VISTEON CORP
Form 10-K/A
June 28, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A
(Amendment No. 1)
(Mark One)
þ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2012
OR
¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ____________ to ____________
Commission file number 001-15827

VISTEON CORPORATION
(Exact name of registrant as specified in its charter)

State of Delaware	38-3519512
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
One Village Center Drive, Van Buren Township, Michigan	48111
(Address of principal executive offices)	(Zip code)

Registrant's telephone number, including area code: (800)-VISTEON
Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on which Registered
Common Stock, par value $0.01 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
Warrants, each exercisable for one share of Common Stock at an exercise price of $58.80 (expiring October 15, 2015)
(Title of class)
Warrants, each exercisable for one share of Common Stock at an exercise price of $9.66 (expiring October 15, 2020)
(Title of class)
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ü No __
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.
Yes __ No ü
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ü No__
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ü No __
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ü

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ü Accelerated filer __ Non-accelerated filer __ Smaller reporting company __

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes __ No ü

The aggregate market value of the registrant's voting and non-voting common equity held by non-affiliates of the registrant on June 29, 2012 (the last business day of the most recently completed second fiscal quarter) was approximately $2.0 billion.

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ü No__

As of April 30, 2013, the registrant had outstanding 49,765,030 shares of common stock.

Document Incorporated by Reference

Document	Where Incorporated
2013 Proxy Statement	Part III (Items 10, 11, 12, 13 and 14)

Visteon Corporation and Subsidiaries
Index

Explanatory Note

Visteon Corporation (the “Company” or “Visteon”) is filing this Amendment No. 1 on Form 10-K/A ("Form 10-K/A") to include in its Annual Report on Form 10-K for the fiscal year ended December 31, 2012, initially filed with the Securities and Exchange Commission (the “SEC”) on February 28, 2013 (the “Annual Report”), consolidated financial statements and related notes of Yanfeng Visteon Automotive Trim Systems Company Limited, an unconsolidated joint venture incorporated in the Peoples Republic of China in which the Company owns a 50% non-controlling interest (“YFV”). Rule 3-09 of Regulation S-X under the Securities Exchange Act of 1934, as amended, provides that if a 50% or less owned person accounted for by the equity method meets the first or third condition of the significant subsidiary tests set forth in Rule 1-02(w), substituting 20% for 10%, separate financial statements for such 50% or less owned person shall be filed.

Effective January 1, 2011, YFV adopted International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”). The consolidated financial statements of YFV included herein have been prepared in accordance with the initial adoption guidance under IFRS. Additionally, because the consolidated financial statements of YFV are presented in accordance with IFRS, reconciliations between local GAAP and U.S. GAAP are not required pursuant to SEC Release numbers 33-8879 and 34-57026 and have been omitted.

Only Item 15 of Part IV of the Annual Report is being supplemented or amended by this Form 10-K/A to include the consolidated financial statements and related notes of YFV. In addition, pursuant to the rules of the SEC, Item 15 of Part IV of the Annual Report also has been amended to include the consent of the independent auditors of YFV and currently-dated certifications from our Chief Executive Officer and Chief Financial Officer, as required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002. The consent of the independent auditors and the certifications of our Chief Executive Officer and Chief Financial Officer are attached to this Form 10-K/A as Exhibits 23.3, 31.1, 31.2, 32.1 and 32.2, respectively. This Form 10-K/A does not otherwise update any exhibits as originally filed and does not otherwise reflect events occurring after the original filing date of the Annual Report. Accordingly, this Form 10-K/A should be read in conjunction with Visteon's filings with the SEC subsequent to the filing of the Annual Report.

Part IV

Item 15. Exhibits and Financial Statement Schedules

(a) Financial Statements, Financial Statement Schedules and Exhibits

1. Financial Statements

The following financial statements of the Company and its consolidated subsidiaries, and related notes and reports, were filed as part of the Annual Report on Form 10-K filed with the SEC on February 28, 2013:

Management's Report on Internal Control Over Financial Reporting;
Reports of Independent Registered Public Accounting Firm;
Consolidated Statements of Operations for the years ended December 31, 2012 and 2011, the three months ended December 31, 2010 and the nine months ended October 1, 2010;
Consolidated Statements of Comprehensive Income for the years ended December 31, 2012 and 2011, the three months ended December 31, 2010 and the nine months ended October 1, 2010;
Consolidated Balance Sheets as of December 31, 2012 and 2011;
Consolidated Statements of Cash Flows for the years ended December 31, 2012 and 2011, the three months ended December 31, 2010, and the nine months ended October 1, 2010;
Consolidated Statements of Stockholders' Equity (Deficit) for the years ended December 31, 2012 and 2011, the three months ended December 31, 2010 and the nine months ended October 1, 2010; and
Notes to Consolidated Financial Statements.

The following financial statements of YFV and its consolidated subsidiaries, and related notes and reports, are being filed as part of this Amendment No. 1 on Form 10-K/A pursuant to Rule 3-09 of Regulation S-X:

Report of Independent Auditors;
Consolidated Statements of Income for the years ended December 31, 2012 and 2011;
Consolidated Statements of Comprehensive Income for the years ended December 31, 2012 and 2011;
Consolidated Statements of Financial Position as of December 31, 2012 and 2011 and January 1, 2011;
Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 2012 and 2011;
Consolidated Statements of Cash Flows for the years ended December 31, 2012 and 2011; and
Notes to Consolidated Financial Statements.

2. Financial Statement Schedules

Schedule II — Valuation and Qualifying Accounts of the Company and its consolidated subsidiaries was filed as part of the Annual Report on Form 10-K filed with the SEC on February 28, 2013.

All other financial statement schedules are omitted because they are not required or applicable under instructions contained in Regulation S-X or because the information called for is shown in the financial statements and notes thereto.

3. Exhibits

The exhibits listed on the "Exhibit Index" on pages 41 - 45 are filed with this Amendment No. 1 on Form 10-K/A or incorporated by reference as forth therein.

2

Yanfeng Visteon Automotive Trim Systems Company Limited

Consolidated Financial Statements
For the Years Ended December 31, 2012 and 2011

3

Yanfeng Visteon Automotive Trim Systems Company Limited
Report of Independent Auditors

We have audited the accompanying consolidated financial statements of Yanfeng Visteon Automotive Trim Systems Company Limited and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2012 and 2011 and January 1, 2011, and the consolidated statements of income, consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for each of the two years in the period ended December 31, 2012, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2012 and 2011 and January 1, 2011, and its financial performance and cash flows for each of the two years in the period ended December 31, 2012 in accordance with International Financial Reporting Standards.

/s/ Ernst & Young Hua Ming LLP
Shanghai, People's Republic of China
June 28, 2013

Yanfeng Visteon Automotive Trim Systems Company Limited
Consolidated Statements of Income
(RMB in millions)

	Note	2012	2011
Revenue	4.5	39,772	35,324
Cost of sales		(33,530)	(30,002)
Gross profit		6,242	5,322
Administrative expenses		(2,355)	(2,107)
Selling and distribution expenses		(488)	(408)
Research and development expenses		(628)	(359)
Other operating expenses	10	(85)	(46)
Other operating income	10	72	215
Operating profit		2,758	2,617
Finance costs	4.10	(33)	(23)
Finance income		110	81
Share of profit of joint ventures and associates		237	298
Profit before income tax		3,072	2,973
Income tax expense	13	(470)	(411)
Net profit for the year		2,602	2,562
Net profit for the year attributable to:			
Equity holders of the parent		1,553	1,591
Non-controlling interests		1,049	971
Net profit for the year		2,602	2,562

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

Yanfeng Visteon Automotive Trim Systems Company Limited
Consolidated Statements of Comprehensive Income
(RMB in millions)

	2012	2011
Net profit for the year	2,602	2,562
Other comprehensive loss, net of tax		
Foreign currency exchange translation, net of tax	-	(5)
Total comprehensive income for the year, net of tax	2,602	2,557
Total comprehensive income for the year, net of tax attributable to:		
Equity holders of the parent	1,553	1,587
Non-controlling interests	1,049	970
	2,602	2,557

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

Yanfeng Visteon Automotive Trim Systems Company Limited
Consolidated Statements of Financial Position
(RMB in millions)

	Note	December 31 2012	2011	January 1 2011
ASSETS				
Non-current assets				
Property, plant and equipment	14	3,722	2,572	2,213
Land use rights	4.12	438	164	85
Intangible assets	15	318	497	90
Goodwill	17	72	72	1
Investments in associates and joint ventures	9	895	908	648
Deferred tax assets	13	351	284	183
Other non-current assets		189	150	101
		5,985	4,647	3,321
Current assets				
Inventories	4.14	1,113	980	1,097
Trade and other receivables	18	8,840	7,073	6,463
Cash and cash equivalents	19	6,557	6,692	4,831
Restricted cash	20	381	323	164
		16,891	15,068	12,555
Total assets		22,876	19,715	15,876
EQUITY AND LIABILITIES				
Equity				
Issued capital		1,079	1,079	1,079
Other reserves	22	687	609	485
Retained earnings		3,802	3,123	2,074
Equity attributable to equity holders of the parent		5,568	4,811	3,638
Non-controlling interests		2,721	2,468	1,587
		8,289	7,279	5,225
Non-current liabilities				
Provisions	4.18	50	20	47
Government grants	4.6	25	13	8
Deferred tax liabilities	13	57	85	20
		132	118	75
Current liabilities				
Trade and other payables	21	13,750	11,683	10,112
Interest-bearing loans and borrowings	16	519	427	313
Income tax payable		186	208	151
		14,455	12,318	10,576
Total equity and liabilities		22,876	19,715	15,876

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

Yanfeng Visteon Automotive Trim Systems Company Limited
Consolidated Statements of Changes in Shareholders' Equity
(RMB in millions)

	Attributable to Equity Holders of the Parent						
	Issued capital	Other reserves	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total
January 1, 2011	1,079	487	(2)	2,074	3,638	1,587	5,225
Net profit	-	-	-	1,591	1,591	971	2,562
Other comprehensive loss	-	-	(4)	-	(4)	(1)	(5)
Total comprehensive income	-	-	(4)	1,591	1,587	970	2,557
Non-controlling interest arising from business combination	-	-	-	-	-	284	284
Capital injection of non-controlling interests	-	-	-	-	-	54	54
Disposal of subsidiaries	-	-	-	-	-	(20)	(20)
Appropriation for reserve funds	-	128	-	(128)	-	-	-
Dividends	-	-	-	(414)	(414)	(407)	(821)
December 31, 2011	1,079	615	(6)	3,123	4,811	2,468	7,279
Net profit	-	-	-	1,553	1,553	1,049	2,602
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	1,553	1,553	1,049	2,602
Capital injection from non-controlling interests	-	(38)	-	38	-	86	86
Appropriation for reserve funds	-	116	-	(116)	-	-	-
Dividends	-	-	-	(796)	(796)	(913)	(1,709)
Disposal of equity interests to non-controlling interests	-	-	-	-	-	31	31
December 31, 2012	1,079	693	(6)	3,802	5,568	2,721	8,289

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

Yanfeng Visteon Automotive Trim Systems Company Limited
Consolidated Statements of Cash Flows
(RMB in millions)

	Note	2012	2011
OPERATING ACTIVITIES			
Profit before income tax		3,072	2,973
Adjustments for:			
Provisions for asset impairments		18	14
Depreciation and amortization	11	698	609
(Gain)/loss on asset disposals		(4)	12
Finance income, net		(77)	(58)
Welfare expense		254	232
Share of profit of joint ventures and associates		(237)	(298)
Gain on revaluation of investment in associates	8	(1)	(155)
Working capital adjustments:			
Inventories		(143)	150
Trade and other receivables		(1,998)	(454)
Trade and other payables		1,954	854
Interest received		108	77
Interest paid		(33)	(22)
Income tax paid		(587)	(451)
Net cash from operating activities		3,024	3,483
INVESTING ACTIVITIES			
Acquisition of subsidiaries, net of cash (paid)/acquired	8	(261)	83
Investment in joint ventures and associates		(35)	(189)
Deposit on investment		(25)	-
Proceeds from disposal of subsidiaries		25	(11)
Purchases of property, plant and equipment, land use right and intangible assets		(1,771)	(906)
Proceeds from disposal of property, plant and equipment, and intangible assets		147	28
Repayments of loans to related parties		467	-
Loans granted to related parties		(469)	-
Dividends received		157	167
Net cash used in investing activities		(1,765)	(828)
FINANCING ACTIVITIES			
Capital contribution by non-controlling interests		86	54
Proceeds from other borrowings		1,416	723
Repayments of other borrowings		(1,324)	(609)
Dividends paid to owners of the parent		(677)	(541)
Dividends paid to non-controlling interests		(895)	(421)
Net cash used in financing activities		(1,394)	(794)
Net (decrease)/increase in cash and cash equivalents		(135)	1,861
Cash and cash equivalents at January 1	19	6,692	4,831
Cash and cash equivalents at December 31	19	6,557	6,692

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

Notes to Consolidated Financial Statements
(RMB Millions)

1. Corporate information

Yanfeng Visteon Automotive Trim Systems Company Limited (“the Company”) is a Chinese-foreign equity joint venture 50% owned by HuaYu Automotive System Company Limited (“HUAYU”) and Visteon International Holdings Inc. LLC ("VIHI"), respectively. The registered capital of the Company is USD 139,233,200. The registered office is located in Shanghai, the People's Republic of China. The principal activities of the Company and its subsidiaries ("the Group") include the production and sale of plastic parts used for autos, trucks and motorcycles; automotive electronics and instruments; tooling; stamping parts; and standard fasteners. The ultimate holding company of the Group is Shanghai Automotive Industry Corporation ("SAIC").

2. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These financial statements are the first the Group has prepared in accordance with IFRS. Prior to the adoption of IFRS the Group prepared its financial statements in accordance with the Accounting Standards for Business Enterprises ("PRC GAAP"). Refer to Note 5 for additional information on the adoption of IFRS. The consolidated financial statements have been prepared on a historical cost basis and are presented in Renminbi ("RMB") with all values rounded to the nearest million, except when otherwise indicated.

3. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries. Subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full. Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance.

A change in the ownership interest of a subsidiary without a loss of control is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary; the carrying amount of any non-controlling interest; and any cumulative translation differences recorded in equity.
- Recognizes the fair value of the consideration received; the fair value of any investment retained; and any surplus or deficit in profit or loss.
- Reclassifies the parent’s share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

4. Summary of significant accounting policies

The following are the significant accounting policies applied by the Group in preparing its consolidated financial statements:

4.1 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss included in finance income(cost).

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the fair value of the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain, if any, is recognized in profits and included in finance income. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units that are expected to benefit from the combination, regardless of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

4.2 Investments in joint ventures

Investments in joint ventures relate to investments in entities where the Group has joint control over the economic activities of the entity through contractual arrangement. The Group accounts for its investments in joint ventures using the equity method. Under the equity method, the investment in the joint venture is carried on the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment. The Group's share of profit of joint ventures is shown on the face of the income statement. This is the profit attributable to equity holders of the joint venture and, therefore, is profit after tax and non-controlling interests in the subsidiaries of the joint venture.

After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on its investment in its joint ventures. The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognizes the amount in the "Share of results of joint ventures" in the income statement.

Upon loss of joint control, the Group measures and recognizes its remaining investment at its fair value. The difference between the carrying amount of the investment upon loss of joint control and the fair value of the remaining investment and proceeds from disposal is recognized in profit or loss. When the remaining investment constitutes significant influence, it is accounted for as an investment in an associate.

4.3 Investments in associates

Investments in associates relates to investments in entities over which the Group has significant influence and owns less than a 50% interest. The Group accounts for its investments in associates using the equity method as described in more detail under Note 4.2. Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

4.4 Foreign currency

The Group's consolidated financial statements are presented in RMB, which is also the Company's functional currency. Each entity in the Group determines its own functional currency, and items included in the financial statements of each entity are measured using that functional currency. Assets and liabilities of foreign operations are translated into RMB at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. Differences arising from the translation of foreign currencies are recognized in other comprehensive income.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rate at the date the transaction first qualifies for recognition. Financial assets and liabilities denominated in foreign currencies are revalued at the functional currency spot rate at each reporting date. Differences arising on settlement or translation of financial items are recognized in profit or loss. Non-financial items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

4.5 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods and the amount of revenue can be measured reliably, usually on delivery of the goods.

Notes to Consolidated Financial Statements
(RMB Millions)

A summary of revenue is as follows:

	2012	2011
Sale of automotive parts	38,756	34,467
Product tooling	461	411
Raw materials	375	261
Other	180	185
	39,772	35,324

4.6 Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions has been complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. Where the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset. A summary of government grants is provided below.

	2012	2011
January 1	13	8
Grants received during the year	59	35
Amounts recognized as income during the year	(47)	(30)
December 31	25	13

Income is recognized under the straight-line method over the useful life of the assets acquired under the program. There are no unfulfilled conditions or contingencies associated with these grants.

4.7 Income tax

Income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or are substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. Deferred income tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

•

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, joint ventures and associates, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

12

Notes to Consolidated Financial Statements
(RMB Millions)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

4.8 Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation. Cost includes the amount paid to acquire the asset, amounts paid for replacement parts that extend the useful life of the asset. Repair and maintenance costs are recognized in the profit or loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

Property, plant and equipment are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives. For the property, plant and equipment that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

	Estimated Useful Lives	Estimated Residual Values	Annual Depreciation Rates
Buildings	20 - 30 years	0% - 10%	3% - 5%
Machinery, tooling and equipment	5 - 15 years	0% - 10%	6% - 20%
Motor vehicles	3 - 6 years	0% - 10%	15% - 33.3%
Electronic and office equipment	3 - 5 years	0% - 10%	18% - 33.3%
Leasehold improvement	5 years	0%	20%
Others	5 years	0%	20%

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

4.9 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to January 1, 2011, the date of lease inception is deemed to be January 1, 2011 in accordance with IFRS 1, First-time Adoption of International Reporting Standards.

As lessee - Finance leases that transfer to the Group substantially all of the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the income statement. A leased asset is depreciated over its estimated useful life. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset or the lease term. Operating lease payments are recognized as an operating expense in the income statement on a straight-line basis over the lease term.

As lessor - The Group classifies leases as operating when substantially all the risks and benefits of ownership of the asset are not transferred to the lessee. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income.

Notes to Consolidated Financial Statements
(RMB Millions)

4.10 Finance costs

Finance costs include interest and other costs incurred in connection with the borrowing of funds and are expensed in the period in which they occur. The Group incurred finance costs of RMB 33 million and RMB 23 million for the years ended December 31, 2012 and 2011, respectively.

4.11 Intangible assets

Intangible assets are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization. The useful lives of intangible assets are determined to be either finite or indefinite.

Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the income statement in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is derecognized.

Patents - Patents are amortized on a straight-line basis over the shorter of the patent's estimated useful life or the protection period as stipulated by law. The estimated useful lives range from 3 years to 15 years.

Software - Software assets are amortized on a straight-line basis over the shorter of the estimated useful lives or as stipulated by law. The estimated useful lives range from 3 years to 10 years.

Customer relationships - Customer relationships acquired from business combinations are amortized over their estimated beneficial years on straight-line basis estimated to be approximately 3 years.

Research and development costs - The expenditure on an internal research and development project is classified into expenditure on the research phase and expenditure on the development phase based on its nature and whether there is material uncertainty that the research and development activities can form an intangible asset at end of the project. Expenditure on the research phase is recognized in profit or loss in the period in which it is incurred. Expenditure on the development phase is capitalized only if all of the following conditions are satisfied:

- it is technically feasible so that it will be available for use or sale;
- management intends to complete the intangible asset, and use or sell it;
- it can be demonstrated how the intangible asset will generate economic benefits;
- there are adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and

• the expenditure attributable to the intangible asset during its development phase can be reliably measured.

Other development expenditures that do not meet the conditions above are recognized in profit or loss in the period in which they are incurred. Development costs previously recognized as expenses are not recognized as an asset in a subsequent period. Capitalized expenditure on the development phase is presented as development costs in the balance sheet and transferred to intangible assets at the date that the asset is ready for its intended use.

4.12 Land use rights

Land use rights represent acquisition costs of leasehold lands less impairment losses, if any, and are amortized on the straight-line basis over their estimated useful lives. If the purchase costs of land use rights and the buildings located thereon cannot be reliably allocated between the land use rights and the buildings, all of the purchase costs are recognized as property, plant and equipment.

Notes to Consolidated Financial Statements
(RMB Millions)

A summary of land use rights is as follows:

	2012	2011
Carrying amount		
January 1	164	85
Additions	107	83
Acquisition of subsidiary	176	-
Amortization for the year	(9)	(4)
December 31	438	164

The leasehold lands are held under long term leases and are situated in Mainland China.

4.13 Financial instruments

Financial assets - Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines classification of its financial assets at initial recognition. The Group's financial assets include cash and cash equivalent, trade and other receivables which are classified as "loans and receivables" and are recognized initially at fair value plus transaction costs. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method ("EIR"), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the income statement. The losses arising from impairment are recognized in the income statement in finance costs.

The Group derecognizes financial assets when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognized to the extent of the Group's continuing involvement in it. In such case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. For financial assets carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is

Notes to Consolidated Financial Statements
(RMB Millions)

recorded as part of finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the income statement.

Financial liabilities - Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition. The Group's financial liabilities include trade and other payables, loans and borrowings, which are classified as "loans and borrowings" and are recognized initially at fair value plus transaction costs. Interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the effective interest rate method (EIR) amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the income statement. A financial liability is derecognized when the obligation under the liability is discharged, canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the income statement.

Offsetting of financial instruments - Financial assets and financial liabilities are offset with the net amount reported in the consolidated statement of financial position only if there is a current enforceable legal right to offset the recognized amounts and an intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Fair value of financial instruments - The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions;
- Reference to the current fair value of another instrument that is substantially the same;
- A discounted cash flow analysis or other valuation models.

4.14 Inventories

Inventories include raw materials, work in progress, and finished goods, and are measured at the lower of cost and net realizable value determined on a first-in, first-out basis. Raw materials are carried at purchase cost and work in progress and finished goods are carried at production cost. Production cost includes the cost of raw materials, supplies and labor used in production, and other direct production and indirect plant costs, excluding overhead costs not related to production. Inventories are comprised of the following:

	December 31 2012	December 31 2011	January 1 2011
Raw materials	608	574	573
Work in progress	147	168	172

Finished goods	423	304	414
	1,178	1,046	1,159
Less: valuation reserve	(65)	(66)	(62)
	1,113	980	1,097

The valuation reserve for inventories is determined as the amount by which the carrying value of the inventories exceed their net realizable value. Net realizable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs necessary to make the sale and related taxes.

4.15 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units ("CGU") fair value less costs to sell and its value in

Notes to Consolidated Financial Statements
(RMB Millions)

use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing 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, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Group's CGU to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. Property, plant and equipment, intangible assets with finite useful lives, investment properties measured using the cost model and long-term equity investments in subsidiaries, joint ventures and associates are tested for impairment if there is any indication that the assets may be impaired at the end of the reporting period. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment and an impairment loss are recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognized on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually at December 31 and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

4.16 Cash and short-term deposits

Cash and short-term deposits in the statement of financial position include cash on hand, cash at banks and highly liquid short-term deposits. For the purpose of the consolidated statement cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts and restricted cash.

4.17 Employee retirement benefits

Pursuant to the relevant regulations of the PRC government, the companies comprising the Group operating in Mainland China (the“PRC group companies”) have participated in a local municipal government retirement benefit scheme (the “Scheme”), whereby the PRC group companies are required to contribute a certain percentage of the salaries of their employees to the Scheme to fund their retirement benefits. The only obligation of the Group with respect to the Scheme is to pay the ongoing contributions under the Scheme. Contributions under the Scheme are charged to the income statement as incurred.

4.18 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) 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. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the income statement net of any reimbursement.

Notes to Consolidated Financial Statements
(RMB Millions)

A summary of provisions is as follows:

	Claims	Warranty	Other	Total
Balance at January 1, 2011	32	12	3	47
Arising during the year	-	10	-	10
Utilized during the year	(22)	(12)	(3)	(37)
Balance at December 31, 2011	10	10	-	20
Arising during the year	14	52	-	66
Utilized during the year	-	(36)	-	(36)
Balance at December 31, 2012	24	26	-	50

Provisions for claims are recognized when the potential claims for damages directly caused by the Group from its suppliers, customers and other parties exist and the Group is willing or will be forced to undertake such liability when the claims are raised. The Group provides warranties for certain automotive products and undertake to repair or replace items that fail to perform satisfactorily. The amount of provision for product warranties is estimated based on the sales volume and past experience of the level of repairs and returns. Estimated claim and warranty provisions are reviewed on an ongoing basis and revised when appropriate.

4.19 Dividends

The Group recognizes a liability to make cash distributions to owners of equity when the distribution is authorized and is no longer at the discretion of the Group. A corresponding amount is recognized directly in equity.

Dividend income is recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

5. First-time adoption of IFRS

The financial statements for the year ended December 31, 2012 are the first the Group has prepared in accordance with IFRS. Accordingly, the Group followed initial adoption guidance under IFRS No.1, First-time Adoption of International Financial Reporting Standards ("IFRS 1") and financial statements have been provided for periods ending on or after December 31, 2012, together with the comparative period data as at and for the year ended December 31, 2011, as described in the summary of significant accounting policies. The Group's opening statement of financial position was prepared as of January 1, 2011, the date of transition to IFRS.

This note explains the principal adjustments made by the Group in connection with the initial adoption of IFRS, which allows first-time adopters certain exemptions from the retrospective application of IFRS. In preparing these financial statements, the Group has applied the following exemptions in in connection with its initial adoption of IFRS:

- IFRS 3 Business Combinations has not been applied to acquisitions of subsidiaries, which are considered businesses for IFRS, or of interests in associates and joint ventures that occurred before January 1, 2011. Use of this exemption means that the PRC GAAP carrying amounts of assets and liabilities, that are required to be recognized under IFRS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with IFRS. Assets and liabilities that do not qualify for recognition under IFRS are excluded from the opening IFRS statement of financial position. The Group did not recognize or exclude any previously recognized amounts as a result of IFRS recognition requirements.
- IFRS 1 also requires that the PRC GAAP carrying amount of goodwill must be used in the opening IFRS statement of financial position (apart from adjustments for goodwill impairment and recognition or derecognition of intangible

assets). In accordance with IFRS 1, the Group has tested goodwill for impairment at the date of transition to IFRS. No goodwill impairment was deemed necessary at January 1, 2011.

Notes to Consolidated Financial Statements
(RMB Millions)

5. First-time adoption of IFRS continued

Group reconciliation of equity at January 1, 2011 (date of transition to IFRS) is as follows:

		January 1, 2011		
	Note	PRC GAAP	Re-measurement	IFRS
Non-current assets				
Property, plant and equipment	A	1,800	413	2,213
Construction in progress	A	277	(277)	-
Long-term prepaid expense	A	139	(139)	-
Land use rights	A	-	85	85
Intangible assets and goodwill	A	172	(81)	91
Investments in associates and joint ventures		648	-	648
Deferred tax assets		183	-	183
Other non-current assets	A	138	(37)	101
		3,357	(36)	3,321
Current assets				
Inventories		1,097	-	1,097
Notes receivables	A	1,317	(1,317)	-
Accounts receivables	A	4,632	(4,632)	-
Other receivables	A	146	(146)	-
Advance to suppliers	A	180	(180)	-
Trade and other receivables	A	-	6,463	6,463
Cash and cash equivalents	A,C	4,995	(164)	4,831
Restricted cash	A	-	164	164
		12,367	188	12,555
Total assets		15,724	152	15,876
Equity				
Issued capital		1,079	-	1,079
Surplus and other reserves	A	310	175	485
Retained earnings	A	2,249	(175)	2,074
Equity attributable to equity holders of the parent		3,638	-	3,638
Non-controlling interests		1,587	-	1,587
		5,225	-	5,225
Non-current liabilities				
Provisions		47	-	47
Government grants		8	-	8
Deferred tax liabilities		20	-	20
		75	-	75
Current liabilities				
Notes payable	A	1,302	(1,302)	-
Accounts payable	A	6,443	(6,443)	-
Advance from customers	A	578	(578)	-
Dividends payable	A	14	(14)	-
Tax payable	A	179	(179)	-
Payroll payable	A	713	(713)	-

Other payables	A	882	(882)	-
Trade and other payable	A	-	10,112	10,112
Interest-bearing borrowings		313	-	313
Income tax payable	A	-	151	151
		10,424	152	10,576
Total equity and liabilities		15,724	152	15,876

19

Notes to Consolidated Financial Statements
(RMB Millions)

5. First-time adoption of IFRS continued

Group reconciliation of equity at December 31, 2011 is as follows:

		December 31, 2011		
	Note	PRC GAAP	Re-measurement	IFRS
Non-current assets				
Property, plant and equipment	A	2,078	494	2,572
Construction in progress	A	344	(344)	-
Long-term prepaid expenses	A	152	(152)	-
Land use rights	A	-	164	164
Intangible assets	A	659	(162)	497
Goodwill		72	-	72
Investments in associates and joint ventures		908	-	908
Deferred tax assets		284	-	284
Other non-current assets		150	-	150
		4,647	-	4,647
Current assets				
Inventories		980	-	980
Notes receivables	A	1,326	(1,326)	-
Accounts receivables	A	5,173	(5,173)	-
Other receivables	A	251	(251)	-
Advance to suppliers	A	165	(165)	-
Trade and other receivables	A	-	7,073	7,073
Cash and cash equivalents	A,C	7,015	(323)	6,692
Restricted cash	A	-	323	323
		14,910	158	15,068
Total assets		19,557	158	19,715
Equity				
Issued capital		1,079	-	1,079
Surplus and other reserves	A	343	266	609
Retained earnings	A	3,389	(266)	3,123
Equity attributable to equity holders of the parent		4,811	-	4,811
Non-controlling interests		2,468	-	2,468
		7,279	-	7,279
Non-current liabilities				
Provisions		20	-	20
Government grants		13	-	13
Deferred tax liabilities		85	-	85
		118	-	118
Current liabilities				
Notes payable	A	1,385	(1,385)	-
Accounts payable	A	7,220	(7,220)	-
Advance from customers	A	530	(530)	-
Tax payable	A	176	(176)	-
Payroll payable	A	845	(845)	-

Other payables	A	1,577	(1,577)	-
Trade and other payable	A	-	11,683	11,683
Interest-bearing borrowings		427	-	427
Income tax payable	A	-	208	208
		12,160	158	12,318
Total equity and liabilities		19,557		