Automobile industry began in Thailand in an earnest way in 1961 after the government had specified policy emphasizing promotion of industry which produce in order to replace import, by proclaiming the promotion of investment to establish car assembly plant within the country because there is a great demand in the country which caused a waste of foreign currencies to import ready-made cars every year wherein the said policy encouraged an investment to construct car assembly plant in the country, both being invested by Thai people and joint venture with parent companies overseas. At the first stage, certain accessories produced in Thailand were used, i.e. car-tyre, battery and until the year 1969, the cabinet has approved appointment of Board for Developing Automobile Industry in order to take care and specify policy for developing automobile industry of the country, up to the present time. Government has specified policy about producing accessories produced in Thailand and co-ordination with other Working Units, i.e. Ministry of Finance, Ministry of Commerce in specifying taxation policy and prohibited import of certain categories of ready-made cars, in order to protest domestic are motor car, pick-up, truck and passenger car. In assembling the automobile, one has to import certain part of Completely Knocked Down (CKD) accessories to assembly together with accessories produced in the country.

In addition, a car in the characteristics of chassis with windshield is altered and make an addition in order to obtain a car
with truck for loading goods, what we call 'double' or 'cab' or 'station wagon' for multi-purpose use. Majority of accessories used for alteration or make an addition are accessories produced in Thailand. Use of domestic accessories have increased. There is also more complicated technology of local production of accessories. The Board, therefore, specified that assembly plants which produce small trucks to use locally produced accessories since July 1989 onwards.

In 1991, Auto Assembly Plants which produce motor cars, small truck (Pick-up), big truck and passenger cars (1992) are more than ten assembly plants have registered capital totalling Baht. 1,004.0 millions, with production capacity of approximately 144,300 units/year/1 (Period of work). But production as indicator, which is, car spray and room for warming the colour of the car.

As regards situation of production which was during economic recession between 1984-1986 and in 1987 economy began to recover. As economy of the country in general began to recover, at the same time price of important crops become higher, people have more buying power, while interest on loans has reduced, the improvement the down payment and instalment period has been extended, this resulted in increase of production according to demand. In 1987, 98,148 automobile were produced, an increase from 1986 by 32.34% and in 1988 assembly of automobile have gone as high as 154,1983 units, out of this, 54,459 were cars about 35%, pick-up and passenger automobile: 99,724 units or 65%.
Success in operation industry business in the present time, is dependent on the producer who is capable of producing good quality of goods and is capable of selling at justifiable price. In being capable in doing likewise, the producer in necessary to have technology in efficient production.

Automobile production is the production system which brings principle production factor for use, which are equipment, raw materials and manpower for use efficiently by trying to get rid of a waste in production which calls it "muda", irregularity "mura" and things beyond capability 'muri'. In addition, the 'just in time' working system as well as quality control in steps of production has been included in the production system, which enables production in pattern become perfect.

Automobile production type has 4 principal targets

1. To reduce cost production as much as possible by trying to get rid of all thing that would cause a waste.

2. To be capable of producing good quality of goods.

3. To enable working system to have high efficiency, capable of adjusting itself rapidly to any change.

4. Create good working atmosphere, create understanding between staff and company and let the staff see the importance of himself.

Philosophy in operating business is based or principle that better cars have to be produced at cheaper prices so that more people can make use of them. This is in order to respond to society.

In being able to respond to society, that business has to perform work continuously on firm base and structure and is able to earn profit at suitable level from such performance in order to improve and develop the work accordingly.
The methodology of the study based on the techniques of Ratio Analysis, Trend Analysis, Common Size Income Statement Analysis and Value Added Analysis have been adopted. The companies which are selected for the study are: Toyota Motor co.Ltd, Isuzu co.Ltd, Nissan co.Ltd, Mitsubishi co.Ltd and Mazda co.Ltd. The data relating to the profitability position of all the five selected companies have been collected from the published annual reports and accounts of these companies for five years 1993 to 1997. These reports were obtained from the offices of these respective companies. Other relevant information has been collected from Thailand Automobile Guide, Financial Express, and the Journal of Industry and Trade. For analysing the profitability of the companies selected the profit and loss accounts and balance sheets of the companies under study have been recasted and produced in a condensed form. The figures have been rounded off up to two decimal places in million of Bahts. (1 Rupee equal to 1.00 Baht)

The objectives of the study were: (I) to make an effort to analyse the profitability of selected automobile companies in Thailand, (II) to study and analyse the reason of low profitability, (III) to analyse balance sheets and utilisation of assets, (IV) to evaluate the value of the selected companies, (V) to suggest measures to increase profitability, (VI) to study the trend of profit in selected companies during five years under study (1993 to 1997).

The hypotheses of the study was to develop the conceptual basis of profitability of automobile industry. If the companies have been managed properly under the suggestion from this study, the companies would achieve better profit.
An attempt has been made here to study the financial analysis of some selected automobile industry in Thailand. The study has been divided into 12 chapters. The FIRST CHAPTER deals with the evolution and growth of automobile industry in Thailand. It consists of automobile industry in Thailand, industry parts of automobile, marketing of replacement of automobile, policy on automobile industry of the government, truck industry in Thailand, historical development of the automobile industry.

The concept of profit and profitability has been the subject of the SECOND CHAPTER. By and large this chapter gives us an idea of the concept of profit (accounting profit, economic profit, accounting profit v/s economic profit), value added concept, concept of profitability.

The THIRD CHAPTER is an attempt to give the information about the position and status in producing automobiles in Thailand. The detail of information consists of the automobile industry situation in Thailand, status in producing Thai vehicles, category of automobile spare parts industry, status of automobile production industry, competition strategy for production automobile and the state of the auto industry.

The investment opportunities in the Thai automobile industry i.e. investment opportunities in the assembly sector, investment opportunities in the components sector, investment opportunities in the support industries and standard and testing organizations are converted in the FOURTH CHAPTER.
The FIFTH CHAPTER reflects the trend of car and engine production industry. The detail of trend of car production industry consists of the requirement in domestic car production, trend on domestic demand for cars, condition of car production industry, problems and constrains in car production industry, method for remedying problems and conditions of car production industry, policy for importing automobile, adjustment and reduction of tax-consumer group, plan for reducing cost price for export purpose and supporting the base of production of spare parts to a firm one. The detail of trend of engine industry consists of the multi-purpose of benzine engine, diesel engine, export engine, import engine and car assembling industry.

The SIXTH CHAPTER aims at the profit and cost reduction. This chapter is an attempt to give information about the company profit and cost reduction, principle in reducing cost price and creating quality in each step of production.

The SEVENTH CHAPTER reflects the profit aspects of the selected automobile industries. The detail of the chapter gives the information about the meaning of profit margin, improvement of profitability, manipulation of profit margin, operating profit margin, net profit margin, operating ratio and cash profit ratio.

The EIGHTH CHAPTER aims at analysis of common size income statement of the selected automobile industries i.e. Toyota Motors co.Ltd., Nissan Motors co.Ltd., Isuzu Motors co.Ltd., Mitsubishi Motors co.Ltd. and Mazda Motors co.Ltd..

The NINETH CHAPTER is an attempt to analyse the profitability of the automobile industries in Thailand and of these
selected automobile industries as well. This has an objective to evaluate the efficiency and effectiveness of each of the selected automobile industries units.

Return on investment measures the performance of business enterprises. It is the most common measure that exists today and this measure has been used for the analysis of profitability of selected automobile industries. This is a content of the TENTH CHAPTER.

Profitability analysis is closely related with other measures of profitability such as value added, valued of production, value added side, value applied side, valued added statement, modified valued added tax and generation and application of net value-added in individual companies under study. The ELEVENTH CHAPTER discusses this matter.

The finding and suggestions have been given in TWELFTH CHAPTER.