225,797,123	323,785,659	337,014,285
Total trade accounts payable		1,073,317,442	1,289,126,319	420,730,875	343,991,354
Other payable - related parties	6	31,760,000	-	31,760,000	-
Current portion of long-term loans	18	559,213,202	86,865,694	548,400,000	75,000,000
Current portion of liabilities under finance lease agreements	19	9,138,130	9,969,085	-	-
Advances and short-term loans from related parties	6	40,633,161	102,658,580	823,438,544	548,278,519
Short-term loans from director	20	17,322,665	12,283,693	-	-
Share subscription payable - related parties	6	-	-	104,207,500	4,207,500
Provisions for product warranty		13,194,802	16,471,038	-	-
Accounts payable - purchases and construction of assets		142,532,891	56,423,155	35,341,444	10,722,882
Other current liabilities		426,081,330	257,288,153	39,119,720	70,741,210
Total current liabilities		3,393,535,043	3,429,594,780	2,864,998,083	2,452,941,465
Non-current liabilities					
Long-term loans - net of current portion	18	1,342,795,142	1,130,932,660	1,259,900,000	1,125,000,000
Liabilities under finance lease agreements - net of current portion	19	2,601,205	11,743,734	-	-
Other non-current liabilities		7,349,153	13,203,561	-	-
Total non-current liabilities		1,352,745,500	1,155,879,955	1,259,900,000	1,125,000,000
Total liabilities		4,746,280,543	4,585,474,735	4,124,898,083	3,577,941,465

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 2008 and 2007

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
Shareholders' equity					
Share capital					
Registered					
42,360,000 non-cumulative preferred shares of Baht 1 each	23	42,360,000	42,360,000	42,360,000	42,360,000
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	23	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
Revaluation surplus (deficit) on changes in value of investments		(1,750,000)	2,150,000	-	-
Translation adjustment		13,689,361	(23,011,913)	-	-
Retained earnings					
Appropriated					
Statutory reserve - the Company	26	59,541,000	59,541,000	59,541,000	59,541,000
- subsidiaries		80,362,943	80,000,000	-	-
Reserve for treasury shares	22	192,809,988	192,809,988	192,809,988	192,809,988
Unappropriated		1,844,499,885	1,746,001,145	696,572,846	803,996,050
Equity attributable to the Company's shareholders		4,635,867,509	4,504,204,552	3,395,638,166	3,503,061,370
Less: Treasury shares	21	(192,809,988)	(192,809,988)	(192,809,988)	(192,809,988)
Equity attributable to the Company's shareholders - net		4,443,057,521	4,311,394,564	3,202,828,178	3,310,251,382
Minority interest - equity attributable to minority shareholders of subsidiaries		72,950,670	81,273,228	-	-
Total shareholders' equity		4,516,008,191	4,392,667,792	3,202,828,178	3,310,251,382
Total liabilities and shareholders' equity		9,262,288,734	8,978,142,527	7,327,726,261	6,888,192,847

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 2008 and 2007

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
Revenues					
Sales and service income	29	9,076,821,816	9,294,707,168	1,766,013,350	1,649,876,094
Dividend income		-	-	135,799,335	117,034,356
Exchange gains		-	1,279,189	-	2,220,796
Other income	27	439,155,177	362,640,350	172,053,619	140,116,409
Total revenues		9,515,976,993	9,658,626,707	2,073,866,304	1,909,247,655
Expenses					
Cost of sales and services		8,412,211,174	8,608,363,270	1,654,357,439	1,545,157,558
Selling expenses		109,696,498	108,522,861	21,172,233	19,282,681
Administrative expense		508,603,616	443,971,580	89,513,958	73,362,362
Exchange loss		14,976,819	-	11,697,191	-
Loss on impairment of assets		4,539,880	-	-	-
Loss on impairment of investments		107,000,000	-	129,600,000	-
Total expenses		9,157,027,987	9,160,857,711	1,906,340,821	1,637,802,601
Income before finance cost and corporate income tax		358,949,006	497,768,996	167,525,483	271,445,054
Finance cost		(121,035,134)	(170,549,486)	(121,023,409)	(119,526,916)
Share of income from investment in associates		12,131,001	38,086,874	-	-
Income before corporate income tax		250,044,873	365,306,384	46,502,074	151,918,138
Corporate income tax		(20,292,889)	(17,841,545)	(11,436,277)	(11,541,348)
Net income for the year		229,751,984	347,464,839	35,065,797	140,376,790
Net income attributable to:					
Equity holders of the parent		241,350,684	350,070,459	35,065,797	140,376,790
Minority interests of the subsidiaries		(11,598,700)	(2,605,620)		
		229,751,984	347,464,839		
Earnings per share	30				
Basic earnings per share					
Net income attributable to equity holders of the parent		1.07	1.55	0.15	0.62
Weighted average number of ordinary shares (shares)		226,514,300	226,514,300	226,514,300	226,514,300

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

Statements of changes in shareholders' equity

AAPICO HITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

As at 31 December 2008 and 2007

(Unit: Baht)

	Consolidated financial statements													
	Equity attributable to the parent's shareholders													
	Issued and paid-up share capital	Premium on		Revaluation surplus (deficit) on changes in value of investments	Translation adjustment	Retained earnings		Appropriated statutory reserve	Unappropriated Treasury shares	Total equity attributable to the parent's shareholders	Minority interest -attributable to minority shareholders	Total		
Preferred shares		Ordinary shares	Preferred shares			Ordinary shares	The Company						Subsidiaries	Appropriated reserve for treasury shares
Balance as at 31 December 2006	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)	4,050,871,191	343,282,780	4,394,153,971
Income and expenses recognised directly in equity	-	-	-	-	-	(1,255,146)	-	-	-	-	-	5,750,000	(699,409)	5,750,000
Gain recognised in shareholders' equity of investment in available-for-sale securities	-	-	-	-	5,750,000	-	-	-	-	-	-	(1,255,146)	-	(1,954,554)
Translation adjustment	-	-	-	-	-	(1,255,146)	-	-	-	-	-	(1,255,146)	-	(1,954,554)
Net income and expenses recognised directly in equity	-	-	-	-	5,750,000	(1,255,146)	-	-	-	-	-	4,494,854	(699,409)	3,795,446
Net income for the year	-	-	-	-	-	-	-	-	350,070,459	-	-	350,070,459	(2,605,620)	347,464,839
Total income and expenses for the year	-	-	-	-	5,750,000	(1,255,146)	-	-	350,070,459	-	-	354,565,313	(3,305,029)	351,260,285
Dividend paid (Note 24)	-	-	-	-	-	-	-	-	(94,041,940)	-	-	(94,041,940)	-	(94,041,940)
Unappropriated retained earnings transferred to statutory reserve	-	-	-	-	-	-	-	5,000,000	-	-	-	-	-	-
Purchase shares from minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(258,704,524)	(258,704,524)
Balance as at 31 December 2007	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)	4,311,394,564	81,273,228	4,392,667,792
Balance as at 31 December 2007	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)	4,311,394,564	81,273,228	4,392,667,792
Income and expenses recognised directly in equity:	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss recognised in shareholders' equity of investment in available-for-sale securities	-	-	-	-	(3,900,000)	-	-	-	-	-	-	(3,900,000)	-	(3,900,000)
Translation adjustment	-	-	-	-	-	36,701,274	-	-	-	-	-	36,701,274	(800,166)	35,901,108
Net income and expenses recognised directly in equity	-	-	-	-	(3,900,000)	36,701,274	-	-	-	-	-	32,801,274	(800,166)	32,001,108
Net income (loss) for the year	-	-	-	-	-	-	-	-	-	-	-	241,350,684	(11,598,700)	229,751,984
Total income and expenses for the year	-	-	-	-	(3,900,000)	36,701,274	-	-	-	-	-	274,151,958	(12,398,866)	261,753,092
Dividend paid (Note 24)	-	-	-	-	-	-	-	-	(142,489,001)	-	-	(142,489,001)	-	(142,489,001)
Unappropriated retained earnings transferred to statutory reserve	-	-	-	-	-	-	-	362,943	-	-	-	-	-	-
Minority interest - equity attributable to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	4,076,308	4,076,308
Balance as at 31 December 2008	42,360,000	240,000,000	1,415,247,600	749,106,732	(1,750,000)	13,689,361	59,541,000	80,362,943	192,809,988	1,944,499,885	(192,809,988)	4,443,057,521	72,950,670	4,516,008,191

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

As at 31 December 2008 and 2007

(Unit: Baht)

	Separate financial statements										
	Issued and paid-up share capital			Premium on			Retained earnings				Total
	Preferred shares	Ordinary shares	Preferred shares	Ordinary shares	statutory reserve	Appropriated reserve for treasury shares	Unappropriated	Treasury shares			
Balance as at 31 December 2006	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	-	-	-	-	-	-	140,376,790	-	-	140,376,790	
Dividend paid (Note 24)	-	-	-	-	-	-	(94,041,940)	-	-	(94,041,940)	
Balance as at 31 December 2007	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	
Balance as at 31 December 2007	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	
Net income for the year	-	-	-	-	-	-	35,065,797	-	-	35,065,797	
Dividend paid (Note 24)	-	-	-	-	-	-	(142,489,001)	-	-	(142,489,001)	
Balance as at 31 December 2008	42,360,000	240,000,000	1,415,247,600	749,106,732	59,541,000	192,809,988	696,572,846	(192,809,988)		3,202,828,178	

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 2008 and 2007

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Cash flows from operating activities				
Net income before tax	250,044,873	365,306,384	46,502,074	151,918,138
Adjustments to reconcile net income before tax to net cash provided by (paid from) operating activities: -				
Depreciation and amortisation	412,037,197	658,951,357	61,592,365	59,525,747
Share of income from investments in associates	(12,131,001)	(38,086,874)	-	-
Gain from current investment - investment unit in open-end funds	(1,550,138)	(1,732,048)	(1,160,113)	(1,309,609)
Loss on impairment of investments	107,000,000	-	129,600,000	-
Loss on impairment of assets	4,539,880	-	-	-
Reversal of allowance for loss on impairment of investments	-	-	-	(3,645,864)
Allowance for diminution in stock value (reversal)	24,522,293	(34,311,999)	(6,112,205)	9,653,651
Dividend income from subsidiary and associate	-	-	(135,799,335)	(117,034,356)
Allowance for doubtful accounts (reversal)	(1,175,018)	2,947,284	(2,248,642)	2,500,000
Gain on sale of investment in associate	-	(11,645,864)	-	(8,000,000)
Gain on sale of investment in subsidiary	(1,033,277)	-	-	-
Gain on sales of equipment	(954,000)	(1,887,527)	(99,211)	(611,005)
Interest expenses	119,226,053	165,929,358	120,465,505	114,930,394
Income from operating activities before changes in operating assets and liabilities	900,526,862	1,105,470,071	212,740,438	207,927,096
Operating assets (increase) decrease				
Current investment - investment unit in open-end funds	(37,304,022)	(121,439,002)	47,456,583	(110,018,355)
Trade accounts receivable	350,694,105	(42,524,752)	70,787,045	18,606,463
Unbilled contract works receivable	17,156,711	(37,502,617)	17,156,711	(37,502,617)
Inventories	(79,848,083)	172,846,367	(19,980,722)	22,554,640
Other current assets	29,991,363	10,475,540	25,240,520	2,752,416
Other non-current assets	(23,328,207)	(19,643,501)	(11,499,653)	(8,052,533)
Operating liabilities increase (decrease)				
Trade accounts payable	(215,808,877)	(29,980,445)	76,739,520	125,990,651
Other current liabilities	200,772,461	(352,223,262)	(9,124,680)	(43,366,819)
Other non-current liabilities	(5,854,400)	3,512,257	-	-
Cash flows from operating activities	1,136,997,913	688,990,656	409,515,762	178,890,942
Cash paid for interest expenses	(121,652,415)	(174,411,857)	(105,278,926)	(114,249,596)
Cash paid for corporate income tax	(31,335,539)	(14,534,440)	(17,359,665)	(9,610,989)
Net cash flows from operating activities	984,009,959	500,044,359	286,877,171	55,030,357

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 2008 and 2007

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Cash flows from investing activities				
Decrease (increase) in restricted bank deposits	39,715,631	(28,461,690)	-	-
Decrease (increase) in advances and loans to related parties	7,068,051	2,672,856	(465,100,861)	(949,154,702)
Proceed from sale of current investment - ordinary shares	-	173,000,000	-	-
Cash paid to purchase of investments in subsidiaries	(18,000)	(783,431,398)	(18,000)	(783,340,491)
Dividend received from subsidiary and associate	17,166,014	21,904,731	143,585,545	120,872,443
Decrease in other long-term investments	2,679,000	-	-	-
Increase in investments in associates	(35,700,000)	(25,351,060)	(35,700,000)	(15,000,000)
Advance for investments	-	(120,000,000)	-	(120,000,000)
Proceed from sale of investment in associate	-	38,000,000	-	38,000,000
Proceed from sale of investment in subsidiary	5,127,585	-	-	-
Decrease in share subscription receivable	4,042,500	2,500,000	-	-
Proceeds from sales of equipment	24,404,590	24,256,121	170,466	3,532,224
Acquisitions of plant, equipment, leasehold right and software	(1,116,150,900)	(77,238,554)	(194,996,053)	(58,273,346)
Decrease in minority interest	(800,166)	(699,408)	-	-
Net cash flows used in investing activities	(1,052,465,695)	(772,848,402)	(552,058,903)	(1,763,363,872)
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from banks	(518,167,643)	1,509,019,987	(538,000,000)	375,594,800
Increase (decrease) in advances and loans from related parties	(62,025,419)	97,237,716	275,160,025	393,718,342
Repayment of long-term loans	(166,308,410)	(1,347,734,613)	(151,700,000)	-
Increase in long-term loans	850,518,400	-	760,000,000	1,020,000,000
Increase in short-term loans from director	5,038,972	2,140,378	-	-
Dividend paid	(142,489,001)	(94,041,940)	(142,489,001)	(94,041,940)
Net cash flow from (used in) financing activities	(33,433,101)	166,621,528	202,971,024	1,695,271,202
Translation adjustment	24,683,313	(2,780,204)	-	-
Net decrease in cash and cash equivalents	(77,205,524)	(108,962,719)	(62,210,708)	(13,062,313)
Cash and cash equivalents at beginning of year	276,792,091	385,754,810	69,855,451	82,917,764
Cash and cash equivalents at end of year	199,586,567	276,792,091	7,644,743	69,855,451

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 2008 and 2007

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Supplemental cash flows information: -				
Non-cash items consist of				
Transfer equipment to software	-	260,599	-	260,599
Transfer machinery and equipment to inventories	-	-	6,935,065	-
Transfer inventories to machinery and equipment	30,390,968	-	-	-
Transfer advance payment to loans to related party	-	-	120,000,000	-
Increase in share subscription payable - related parties from purchase of investment in subsidiary	-	-	100,000,000	-
Increase in accounts payable - purchases and construction of assets	86,109,736	248,830,556	24,618,562	10,722,882
Transfer interest expense to building under construction	2,332,323	-	783,330	-
Revaluation surplus (deficit) on changes in value of investments	(3,900,000)	5,750,000	-	-
Dividend receivable from associate	5,799,384	13,585,594	5,799,384	13,585,594

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 2008 and 2007

1. General information

1.1 Corporate 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.

1.2 Economic crisis

The financial crisis experienced by the United States of America over the past year has had a far reaching adverse effect on the global economy as evidenced by sharp falls in share prices worldwide, a tight squeeze on credit including interbank lending, failures of large financial institutions and reduced consumer confidence. The crisis has substantially affected the business and financial plans of Thailand enterprises and asset value. Despite efforts made by governments of many countries to contain the crisis, it remains uncertain as to when the global economy will return to normalcy. These financial statements have been prepared on the bases of facts currently known to the Company, and on estimates and assumptions currently considered appropriate. However, they could be adversely affected by an array of future events.

2. Basis of preparation

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

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

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

2.2 Basis of consolidation

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

Company's name	Nature of business	Country of incorporation	Percentage of shareholding		Assets as a percentage to the consolidated total assets as at 31 December		Revenues as a percentage to the consolidated total revenues for the years ended 31 December	
			2008	2007	2008	2007	2008	2007
			(%)	(%)	(%)	(%)	(%)	(%)
Held by the Company								
AAPICO Amata Company Limited	Manufacture of autoparts	Thailand	100	100	15	19	34	36
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	4	5	5	9
Able Motors Co., Ltd.	Sales of automobiles and the provision of automobile repair services	Thailand	100	100	-	1	2	2
AAPICO Hitech Parts Co., Ltd.	Manufacture of autoparts	Thailand	100	100	10	10	4	3
AAPICO Hitech Tooling Co., Ltd.	Design and manufacture of car assemble jigs and stamping dies	Thailand	100	100	1	1	-	-
AAPICO ITS Co., Ltd. (formerly known as "Able ITS Co., Ltd.")	Manufacture of car navigation systems and its derivatives	Thailand	60	60	2	1	-	-
AAPICO Shanghai Co., Ltd.	Machining autoparts service	The People's Republic of China	100	100	1	1	-	-
Tenaga Setia Resources SDN. BHD.	Sales of automobiles and the provision of automobile repair services	Malaysia	49	49	2	1	13	10
Kunshan Chaitai-Xincheng Precision Forging Co., Ltd.	Manufacture and sales of autoparts	The People's Republic of China	100	100	3	2	4	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.	Manufacture of autoparts	Thailand	100	100	25	20	18	20
AAPICO Mitsuike (Thailand) Co., Ltd.	Manufacture of autoparts	Thailand	51	51	-	-	-	-
AAPICO Structural Products Co., Ltd.	Not yet operation	Thailand	100	-	3	-	-	-

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			2008 (%)	2007 (%)
<u>Held by subsidiaries</u>				
Able ITS Pte. Ltd. (100 percent held by AAPICO ITS Co., Ltd.)	Investment in other companies	Singapore	60	60
AAPICO Jackspeed Co., Ltd. (60 percent held by AAPICO Hitech Parts Co., Ltd.)	Manufacture of autoparts	Thailand	60	60
AAPICO Plastics Public Co., Ltd. (100 percent held by AAPICO Forging Public Co., Ltd.)	Manufacture and contract manufacture of plastic parts	Thailand	100	100
A Maction Co., Ltd. (50 percent held by AAPICO Investment Pte. Ltd.)	Development of software	Thailand	50	50
AAPICO Engineering SDN. BHD. (49 percent (2007: 100 percent) held by Tenaga Setia Resources SDN. BHD.)	Not yet operation	Malaysia	24	49

The Company regards Tenaga Setia Resources SDN. BHD. and AAPICO Engineering SDN. BHD. as subsidiary companies since they are able to exercise management control.

- b) Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent significant accounting policies.
- d) The financial statements of overseas subsidiaries 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 are shown under the caption of "Translation adjustment" in shareholders' equity.
- e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- f) Minority interests represent the portion of net income or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.

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

3. Adoption of new accounting standards

3.1 Accounting standards which are effective for the current year

The Federation of Accounting Professions has issued Notification No. 9/2550, 38/2550 and 62/2550 mandating the use of new accounting standards as follows.

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 become effective for the financial statements for fiscal years beginning on or after 1 January 2008. However, effective from 1 January 2007, the Company early-adopted TAS 43 (revised 2007). The management has assessed the effect of the other standards and believes that TAS 49 is not relevant to the business of the Group, while the remaining accounting standards do not have any significant impact on the financial statements for the current year.

3.2 Accounting standards which are not effective for the current year

The Federation of Accounting Professions has also issued Notification No. 86/2551 mandating the use of the following new accounting standards.

TAS 36 (revised 2007)	Impairment of Assets
TAS 54 (revised 2007)	Non-current Assets Held for Sale and Discontinued Operations

These accounting standards will become effective for the financial statements for fiscal years beginning on or after 1 January 2009. The management has assessed the effect of these 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. Significant accounting policies

4.1 Revenue recognition

Sales of goods

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

Rendering of services

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

Interest income

Interest income is recognised as interest accrues based on the effective rate method.

Dividend income

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

4.2 Cash and cash equivalents

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

4.3 Trade accounts receivable

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

4.4 Inventories

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

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

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

4.5 Investments

- a) Investments in securities held for trading are stated at fair value. 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.

4.6 Property, plant and equipment/Depreciation

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

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

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

4.7 Borrowing costs

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

4.8 Intangible assets and amortisation

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

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

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

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

4.9 Goodwill

Goodwill is initially measured at cost, which is the excess of the cost of the business combination over the Company's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

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

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

4.10 Related party transactions

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

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

4.11 Long-term leases

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

4.12 Foreign currencies

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

Gains and losses on exchange are included in determining income.

4.13 Impairment of assets

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

model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in the income statement.

4.14 Treasury shares

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

4.15 Income tax

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

4.16 Employee benefits

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

4.17 Provisions

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

5. Significant accounting judgments and estimates

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

Leases

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

Allowance for doubtful accounts

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

Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and longer-term volatility of financial instruments.

Impairment of investments

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

Property plant and equipment/Depreciation

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

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

Goodwill and intangible assets

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

Provision for product warranty

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

6. Related party transactions

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

(Unit: Million Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements	financial statements	financial statements	financial statements	
	2008	2007	2008	2007	
Transactions with subsidiaries					
(eliminated from the consolidated financial statements)					
Sales of goods and services	-	-	74.6	82.7	Cost plus margin 10% - 15%
Purchases of goods and services	-	-	101.3	13.8	Cost plus margin 5% - 10%
Interest income	-	-	79.4	58.8	3.9% - 4.3% p.a. (2007: 4.0% - 6.2% p.a.)
Dividend income	-	-	130.0	110.0	As declared
Interest expense	-	-	17.4	10.4	2% p.a.
Rental income	-	-	2.3	2.0	Close to rental rates for other building in the vicinity
Management fee income	-	-	3.7	5.4	Approximate cost
Service income	-	-	15.9	-	Cost

(Unit: Million Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	2008	2007	2008	2007	
Transactions with associates					
Sales of goods and services	1.5	1.0	0.9	0.8	Cost plus margin
Purchases of goods and services	34.7	39.5	34.6	39.5	Cost plus margin, averaging around 40% (2007: 50%)
Rental income	3.7	-	3.2	-	Close to rental rates for other building in the vicinity
Dividend income	5.8	-	5.8	-	As declared
Other expenses	3.7	-	-	-	Cost
Transactions with related parties					
Purchases of goods and services	338.7	95.8	-	-	Cost plus margin 5% - 10%
Interest expense	1.8	2.7	-	-	4% p.a. (2007: 3% p.a.)
Interest income	2.2	4.2	1.2	1.3	7.5% p.a. (2007: 7.5% - 9.4% p.a.)
Management fee expense	13.6	-	13.3	-	Approximate cost

As at 31 December 2008 and 2007, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Trade accounts receivable - related parties				
<u>Subsidiaries</u>				
AAPICO Amata Company Limited	-	-	7,742,411	13,481,054
AAPICO Hitech Parts Company Limited	-	-	27,427,788	-
AAPICO Jackspeed Company Limited	-	-	370,469	6,244,060
<u>Associate</u>				
Able Sanoh Industries (1996) Company Limited	221,943	187,960	176,673	187,960
<u>Related companies</u>				
Jackspeed Leather Manufacture (Thailand) Co., Ltd.	3,424	492,200	-	-
Jackson Vehicle (Singapore) Pte., Ltd.	29,439	955,178	-	-
J.V. (Thailand) Co., Ltd.	-	60,562	-	-
Mitsuike Kogyo Co., Ltd.	41,302	-	-	-
	296,108	1,695,900	35,717,341	19,913,074

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Advances and short-term loans to related parties				
Advances				
<u>Subsidiaries</u>				
Tenaga Setia Resources SDN. BHD.	-	-	941,661	941,661
AAPICO Amata Company Limited	-	-	13,150	940,000
Able Motors Company Limited	-	-	-	1,685
Kunshan Chaitai-Xincheng Precision Forging Company Limited	-	-	4,445,112	4,445,112
AAPICO Hitech Parts Company Limited	-	-	2,407,266	4,018,856
AAPICO Hitech Tooling Company Limited	-	-	19,096,067	1,038,583
AAPICO ITS Company Limited	-	-	110,329	755,130
AAPICO Mitsuike (Thailand) Company Limited	-	-	1,601,028	165,100
A Maction Company Limited	-	-	-	27,255
AAPICO Jackspeed Company Limited	-	-	5,116,954	6,958,964
AAPICO Forging Public Company Limited	-	-	13,150	462,081
AAPICO Plastics Public Company Limited	-	-	4,354,788	-
AAPICO Investment Pte., Limited	-	-	8,138,963	8,138,963
<u>Associates</u>				
Able Sanoh Industries (1996) Company Limited	17,664	2,563,611	3,849	2,463,680
Katsuya International Pte., Limited	94,622	-	-	-
MINTH AAPICO (Thailand) Company Limited	2,043	-	2,043	-
<u>Related companies</u>				
Jackson Vehicle (Singapore) Pte., Ltd.	-	30,939	-	-
J.V. (Thailand) Company Limited	207,787	199,322	-	-
	322,116	2,793,872	46,244,360	30,357,070
Short-term loans and interest receivable				
<u>Subsidiaries</u>	-	-	150,517,672	317,255,326
<u>Associates</u>	9,082,763	8,838,310	-	-
<u>Related companies</u>	45,001,876	59,342,624	6,293,014	17,213,082
	54,084,639	68,180,934	156,810,686	334,468,408
	54,406,755	70,974,806	203,055,046	364,825,478
Dividend receivable from related party				
<u>Associate</u>				
Able Sanoh Industries (1996) Company Limited	5,799,384	13,585,594	5,799,384	13,585,594
Share subscription receivable - related parties				
<u>Related companies</u>				
Maction Technology Company Limited	2,500,000	2,500,000	-	-
Mitsuike Kogyo Company Limited	-	4,042,500	-	-
	2,500,000	6,542,500	-	-

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Long-term loans to related parties				
<u>Subsidiaries</u>				
New Era Sales Company Limited	-	-	266,000,000	265,800,000
Able Motors Company Limited	-	-	25,000,000	30,000,000
AAPICO Forging Public Company Limited	-	-	1,133,999,000	514,312,333
AAPICO Hitech Parts Company Limited	-	-	567,500,000	568,700,000
AAPICO Hitech Tooling Company Limited	-	-	22,889,198	28,950,000
Kunshan Chaitai-Xincheng Precision Forging Company Limited	-	-	9,745,428	-
AAPICO ITS Company Limited	-	-	120,000,000	-
<u>Related company</u>				
Yamakawa Dies Manufacturing R&D Company Limited	9,500,000	-	9,500,000	-
	9,500,000	-	2,154,633,626	1,407,762,333
Deposit for purchase of assets - related party				
<u>Related company</u>				
Sojitz Corporation Limited	17,269,929	-	-	-
Trade accounts payable - related parties				
<u>Subsidiaries</u>				
AAPICO Plastics Public Company Limited	-	-	23,593	271,976
AAPICO Hitech Tooling Company Limited	-	-	91,287,727	-
AAPICO Hitech Parts Company Limited	-	-	1,338,234	-
<u>Associates</u>				
Able Sanoh Industries (1996) Company Limited	4,295,662	6,705,093	4,295,662	6,705,093
New Era Sales (M) SDN. BHD.	-	490,836	-	-
<u>Related companies</u>				
Jackson Vehicle (Singapore) Pte., Limited	-	2,633	-	-
Metal One (Thailand) Company Limited	108,066,690	51,648,582	-	-
J.V. (Thailand) Company Limited	-	2,596,052	-	-
Jackspeed Leather Manufacture (Thailand) Company Limited	1,603	1,886,000	-	-
Thai Mekki Limited Partnership	6,946,592	-	-	-
	119,310,547	63,329,196	96,945,216	6,977,069
Other payable - related parties				
<u>Associate</u>				
MINTH AAPICO (Thailand) Company Limited	29,160,000	-	29,160,000	-
<u>Related company</u>				
SAIT Company Limited	2,600,000	-	2,600,000	-
	31,760,000	-	31,760,000	-

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Advances and short-term loans from related parties				
Advances				
<u>Subsidiaries</u>				
AAPICO Amata Company Limited	-	-	26,223	14,412,793
New Era Sales Company Limited	-	-	286,663	177,236
Tenaga Setia Resources SDN. BHD.	-	-	340,662	340,662
AAPICO Hitech Parts Company Limited	-	-	-	1,220,489
AAPICO Hitech Tooling Company Limited	-	-	157,168	2,317,382
Able Motors Company Limited	-	-	34,464	17,928
<u>Associate</u>				
Jackspeed Corporation Limited	35,309	32,585	-	-
<u>Related company</u>				
Jackson Vehicle (Singapore) Pte., Limited	-	334,382	-	-
	35,309	366,967	845,180	18,486,490
Short-term loans and interest payable				
Subsidiary	-	-	822,593,364	529,792,029
Associate	24,482,577	7,586,113	-	-
Related companies	16,115,275	94,705,500	-	-
	40,597,852	102,291,613	822,593,364	529,792,029
	40,633,161	102,658,580	823,438,544	548,278,519
Share subscription payable - related parties				
<u>Subsidiaries</u>				
AAPICO Structural Products Company Limited	-	-	100,000,000	-
AAPICO Mitsuike (Thailand) Company Limited	-	-	4,207,500	4,207,500
	-	-	104,207,500	4,207,500

During 2008, movements of loans to related parties and loans from related parties were as follows: -

Consolidated financial statements

(Unit: Baht)

	During the year				Balance as at 31 December 2008
	Balance as at 1 January 2008	Increase	Decrease	Unrealised gain (loss) on exchange	
<u>Short-term loans to and interest receivable from related parties</u>					
Associate					
Katsuya International Pte., Limited	8,838,310	-	-	244,453	9,082,763
Related companies					
Protech Link Technology Incorporation Limited	27,029,542	1,001,839	-	(795,135)	27,236,246
Yamakawa Dies Manufacturing R&D Company Limited	17,213,082	79,932	(11,000,000)	-	6,293,014
Thai Mekki Limited Partnership	15,100,000	72,616	(3,700,000)	-	11,472,616
Total	68,180,934	1,154,387	(14,700,000)	(550,682)	54,084,639
<u>Long-term loans to related party</u>					
Related company					
Yamakawa Dies Manufacturing R&D Company Limited	-	9,500,000	-	-	9,500,000
<u>Short-term loans from and interest payable to related parties</u>					
Associate					
Katsuya International Pte., Limited	7,586,113	16,896,464	-	-	24,482,577
Related companies					
Coryor Surface Treatment Company Limited	-	1,229,480	-	-	1,229,480
J.V. (Thailand) Company Limited	3,000,000	-	(3,000,000)	-	-
Metal One (Thailand) Company Limited	91,705,500	1,797,427	(80,024,732)	-	13,478,195
Jackspeed Leather Manufacture (Thailand) Company Limited	-	1,407,600	-	-	1,407,600
Total	102,291,613	21,330,971	(83,024,732)	-	40,597,852

Separate financial statements

(Unit: Baht)

	During the year				Balance as at 31 December 2008
	Balance as at 1 January 2008			Unrealised gain (loss) on exchange	
		Increase	Decrease		
<u>Short-term loans to and interest receivable from related parties</u>					
Subsidiaries					
New Era Sales Company Limited	12,589,528	23,585,074	(18,800,000)	-	17,374,602
Able Motors Company Limited	6,071,784	8,838,404	(7,500,000)	-	7,410,188
Kunshan Chaitai-Xincheng Precision Forging Company Limited	10,600,306	440,775	(9,745,428)	323,540	1,619,193
AAPICO Hitech Parts Company Limited	67,628,199	194,549,793	(176,830,000)	-	85,347,992
AAPICO Hitech Tooling Company Limited	7,121,533	89,139,198	(89,854,601)	-	6,406,130
AAPICO Forging Public Company Limited	33,764,807	303,328,934	(306,500,000)	-	30,593,741
AAPICO Plastics Public Company Limited	179,479,169	182,747,723	(361,689,889)	-	537,003
AAPICO ITS Company Limited	-	1,228,823	-	-	1,228,823
Related company					
Yamakawa Dies Manufacturing R&D Company Limited	17,213,082	79,932	(11,000,000)	-	6,293,014
Total	334,468,408	803,938,656	(981,919,918)	323,540	156,810,686
<u>Long-term loans to related parties</u>					
Subsidiaries					
New Era Sales Company Limited	265,800,000	200,000	-	-	266,000,000
Able Motors Company Limited	30,000,000	-	(5,000,000)	-	25,000,000
AAPICO Forging Public Company Limited	514,312,333	619,686,667	-	-	1,133,999,000
AAPICO Hitech Parts Company Limited	568,700,000	-	(1,200,000)	-	567,500,000
AAPICO Hitech Tooling Company Limited	28,950,000	-	(6,060,802)	-	22,889,198
Kunshan Chaitai-Xincheng Precision Forging Company Limited	-	9,745,428	-	-	9,745,428
AAPICO ITS Company Limited	-	120,000,000	-	-	120,000,000
Related company					
Yamakawa Dies Manufacturing R&D Company Limited	-	9,500,000	-	-	9,500,000
Total	1,407,762,333	759,132,095	(12,260,802)	-	2,154,633,626
<u>Short-term loans from and interest payable to related party</u>					
Subsidiary					
AAPICO Amata Company Limited	529,792,029	780,801,335	(488,000,000)	-	822,593,364

Directors and management's remuneration

In 2008 and 2007 the Group paid salaries, bonus and meeting allowance to their directors and management totaling Baht 60.8 million and Baht 50.3 million (Separate financial statements: Baht 26.7 million and Baht 19.6 million), respectively.

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 32.4.

7. Trade accounts receivable

The balances of trade accounts receivable as at 31 December 2008 and 2007, aged on the basis of due dates, are summarised below: -

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Age of receivables				
Trade accounts receivable - related parties				
Not yet due and past due				
not over 3 months	296,108	1,316,413	7,450,173	16,887,692
Past due 3 - 12 months	-	379,487	26,876,168	-
Past due more than 12 months	-	-	1,391,000	3,025,382
Total	296,108	1,695,900	35,717,341	19,913,074
Trade accounts receivable - unrelated parties				
Not yet due and past due				
not over 3 months	1,093,715,336	1,450,717,541	171,124,297	254,137,412
Past due 3 - 12 months	13,043,735	40,540,141	283,375	3,689,596
Past due more than 12 months	43,643,895	8,439,597	1,628,937	1,800,913
Total	1,150,402,966	1,499,697,279	173,036,609	259,627,921
Less: Allowance for doubtful accounts	(26,672,092)	(27,847,110)	(1,769,706)	(4,018,348)
	1,123,730,874	1,471,850,169	171,266,903	255,609,573
Total trade accounts receivable - net	1,124,026,982	1,473,546,069	206,984,244	275,522,647

As at 31 December 2008, rights of claim over trade accounts receivable of the subsidiary of Baht 4.7 million (2007: Baht 4.0 million) have been transferred to a company as collateral to secure the loan facilities granted by that company under financial lease agreements.

8. Inventories

(Unit: Baht)

	Consolidated financial statements							
	Allowance of diminution in value of inventories							
	Reduction of cost to net							
	Cost		realisable value		Stock obsolescence		Inventories-net	
2008	2007	2008	2007	2008	2007	2008	2007	
Finished goods	269,538,678	240,920,334	(1,299,561)	(835,798)	(34,541,818)	(28,238,472)	233,697,299	211,846,064
Raw materials	207,364,760	227,965,233	(72,312)	-	(14,371,835)	(11,964,911)	192,920,613	216,000,322
Work in process	288,604,683	243,208,838	(1,507,305)	(8,556,404)	(19,837,943)	(11,003,508)	267,259,435	223,648,926
Spare parts and supplies	91,057,737	93,358,603	-	-	(28,516,786)	(15,026,174)	62,540,951	78,332,429
Goods in transit	-	1,655,735	-	-	-	-	-	1,655,735
Total	856,565,858	807,108,743	(2,879,178)	(9,392,202)	(97,268,382)	(66,233,065)	756,418,298	731,483,476

(Unit: Baht)

	Separate financial statements							
	Allowance of diminution in value of inventories							
	Reduction of cost to net							
	Cost		realisable value		Stock obsolescence		Inventories-net	
2008	2007	2008	2007	2008	2007	2008	2007	
Finished goods	41,905,963	63,584,761	(400,000)	-	(3,652,213)	(7,653,652)	37,853,750	55,931,109
Raw materials	57,144,975	56,034,102	-	-	-	(2,510,767)	57,144,975	53,523,335
Work in process	120,037,909	74,944,469	-	-	-	-	120,037,909	74,944,469
Spare parts and supplies	10,164,148	7,773,877	-	-	-	-	10,164,148	7,773,877
Total	229,252,995	202,337,209	(400,000)	-	(3,652,213)	(10,164,419)	225,200,782	192,172,790

9. Restricted bank deposits

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

10. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2008	2007	2008 (%)	2007 (%)	2008	2007	2008	2007
New Era Sales Co., Ltd.	Baht 20 million	Baht 20 million	100	100	20,000	20,000	-	-
AAPICO Amata Co., Ltd.	Baht 800 million	Baht 800 million	100	100	1,164,139	1,164,139	130,000	110,000
Able Motors Co., Ltd.	Baht 20 million	Baht 20 million	100	100	19,999	19,999	-	-
AAPICO Engineering Co., Ltd.	Baht 10 million	Baht 10 million	100	100	10,000	10,000	-	-
Tenaga Setia Resources SDN. BHD.	RM 6 million	RM 6 million	49	49	31,393	31,393	-	-
Kunshan Chaitai-Xincheng Precision Forging Co., Ltd.	USD 2.3 million	USD 2.3 million	100	100	125,592	125,592	-	-
AAPICO ITS Co., Ltd.	Baht 100 million	Baht 100 million	60	60	62,175	62,175	-	-
AAPICO Hitech Parts Co., Ltd.	Baht 120 million	Baht 120 million	100	100	120,000	120,000	-	-
AAPICO Hitech Tooling Co., Ltd.	Baht 65 million	Baht 65 million	100	100	65,000	65,000	-	-
AAPICO Shanghai Co., Ltd.	USD 2 million	USD 2 million	100	100	80,682	80,682	-	-
AAPICO Investment Pte. Ltd.	SGD 6.97 million	SGD 6.97 million	100	100	167,950	167,950	-	-
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	100	1,823,907	1,823,889	-	-
AAPICO Structural Products Co., Ltd.	Baht 100 million	-	100	-	100,000	-	-	-
Total					3,810,720	3,710,702	130,000	110,000
Less: Allowance for impairment					(146,046)	(16,446)		
Net					3,664,674	3,694,256		

Significant transactions regarding the investments in subsidiary companies during 2008 and 2007 are as follows: -

- a) At the end of 2006, the Company purchased 56.9 million ordinary shares of AAPICO Forging Public Company Limited, accounting for 56.9 percent of issued and paid-up share capital of that company, from the group of former shareholders, at a price of Baht 18 per share, or for a total of Baht 1,024.4 million. Subsequently, during the first half of 2007, the Company submitted notification of a general tender offer for the ordinary shares of AAPICO Forging Public Company Limited to the Securities and Exchange Commission, and the Company purchased a further 43 million shares at a price of Baht 18 per share, for a total price of Baht 780 million. As a result, the Company's shareholding in AAPICO Forging Public Company Limited increased from 56.91 percent to 99.96 percent.
- b) In the fourth quarter of 2007, Tenaga Setia Resources SDN. BHD., a subsidiary, acquired a 100% equity interest in AAPICO Engineering SDN. BHD., a company registered in Malaysia, at a cost of RM 2.

- c) During the second quarter of the current year, the Company and a Japanese company entered into the Joint Venture Agreement to jointly establish a company to manufacture dies and jigs, in which the Company will hold a 60% equity interest. However, as at 31 December 2008, that company has not yet been established.
- d) During the third quarter of the current year, the Company purchased 1,000 ordinary shares of AAPICO Forging Public Company Limited, costing Baht 18,000, from the minority shareholders.
- e) During the fourth quarter of the current year, the Company acquired a 100% equity interest in AAPICO Structural Products Company Limited, a new company registered in Thailand, at a cost of Baht 100 million.
- f) During the fourth quarter of the current year, AAPICO Engineering SDN. BHD., a subsidiary of Tenaga Setia Resources SDN. BHD., increased its share capital by RM 1 million, and Tenaga Setia Resources SDN. BHD. purchased all of this additional capital. Subsequently, Tenaga Setia Resources SDN. BHD. disposed of some of its investments in AAPICO Engineering SDN. BHD. to New Era Sales (M) SDN. BHD., an associate of the Company. This resulted in a decrease in the shareholding in this company from 100% to 49%.
- g) AAPICO ITS Company Limited, a subsidiary, registered the change of its name from "Able ITS Company Limited" to "AAPICO ITS Company Limited" with the Ministry of commerce on 29 December 2008.

The financial statements for the year ended 31 December 2008 of five subsidiaries which are included in the consolidated financial statements were audited by other auditors. Their aggregate assets and revenues are as follows: -

(Unit: Million Baht)

	Total assets	Total revenues
Tenaga Setia Resources SDN. BHD.	219	1,226
Kunshan Chaitai-Xincheng Precision Forging Co., Ltd.	276	404
AAPICO Shanghai Co., Ltd.	89	2
AAPICO ITS Co., Ltd.	186	2
AAPICO Hitech Tooling Co., Ltd.	135	7
Total	905	1,641

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

(Unit: Million Baht)

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

The financial statements of AAPICO Engineering Company Limited, AAPICO Investment Pte., Limited, Katsuya (Thailand) Company Limited and AAPICO Mitsuike (Thailand) Company Limited for the year ended 31 December 2008, which are included in the consolidated financial statements for the year, were prepared by the management of those companies and were not audited by their auditors.

The financial statements of AAPICO Engineering Company Limited, AAPICO Hitech Tooling Company Limited, Katsuya (Thailand) Company Limited, AAPICO Investment Pte., 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.

11. Investments in associates

11.1 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	
			2008 (%)	2007 (%)	2008	2007	2008	2007
<u>Investments in associates directly held by the Company</u>								
Able Sanoh Industries (1996) Company Limited	Manufacture and distribution of autoparts	Thailand	46	46	30,700	30,700	198,695	178,833
New Era Sales (M) SDN. BHD.	Automobile dealer in Malaysia	Malaysia	40	40	6,373	6,373	6,667	3,027
Sanoh Industries (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	20	20	29,250	29,250	27,894	26,042
MINTH AAPICO (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	40	-	35,700	-	35,120	-
					102,023	66,323	268,376	207,902
<u>Investments in associates directly held by subsidiaries</u>								
Jackspeed Corporation Limited	Manufacture and distribution of car accessories	Singapore	20	20	162,036	162,036	166,243	153,869
Katsuya International Pte., Limited	Investment in other companies in Singapore	Singapore	30	30	7,218	7,218	-	3,338
Hyundai Motor (Thailand) Company Limited	Manufacture and distribution of autoparts	Thailand	30	-	120,000	-	100,959	-
					289,254	169,254	267,202	157,207
Total					391,277	235,577	535,578	365,109

(Unit: Thousand Baht)

Company's name	Separate financial statements							
	Shareholding percentage		Cost		Provision for impairment of investments		Carrying amounts based on cost method - net	
	2008 (%)	2007 (%)	2008	2007	2008	2007	2008	2007
<u>Investments in associates 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
Sanoh Industries (Thailand) Company Limited	20	20	29,250	29,250	(5,982)	(5,982)	23,268	23,268
MINTH AAPICO (Thailand) Company Limited	40	-	35,700	-	-	-	35,700	-
Total			102,023	66,323	(11,637)	(11,637)	90,386	54,686

11.2 Share of income/loss and dividend income

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

(Unit: Thousand Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Share of income (loss) from investments in associates			
	during the year		Dividend income during the year	
	2008	2007	2008	2007
<u>Investments in associates directly held by the Company</u>				
Able Sanoh Industries (1996) Company Limited	25,661	29,713	5,799	7,034
New Era Sales (M) SDN. BHD.	2,081	2,289	-	-
Fisher-AAPICO Company Limited	-	(565)	-	-
Sanoh Industries (Thailand) Company Limited	1,852	2,774	-	-
MINTH AAPICO (Thailand) Company Limited	(580)	-	-	-
<u>Investments in associates directly held by subsidiaries</u>				
Jackspeed Corporation Limited	6,379	6,175	3,580	5,957
Katsuya International Pte., Limited	(4,221)	(2,299)	-	-
Hyundai Motor (Thailand) Company Limited	(19,041)	-	-	-
Total	12,131	38,087	9,379	12,991

11.3 Fair value investments in listed associate

In respect of investments in associated company that are listed company on the Stock Exchange of Singapore, its fair values are as follows:

(Unit: Million Baht)

Company's name	Fair values as at 31 December	
	2008	2007
Jackspeed Corporation Limited	81.1	182.2

11.4 Summarised financial information of associates

Financial information of the associates is summarised belows:

(Unit: Million Baht)

Company's name	Paid-up capital as		Total assets as		Total liabilities as		Total revenues		Net income (loss)	
	at 31 December		at 31 December		at 31 December		for the years		for the years	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
<u>Investments in associates directly held by the Company</u>										
Able Sanoh Industries (1996) Company Limited	117.7	117.7	639.8	654.7	204.4	262.7	1,202.8	1,164.1	58.1	65.5
New Era Sales (M) SDN. BHD.	RM 1.5 million	RM 1.5 million	51.3	40.1	38.6	32.5	511.5	457.2	5.2	5.7
Sanoh Industries (Thailand) Company Limited	146.3	146.3	241.5	231.7	102.1	101.5	283.6	265.4	9.2	14.4
MINTH AAPICO (Thailand) Company Limited	89.3	-	95.7	-	7.2	-	1.9	-	(1.4)	-
<u>Investments in associates directly held by subsidiaries</u>										
Katsuya International Pte., Limited	SGD 1 million	SGD 1 million	13.2	25.6	35.0	14.6	-	0.1	(36.4)	(8.0)
Hyundai Motor (Thailand) Company Limited	400.0	-	842.1	-	767.2	-	934.7	-	(109.7)	-
<u>Investments in associate directly held by subsidiary</u>										
Jackspeed Corporation Limited	SGD 24.1 million	SGD 24.1 million	1,032.0	994.1	262.8	252.1	519.3	510.0	(9.6)	36.9

11.5 Investment in associates with capital deficit

The Company recognised share of losses from investment in one associate, as listed below, until the value of the investments approached zero. Subsequent losses incurred by this associate have not been recognised in the Company's accounts since the Company has no obligations, whether legal or constructive, to make any payments on behalf of this associate. The amount of such unrecognised share of losses is set out below.

(Unit: Million Baht)

Company's name	Unrecognised share of losses	
	Share of losses for the year ended 31 December 2008	Cumulative share of losses up to 31 December 2008
Katsuya International Pte. Limited	6.4	6.6

Significant transactions regarding the investments in associates during 2008 and 2007 are as follows: -

- a) 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.
- b) 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.
- c) 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.
- d) In January 2008, the Company entered into a Joint Venture Agreement with SINOONE Holdings Limited and MINTH Group Limited to jointly establish a new company in the name of "MINTH AAPICO (Thailand) Co., Ltd.", in which the Company acquired a 40% interest. That company has been established in May 2008.
- e) In September 2008, AAPICO ITS Company Limited, a subsidiary company, acquired a 30% equity interest in Hyundai Motor (Thailand) Company Limited, a company registered in Thailand, at cost of Baht 120 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 2008 and 2007 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 associate for the years ended 31 December 2008 and 2007, as included in the consolidated statements of income, was recorded based on unaudited/unreviewed financial statements for the six-month periods ended 31 August 2008 and 2007, respectively. 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 Sanoh Industries (Thailand) Company Limited, Katsuya International Pte. Limited, MINTH AAPICO (Thailand) Company Limited and Hyundai Motor (Thailand) Company Limited for the year ended 31 December 2008 were determined based on the unaudited financial statements of those companies.

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

12. Other long-term investment

(Unit: Baht)

	Consolidated financial statements			
	2008		2007	
	Cost	Fair value	Cost	Fair value
Available-for-sale securities				
Domestic marketable equity securities	37,321,000	35,571,000	40,000,000	42,150,000
Adjust: Allowance for change in value	(1,750,000)		2,150,000	
Net	35,571,000		42,150,000	

13. Goodwill

(Unit: Million Baht)

	Balance as at	
	31 December 2008	31 December 2007
Goodwill from purchase of subsidiaries:		
AAPICO Amata Company Limited	230	230
AAPICO Forging Public Company Limited	1,152	1,152
Other companies	12	12
Total	1,394	1,394
Less: Allowance for impairment	(107)	-
Net	1,287	1,394

As at 31 December 2008, the Company has examined, estimated and adjusted the fair value of the majority of the net assets of AAPICO Forging Public Company Limited, and the Company is negotiating with the former major shareholders with respect to claims made under the clause of representation and warranty of the share purchase agreement, to recover the adjusted value of the subsidiary's net assets.

The global economic crisis in the third and fourth quarters of 2008 had an extensive impact on all business sectors, including the automotive and related industries, and there are a number of uncertainties. The crisis has had a negative impact on the value of goodwill in subsidiaries recorded in the financial statements, and the Company has therefore set up provision for impairment of goodwill of AAPICO Forging Public Company Limited of Baht 100 million. This amount was estimated by the management of the Company based on discounted cash flow projections of the subsidiary prepared under current circumstances, using a pre-tax discount rate of 9.86% p.a., and financial parameters provided by third parties, with a growth scenario based on a global automotive analyst's report. However, actual results may differ from these estimates depending on the further progress of the global economic crisis and the future economic environment.

14. Property, plant and equipment

(Unit: Baht)

	Consolidated financial statements					
		Building and Building Improvements	Machinery and factory equipment	Motor vehicles and office equipment	Building under construction, machinery and factory equipment under production /installation	Total
	Land					
Cost						
31 December 2007	476,409,430	1,281,156,411	5,120,716,362	173,466,550	275,584,663	7,327,333,416
Acquisitions	-	3,496,460	75,885,766	27,955,363	924,077,592	1,031,415,181
Disposals/Write-off	-	-	(31,546,360)	(11,228,087)	-	(42,774,447)
Transfer in (out)	-	1,349,718	257,261,268	(1,719,173)	(226,500,845)	30,390,968
Capitalised interest	-	-	-	-	2,332,323	2,332,323
Translation adjustment	-	3,559,767	20,514,345	1,148,553	-	25,222,665
31 December 2008	476,409,430	1,289,562,356	5,442,831,381	189,623,206	975,493,733	8,373,920,106
Accumulated depreciation						
31 December 2007	-	343,902,420	2,994,312,959	108,551,693	-	3,446,767,072
Depreciation for the year	-	47,937,776	325,976,604	24,661,447	-	398,575,827
Depreciation on disposals/write-off	-	-	(14,262,724)	(5,061,133)	-	(19,323,857)
Translation adjustment	-	1,778,733	9,557,971	786,896	-	12,123,600
31 December 2008	-	393,618,929	3,315,584,810	128,938,903	-	3,838,142,642
Allowance for impairment loss						
31 December 2007	-	-	-	-	-	-
Increase during the year	-	-	4,539,880	-	-	4,539,880
31 December 2008	-	-	4,539,880	-	-	4,539,880
Net book value						
31 December 2007	476,409,430	937,253,991	2,126,403,403	64,914,857	275,584,663	3,880,566,344
31 December 2008	476,409,430	895,943,427	2,122,706,691	60,684,303	975,493,733	4,531,237,584
Depreciation for the years						
2007						648,395,050
2008						398,575,827

(Unit: Baht)

	Separate financial statements					Total
	Land	Building and Improvements	Machinery and factory equipment	Motor vehicles and office equipment	Building under construction, machinery and factory equipment under production /installation	
Cost						
31 December 2007	85,150,153	171,189,827	471,349,681	49,533,292	13,164,411	790,387,364
Acquisitions	-	501,300	16,801,724	6,163,205	192,509,316	215,975,545
Disposals/write-off	-	-	(16,621,452)	(525,223)	-	(17,146,675)
Transfer in (out)	-	-	1,666,328	-	(8,601,393)	(6,935,065)
Capitalised interest	-	-	-	-	783,330	783,330
31 December 2008	85,150,153	171,691,127	473,196,281	55,171,274	197,855,664	983,064,499
Accumulated depreciation						
31 December 2007	-	83,052,288	263,144,238	35,803,103	-	381,999,629
Depreciation for the year	-	9,426,285	40,075,270	6,745,029	-	56,246,584
Depreciation on disposals/write-off	-	-	(16,550,197)	(525,233)	-	(17,075,430)
31 December 2008	-	92,478,573	286,669,311	42,022,899	-	421,170,783
Net book value						
31 December 2007	85,150,153	88,137,539	208,205,443	13,730,189	13,164,411	408,387,735
31 December 2008	85,150,153	79,212,554	186,526,970	13,148,375	197,855,664	561,893,716
Depreciation for the years						
2007						55,446,342
2008						56,246,584

As at 31 December 2008, the Group had an outstanding balances of work under construction for new plants of approximately Baht 472 million. Construction of the project has been financed with loans from banks and borrowing costs totaling approximately Baht 2.3 million were capitalised during the year ended 31 December 2008. The weighted average rate used to determine the amount of borrowing costs eligible for capitalisation was 3.6%.

As at 31 December 2008, the Group had machinery, motor vehicles and equipment under finance lease agreements with net book values amounting to Baht 40.7 million.

As at 31 December 2008 and 2007, 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 2,259 million and Baht 651 million, respectively (Separate financial statements: Baht 131 million and Baht 105 million, respectively).

Three subsidiaries have mortgaged land with structures thereon, certain machinery and certain factory equipment with a total net book value as at 31 December 2008 of Baht 385 million (2007: Baht 385 million) as collateral for short-term credit facilities granted by banks.

15. Leasehold right

(Unit: Baht)

	Consolidated financial statements	
	2008	2007
Cost	142,409,533	22,900,000
Accumulated amortisation	(11,435,069)	(6,623,648)
Net book value	130,974,464	16,276,352
Amortisation expenses included in the income statements for the year	4,811,421	2,373,206

Subsidiaries have pledged their land leasehold right with a net book value as at 31 December 2008 of Baht 124 million (2007: Baht 3.5 million) as collateral for credit facilities granted by banks.

16. Intangible assets

Details of intangible assets are as follows:

(Unit: Baht)

	Consolidated financial statements			
	Net book value as at 31 December 2007	Acquisition	Amortisation	Net book value as at 31 December 2008
	Computer software	51,253,786	14,895,604	(6,221,549)
Cost of product development	38,458,027	3,739,000	(2,428,400)	39,768,627
Total	89,711,813	18,634,604	(8,649,949)	99,696,468

(Unit: Baht)

	Separate financial statements			
	Net book value as at 31 December 2007	Acquisition	Amortisation	Net book value as at 31 December 2008
	Computer software	42,478,118	2,855,731	(5,345,782)

17. Bank overdrafts and short-term loans from banks

(Unit: Baht)

	Interest rate (percent per annum)	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
Bank overdrafts	MOR, 8.25%	47,518,220	15,638,826	-	-
Short-term loan from banks	3.85% - 6.1%	1,032,823,200	1,582,870,237	862,000,000	1,400,000,000
Total		1,080,341,420	1,598,509,063	862,000,000	1,400,000,000

Bank overdrafts and short-term loans from banks are secured by the mortgage of certain land and building thereon of the Group, the pledge of land leasehold of a subsidiary, certain machinery and factory equipment of the Group, 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)

Loan	Interest rate (%)	Repayment schedule	Consolidated financial statements		Separate financial statements	
			2008	2007	2008	2007
1	THBFIX+0.65%	Repayable in quarterly installments of Baht 75 million each from December 2008 to September 2012	1,125,000,000	1,200,000,000	1,125,000,000	1,200,000,000
2	Interest rates 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	6,554,392	17,798,354	-	-
3	THBFIX+0.4%	Repayable in 36 monthly installments, with the first of these due in July 2008.	290,000,000	-	290,000,000	-
4	THBFIX+2.25%	Repayable in 60 monthly installments, with the first of these due in December 2008.	393,300,000	-	393,300,000	-
5	Interest rates based on the interest rates announced by bank in Malaysia, minus 1.5%	Repayable in 180 monthly installments, with the first of these due in March 2008.	87,153,952	-	-	-
Total			1,902,008,344	1,217,798,354	1,808,300,000	1,200,000,000
Less: Current portion			(559,213,202)	(86,865,694)	(548,400,000)	(75,000,000)
Long-term loans - net			1,342,795,142	1,130,932,660	1,259,900,000	1,125,000,000

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

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

19. Liabilities under finance lease agreements

(Unit: Baht)

	Consolidated financial statements	
	2008	2007
Liabilities under finance lease agreements	12,421,505	23,748,378
Less : Deferred interest expenses	(682,170)	(2,035,559)
Total	11,739,335	21,712,819
Less : Portion due within one year	(9,138,130)	(9,969,085)
Liabilities under finance lease agreements - net of current portion	2,601,205	11,743,734

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

As at 31 December 2008, Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Million Baht)

	Less than 1 year	1-5 years	Total
Future minimum lease payments	9.70	2.72	12.42
Deferred interest expenses	(0.56)	(0.12)	(0.68)
Present value of future minimum lease payments	9.14	2.60	11.74

20. Short-term loans from directors

These represent loans amounting to Baht 17 million from the directors of subsidiary company, carries interest at rate of 3.5 percent per annum and due at call.

21. Treasury shares

As at 31 December 2008 and 2007, details of treasury shares are as follows: -

	Consolidated and separate financial statements
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.

22. 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.

23. Preferred shares

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

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

24. Dividends

(Unit: Baht)

	Approved by	Total dividends	Dividend per share
Dividends for the year 2007	Annual General Meeting of the Shareholders on 28 April 2008	64,528,968	0.23
Interim dividends for 2008	Board of Directors' meeting on 14 August 2008	77,960,033	0.29
Total		142,489,001	0.52
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

25. 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.

26. 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.

27. Other income

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Scrap sales	326,497,724	194,837,697	68,192,655	46,851,440
Interest income	4,880,086	8,304,423	82,746,899	60,406,498
Reversal of allowance for diminution in value of inventories	-	39,182,349	-	-
Others	107,777,367	120,315,881	21,114,065	32,858,471
Total	439,155,177	362,640,350	172,053,619	140,116,409

28. Expenses by nature

Significant expenses by nature are as follow:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Salary and wages and other employee benefits	788,286,270	720,735,548	182,751,044	192,343,295
Depreciation	398,575,827	648,395,050	56,246,584	55,446,342
Loss on impairment of machinery and equipment	4,539,880	-	-	-
Amortisation expenses	13,461,370	10,556,307	5,345,781	4,079,405
Warranty provisions	(2,828,711)	8,649,967	-	-
Rental expenses	52,950,094	48,997,031	4,129,905	4,031,830
Raw materials and consumables used	3,438,100,121	3,115,546,792	965,150,248	921,113,056
Changes in finished goods and work in progress	(74,014,189)	78,234,464	(23,414,642)	21,598,182

29. Promotional privileges

The Company has received promotional privileges from the Board of Investment for the manufacture of stamping parts, pursuant to the promotion certificate No. 1470(2)/2546 issued on 4 September 2003. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 7 years from the date the promoted activity commenced generating revenues (5 August 2004) and exemption from income tax on dividends paid from the profit of the operations throughout the period in which the corporate income tax is exempted.

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

(Unit: Baht)

	Separate financial statements					
	2008			2007		
	Promoted operations	Non-promoted operations	Total	Promoted operations	Non-promoted operations	Total
Sales and service income						
Domestic	216,357,034	1,286,691,233	1,503,048,267	184,591,471	1,303,997,263	1,488,588,734
Export	-	262,965,083	262,965,083	-	161,287,360	161,287,360
Total	216,357,034	1,549,656,316	1,766,013,350	184,591,471	1,465,284,623	1,649,876,094

The seven 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
AAPICO Amata Company Limited Manufacture of frame components for automobiles	28 April 2002	-
AAPICO Hitech Parts Company Limited Manufacture of stamping parts	16 November 2006	-
AAPICO Hitech Tooling Company Limited Manufacture of autoparts	-	Not yet utilised
AAPICO ITS Company Limited Manufacture of car navigation system	-	25 March 2005
AAPICO Jackspeed Company Limited Manufacture of metal parts	20 March 2007	Not yet utilised
AAPICO Plastics Public Company Limited Manufacture of plastic fuel tank	-	Not yet utilised
A Maction Company Limited Development of software	-	Not yet utilised

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.

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

31. Provident fund

The Company and some subsidiaries and their employees have jointly established provident funds in accordance with the Provident Fund Act B.E. 2530. Both employees and the Group contribute to the funds monthly at rates of 2%-4% of basic salary. The funds will be paid to employees upon termination in accordance with the fund rules. During the year 2008, the Group contributed Baht 6 million (2007: Baht 10 million) to the funds.

32. Commitment and contingent liabilities

32.1 Capital commitments

- a) As at 31 December 2008, the Group had capital commitments of approximately Baht 299.1 million, USD 0.2 million and Yen 571.2 million relating to the construction of factory buildings, acquisition of machinery and raw materials.

- b) As at 31 December 2008, the Group had outstanding commitment of Baht 53.3 million in respect of uncalled portion of investments in its subsidiaries.

32.2 Operating lease and service commitments

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

As at 31 December 2008, future minimum lease and service payments required under these operating leases and service contracts were as follows.

Payable within:	Million Baht	Million RM
Less than 1 year	17.2	0.2
1 to 5 years	22.5	0.1
More than 5 years	15.0	-

32.3 Long-term service commitments

The Company and a subsidiary have entered into the technical assistance agreements with the Japanese companies, under which they have to pay license fees at a rate as stipulated in the agreements, on sales of certain products. The agreements are effective until 2008 and 2013. 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 service agreements with the companies, under which they have to pay fees at a certain rate, as stipulated in the agreements, on sales of particular products to the customers of the Company. This agreement is effective until the Company finishes the project for the customers. The fees for year 2008 amounted to approximately Baht 21 million (2007: Baht 15 million).

32.4 Guarantee

- a) As at 31 December 2008, the Company had guaranteed bank credit facilities of its subsidiary companies amounting to Baht 17 million, USD 1 million and RMB 8 million.
- b) As at 31 December 2008, there were outstanding bank guarantees of approximately Baht 51.2 million and Euro 0.1 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 Euro 0.1 million to guarantee payments due to creditors, Baht 36.4 million to guarantee contractual performance and Baht 14.8 million to guarantee electricity use, among others.

33. 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 2008 and 2007 of the Group by segment.

(Unit: Million Baht)

	Manufacture of automobiles assembly tools and parts segment		Sales of automobiles and the provision of automobiles repair service segment		Elimination of inter-segment revenue		Consolidation	
	2008	2007	2008	2007	2008	2007	2008	2007
Revenues from external customers	7,144	7,289	1,932	2,006	-	-	9,077	9,295
Intersegment revenues	395	237	4	-	(399)	(237)	-	-
Total revenues	7,539	7,526	1,936	2,006	(399)	(237)	9,077	9,295
Segment income	534	620	139	141	(9)	(75)	664	686
Unallocated income and expenses:								
Exchange gain (loss)							(15)	1
Other income							439	363
Selling expenses							(109)	(109)
Administrative expense							(509)	(444)
Loss on impairment of investments							(107)	-
Loss on impairment of assets							(5)	-
Share of income of associates							12	38
Finance cost							(121)	(170)
Corporate income tax							(20)	(18)
Minority interest							12	3
Net income							241	350

(Unit: Million Baht)

	Manufacture of automobiles assembly tools and parts segment		Sales of automobiles and the provision of automobiles repair service segment		Elimination of inter-segment revenue		Consolidation	
	2008	2007	2008	2007	2008	2007	2008	2007
Property, plant and equipment	4,001	3,423	211	213	319	245	4,531	3,881
Other assets	7,768	6,890	381	368	(3,418)	(2,161)	4,731	5,097
Total assets	11,769	10,313	592	581	(3,099)	(1,916)	9,262	8,978

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

34. Financial instruments

34.1 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 is exposed to concentrations of credit risk with respect to trade receivable because it has only main customer.

Interest rate risk

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

As at 31 December 2008, the Company has outstanding interest rate swap agreements with the banks to swap a rate of THBFIX plus 0.65% p.a. to fixed rate of 4.77% p.a. for loans amounting to Baht 1,125 million and to swap a rate of THBFIX plus 0.4% p.a. to fixed rate of 3.76% p.a. for loans amounting to Baht 290 million.

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 2008, the Group had outstanding forward foreign exchange contracts for the purchase of Euro 0.4 million at the rate of Baht 48.30 - 48.36 per Euro 1.

34.2 Fair values of financial instruments

As at 31 December 2008, the Company had unrealised loss from change in the fair value of interest rate swap agreements of approximately Baht 52 million.

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

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

35. Capital management

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

According to the balance sheet as at 31 December 2008, the Group's debt-to-equity ratio was 1.05:1 (2007: 1.04:1) and the Company was 1.29:1 (2007: 1.08:1).

36. Reclassification

Certain amounts in the financial statements for the year ended 31 December 2007 have been reclassified to conform to the current year's classification but with no effect to previously reported net income or shareholders' equity. The significant reclassifications are as follow:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Property, plant and equipment	3,880,566,344	3,930,467,091	-	-
Leasehold right	16,276,352	12,706,867	-	-
Non-operating assets	46,331,262	-	-	-
Intangible assets	89,711,813	-	-	-
Other non-current assets	175,170,061	213,628,088	-	-

37. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 2 March 2009.

General Information

AAPICO Hitech Public Company Limited

Ayuthaya Plant - Address (Head Office & Factory 1)	:	99 Moo 1, Hitech Industrial Estate, Tambol Ban Lane, Amphur Bangpa-in, Ayuthaya 13160
Rayong Plant - Address (Factory 2)	:	7/289 Moo 6, Amata City Industrial Estate, Tambol Mabyangporn, Amphur Pluakdaeng, Rayong 21140
Type of Business	:	Design and manufacture of car assembly jigs Design and manufacture of stamping dies Manufacture of OEM auto parts
Telephone Number	:	66 (0) 35 350880
Fax	:	66 (0) 35 350881
Company Registered No.	:	40854500690
Web Site	:	www.aapico.com
E-mail	:	aapico@aapico.com
Registered & Paid up Capital	:	Baht 282,360,000
Total and Type of Shares	:	Common Shares : 240.00 million shares
Preferred Shares	:	42.36 million shares
Par Value	:	Baht 1 per share (One Baht only)

Subsidiary and Associated Companies

1. AAPICO Amata Company Limited

Address	:	700/483 Amata-Nakorn Industrial Estate Moo2, Tambol Ban-Kao, Amphur Panthong, Chonburi 20160
Type of Business	:	Manufacture of Chassis Frame for Isuzu D-Max & GM Colorado pickup trucks
Telephone Number	:	66 (0) 38 717200
Fax	:	66 (0) 38 717187
Registered & Paid up Capital	:	Baht 800 million
Total and Type of Shares	:	8 million ordinary shares
Par Value	:	Baht 100 per share
Holding by AH	:	100%

2. New Era Sales Company Limited

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

3. Able Motors Company Limited

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

4. AAPICO Engineering Company Limited

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

5. Able Sanoh Industries (1996) Company Limited

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

6. Sanoh Industries (Thailand) Company Limited

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

7. New Era Sales (M) Sdn Bhd

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

8. Tenaga Setia Resources Sdn Bhd

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

8. (a) AAPICO Engineering Sdn Bhd (TSRSB Hold 100%)

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

9. Kunshan Chaitai-Xincheng Precision Forging Company Limited

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

10. AAPICO Shanghai Company Limited

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

11. AAPICO ITS Company Limited

Address : 99 Moo 1, Hitech Industrial Estate, Tambol Ban Lane,
Amphur Bangpa-in, Ayuthaya 13160

Type of Business : Car Navigator Distributor

Telephone Number : 66 (0) 35 350880

Fax : 66 (0) 35 350881

Registered & Paid up Capital : Baht 100 million

Total & Type of share : 10 million ordinary shares

Par Value : Baht 10 per share

Holding by AH : 60%

11. (a) Able ITS Pte. Ltd. (AAPICO ITS Hold 100%)

Address : 1 Robinson Road #17-00, AIA Tower, Singapore 048542

Type of Business : Car Navigation System

Telephone Number : 65 6535 1944

Fax : 65 6439 0682

Registered & Paid Up Capital : SG\$ 310,000

Total & Type of Share : 310,000 ordinary shares

Par Value : SG\$ 1 per share

Holding by AH : 60%

11. (b) Hyundai Motor (Thailand)

Address : 38 Q House Buliding, 3rd Floor, Convent Rd., Silom, Bangrak,
Bangkok, 10500

Type of Business : Manufacturing, Marketing, Sale and after sales service of
Hyundai cars in Thailand

Telephone Number : 66 (0) 2 632 2777

Fax : 66 (0) 2 632 2647

Registered & Paid Up Capital : Baht 400 million

Total & Type of Share : 1,600,000 Ordinary Share

Par Value : 250 Baht

Holding by AH : 30%

12. AAPICO Hitech Parts Company Limited

Address : 99/2 Moo 1, Hitech Industrial Estate, Tambol Ban Lane,
Amphur Bangpa-in, Ayuthaya 13160

Type of Business : Manufacture of OEM Press Part

Telephone Number : 66 (0) 35 350880

Fax : 66 (0) 35 350881

Registered & Paid up Capital : Baht 120 million

Total & Type of share : 12 million ordinary shares

Par Value : Baht 10 per share

Holding by AH : 100%

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

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

13. AAPICO Hitech Tooling Company Limited

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

14. AAPICO Mitsuike Company Limited

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

15. AAPICO Forging Public Company Limited

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

15. (a) AAPICO Plastics Public Company Limited (AF Hold 100%)

Samutprakarn Plant-Address : 358-358/1 Moo 17 Bangplee Industrial Estate,
(Head Office & Factory 1) Tambol Bangsaothong, Bangsaothong Sub-district,
Samutprakarn 10540

Rayong Plant-Address : 7/288 Moo 6, Amata City Industrial Estate,
(Factory 2) Tambol Mabyangporn, Amphur Pluakdaeng, Rayong 21140

Type of Business : Manufacture of automotive plastic parts

Telephone Number : 66 (0) 2 3153456

Fax : 66 (0) 2 3153334

Registered & Paid Up Capital : Baht 150 million

Total & Type of Share : 15,000,000 ordinary shares

Par Value : Baht 10 per share

Holding by AH : 100%

16. AAPICO Investment Pte. Ltd. (AIPL)

Address : 1 Robinson Road #17-00, AIA Tower, Singapore 048542

Type of Business : Merger & Acquisition activities

Telephone Number : 65 6535 1944

Fax : 65 6439 0682

Registered & Paid Up Capital : SG\$ 6,973,000

Total & Type of Share : 6,973,000 ordinary shares

Par Value : SG\$ 1 per share

Holding by AH : 100%

16. (a) Jackspeed Corporation Ltd. (AIPL Hold 20%)

Address : 47 Layong Drive, Singapore, 508955

Type of Business : Manufacture and distribution of car accessories

Telephone Number : 65 6788 2088

Fax : 65 6789 0020

Registered & Paid Up Capital : SG \$ 21,837,000

Total & Type of Share : 174, 666, 667 ordinary shares

Holding by AH : 20%

16. (b) A Maction Company Limited (AIPL Hold 51%)

Address : 99 Moo 1, Hitech Industrial Estate,
Tambol Ban Lane, Amphur Bangpa-in, Ayutthaya 13160

Type of Business : Manufacture of Car Navigator Software

Telephone Number : 66 (0) 35 350880

Fax : 66 (0) 35 350881

Authorised Capital : Baht 20 million

Total & Type of Share : 200,000 ordinary shares

Par Value : Baht 100 per share

Holding by AH : 51%

16. (c) Katsuya International Pte. Ltd.

Address	:	47 Loyang Drive, Loyang Industrial Estate, Singapore 508955
Type of Business	:	Dip Printing Technology
Telephone Number	:	66 6788 2088
Fax	:	66 6789 0020
Authorised Capital	:	SG\$ 1,000,000
Total & Type of Share	:	1 million ordinary shares
Par Value	:	SG\$ 1 per share
Holding by AH	:	30%

17. Minth AAPICO (Thailand) Company Limited

Address	:	7/290 Moo 6, Amata City Industrial Estate, Tambol Mabyangporn, Amphur Pluakdaeng, Rayong 21140
Type of Business	:	Manufacture of OEM Press Parts
Telephone Number	:	66 (0) 38 337468
Fax	:	66 (0) 38 337468
Registered & Paid Up Capital	:	Baht 178,500,000
Total & Type of Share	:	178,500 ordinary shares
Par Value	:	Baht 1,000 per share
Holding by AH	:	40 %

18. AAPICO Structural Products Company Limited

Address	:	700/16 Amata-nakorn Industrial Estate Moo6, Tambol Nonngmaidang, Amphur Muang, Chonburi 20110
Type of Business	:	Manufacture of Chassis Frame for Isuzu D-Max & GM Colorado pickup trucks
Telephone Number	:	66 (0) 38 717200
Fax	:	66 (0) 38 717187
Registered & Paid up Capital	:	Baht 100 million
Total and Type of Shares	:	1 million ordinary shares
Par Value	:	Baht 100 per share
Holding by AH	:	99.99%

19. Katsuya (Thailand) Company Limited

Address : 229/104-105 Moo 1 Teparak Road, Tambol Bangsaothong,
Bangsaothong Sub-District, Samutprakarn 10540

Type of Business : 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

Telephone Number : 66 (0) 2 706 5915 - 8

Fax : 66 (0) 2 706 5910

Registered & Paid up Capital : Baht 28,500,000

Total and Type of Shares : 285,000 ordinary shares

Par Value : Baht 100 per share

Holding by AH : 55%

Reference by :

1. Auditor : Ernst & Young Office Co., Ltd.
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

2. Security Depository Registrar : Thailand Security Depository Co., Ltd.
62 Rajapisek Road, Kwaeng Klongtoey
Khet Klongtoey, Bangkok 10110
Tel. 66 2 229-2800
Fax 66 2 359-1259

AAPICO HITECH PUBLIC COMPANY LIMITED

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Tel : [66 35] 350-880 Fax : [66 35] 350-881
E-mail : aapico@aapico.com Website : www.aapico.com

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Rama 1rd., Patumwan, Bangkok, Thailand 13160
Tel : [66 2] 613-1504 Fax : [66 2] 613-1508
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