Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

Note	**Contents**
1	General information
2	Basis of preparation of the financial statements
3	Changes in accounting policies
4	Significant accounting policies
5	Related parties
6	Cash and cash equivalents
7	Trade accounts receivable
8	Inventories
9	Investments in subsidiaries
10	Investments in associates
11	Other long-term investments
12	Investment properties
13	Property, plant and equipment
14	Intangible assets
15	Interest-bearing liabilities
16	Trade accounts payable
17	Other current liabilities
18	Employee benefit obligations
19	Share-based payment
20	Share capital
21	Reserves
22	Segment information
23	Provident fund
24	Expenses by nature
25	Income tax expense
26	Promotional privileges
27	Basic earnings per share
28	Dividends
29	Financial instruments
30	Commitments with non-related parties
31	Contingent liabilities
32	Event after the reporting period
33	Thai Financial Reporting Standards (TFRS) not yet adopted
34	Reclassification of accounts

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorized for issue by the Board of Directors on 28 February 2012.

1 General information

Somboon Advance Technology Public Company Limited "the Company", is incorporated in Thailand and has its registered office at 129 Moo 2, Bangna-Trad Road, Tambon Bangchalong, Amphur Bangplee, Samutprakarn.

The Company was listed on the Stock Exchange of Thailand in January 2005.

The major shareholders during the financial year were Somboon Holding Company Limited (25.50% shareholding), which incorporated in Thailand and Kitaphanich family (24.28% shareholding).

The principal businesses of the Company are manufacture of pick-up axles and truck trunnion shafts. Details of the Company's subsidiaries as at 31 December 2011 and 2010 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2011	2010
Somboon Malleable Iron Industrial Company Limited	Manufacture and sale of auto parts	Thailand	100	100
Bangkok Spring Industrial Company Limited	Manufacture and sale of auto parts	Thailand	100	100
International Casting Products Company Limited	Manufacture and sale of auto parts	Thailand	100	100
SBG International Japan Company Limited	Provide marketing information support	Japan	100	-

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS) and guidelines promulgated by the Federation of Accounting Professions ("FAP"), applicable rules and regulations of the Thai Securities and Exchange Commission.

During 2010 and 2011, the FAP issued the following new and revised TFRS relevant to the Group's operations and effective for accounting periods beginning on or after 1 January 2011:

TFRS	Topic
TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors

TFRS	Topic
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property
TFRS 2	Share-based Payment
FAP Announcement no. 17/2554	Transitional Procedures for Other Long-term Employee Benefits
FAP Announcement no. 18/2554	Accounting Guidance on Revaluation of Assets

The adoption of these new and revised TFRS has resulted in changes in the Group's accounting policies. The effects of these changes are disclosed in note 3.

In addition to the above new and revised TFRS, the FAP has issued during 2010 a number of other new and revised TFRS which are expected to be effective for financial statements beginning on or after 1 January 2013 and have not been adopted in the preparation of these financial statements. These new and revised TFRS are disclosed in note 33.

(b) Presentation currency

The financial statements are prepared and presented in Thai Baht. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

(c) Use of estimates and judgements

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

Note 18	Measurement of defined benefit obligations
Note 19	Measurement of share-based payments

3 Changes in accounting policies

(a) Overview

From 1 January 2011, consequent to the adoption of new and revised TFRS as set out in note 2, the Group has changed its accounting policies in the following areas:

- Presentation of financial statements
- Accounting for property, plant and equipment
- Accounting for investment properties
- Accounting for borrowing costs
- Accounting for employee benefits
- Accounting for share-based payment

Details of the new accounting policies adopted by the Group and the impact of the changes on the financial statements are included in notes 3(b) to 3(g) below. Other new and revised TFRS did not have any impact on the accounting policies, financial position or performance of the Group. The impact of the changes on the financial statements for the years ended 31 December 2011 and 2010 is summarised as follows:

For the year ended 31 December 2010	Note	**Consolidated financial statements** 2010	**Separate financial statements** 2010
		(in thousand Baht)	
Statement of financial position			
Equity at 1 January 2010 – as reported		2,868,176	2,027,050
Changes as a result of the adoption retrospectively of:			
TAS 19 Employee Benefits	*3(f)*	(90,219)	(40,470)
Equity at 1 January 2010 - restated		**2,777,957**	**1,986,580**
Equity at 31 December 2010 - as restated		4,175,183	3,006,966
Changes as a result of the adoption retrospectively of:			
TAS 19 Employee Benefits	*3(f)*	(102,412)	(46,616)
Equity at 31 December 2010 - restated		**4,072,771**	**2,960,350**
Statement of income for the year ended 31 December 2010			
Profit before income tax – as reported		771,343	436,569
Changes before tax as a result of the adoption retrospectively of:			
TAS 19 Employee Benefits	*3(f)*	(12,193)	(6,146)
Profit before income tax - restated		**759,150**	**430,423**
Decrease in earnings per share			
- Basic *(in Baht)*		(0.04)	(0.02)

For the year ended 31 December 2011	Note	**Consolidated financial statements** 2011	**Separate financial statements** 2011
		(in thousand Baht)	
Statement of income for the year ended 31 December 2011			
Increase (decrease) in profit before income tax as a result of the adoption of:			
TAS 16 Property, Plant and Equipment	*3(c)*	(3,564)	(1,680)
TAS 19 Employee Benefits	*3(f)*	(14,502)	(7,009)
Decrease in profit before income tax		**(18,066)**	**(8,689)**
Decrease in earnings per share			
- Basic *(in Baht)*		(0.05)	(0.02)

(b) Presentation of financial statements

From 1 January 2011, the Group has adopted TAS 1 Presentation of Financial Statements (Revised 2009). Under the revised standard, a set of financial statements comprises:

- Statement of financial position;
- Statement of comprehensive income;
- Statement of changes in equity;
- Statement of cash flows; and
- Notes to the financial statements.

As a result, the Group presents all owner changes in equity in the statement of changes in equity and all non-owner changes in equity in the statement of comprehensive income. Previously, all such changes were included in the statement of changes in equity.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on reported profit or earnings per share.

(c) Accounting for property, plant and equipment

From 1 January 2011, the Group has adopted TAS 16 (revised 2009) Property, Plant and Equipment in determining and accounting for the cost and depreciable amount of property, plant and equipment.

The principal changes introduced by the revised TAS 16 and affecting the Group are that: (i) costs of asset dismantlement, removal and restoration have to be included as asset costs and subject to annual depreciation; (ii) the depreciation charge has to be determined separately for each significant part of an asset; and (iii) in determining the depreciable amount, the residual value of an item of property, plant and equipment has to be measured at the amount estimated receivable currently for the asset if the asset were already of the age and in the condition expected at the end of its useful life. Furthermore, the residual value and useful life of an asset have to be reviewed at least at each financial year-end.

The changes have been applied prospectively in accordance with the transitional provisions of the revised standard, except that consideration of the costs of asset dismantlement, removal and restoration, have been applied retrospectively. The changes have had the following impact on the 2011 and 2010 financial statements.

	Consolidated financial statements		**Separate financial statements**	
	2011	2010	2011	2010
	(in thousand Baht)			
Statement of financial position as at 31 December				
(Increase) decrease in accumulated depreciation	(3,564)	-	(1,680)	-
Increase (decrease) in carrying amount of Property Plant and Equipments	(3,564)	-	(1,680)	-
Increase (decrease) in retained earnings	**(3,564)**	**-**	**(1,680)**	**-**
Statement of income for the year ended 31 December				
(Increase) decrease in depreciation charge resulting in				
(Increase) decrease in Cost of sales	(3,564)	-	(1,680)	-
Increase (decrease) in profit before income tax	**(3,564)**	**-**	**(1,680)**	**-**
Increase (decrease) in earnings per share:				
- Basic earnings per share *(in Baht)*	(0.01)	**-**	(0.01)	-

(d) Accounting for investment properties

From 1 January 2011, the Group has adopted TAS 40 (revised 2009) Investment properties.

Under the revised standard, investment property, defined as property owned to earn rentals; capital appreciation; or both, is disclosed in the financial statements separately from other property, plant and equipment and measured using either the cost model.

(e) Accounting for borrowing costs

From 1 January 2011, the Group has adopted TAS 23 (revised 2009) Borrowing Costs.

Under the revised standard, borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Under the former standard, there was also an option to expense borrowing costs on qualifying assets when incurred.

It was the Group's policy under the former TAS 23 to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Consequently the adoption of the revised standard has had no impact on reported profit or earnings per share.

(f) Accounting for employee benefits

From 1 January 2011, the Group has adopted TAS 19 Employee Benefits.

Under the new policy, the Group's liability for post-employment benefits and other long-term benefit obligations is recognised in the financial statements based on calculations performed annually by a qualified actuary using the projected unit credit method. Previously, this liability was recognised as and when payments were made.

The change in accounting policy has been applied retrospectively and the Group's 2010 financial statements, which are included in the Group's 2011 financial statements for comparative purposes, have been restated accordingly. The impact on the 2011 and 2010 financial statements was as follows:

	Consolidated financial statements		**Separate financial statements**	
	2011	2010	2011	2010
	(in thousand Baht)			
Statement of financial position as at 31 December				
Increase in employee benefit obligations	(116,066)	(102,412)	(53,625)	(46,616)
(Decrease) in retained earnings	**(116,066)**	**(102,412)**	**(53,625)**	**(46,616)**
Statement of income for the year ended 31 December				
(Increase) in employee expenses resulting in:				
(Increase) in cost of sales	(8,629)	(7,170)	(1,646)	(1,532)
(Increase) in administrative expenses	(5,873)	(5,023)	(5,363)	(4,614)
(Decrease) in profit before income tax	**(14,502)**	**(12,193)**	**(7,009)**	**(6,146)**
(Decrease) in earnings per share:				
- Basic earnings per share *(in Baht)*	(0.04)	(0.04)	(0.02)	(0.02)

(g) Accounting for share-based payments

From 1 January 2011, the Group has adopted TFRS 2 Share-based Payment.

Under TFRS 2, share-based payment awards granted to employees are recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The adoption of TFSR 2 has had no material impact on the profit and earnings per share for the year ended 31 December 2011.

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 3, which addresses changes in accounting policies.

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for in the consolidated financial statements using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

Foreign entities

The assets and liabilities of foreign entities are translated to Thai Baht at the foreign exchange rates ruling at the reporting date.

The revenues and expenses of foreign entities are translated to Thai Baht at rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on translation are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity until disposal of the investment.

(c) Derivative financial instruments

Derivative financial instruments are used to manage exposure to foreign exchange, interest rate arising from operational, financing and investment activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

The Group is party to financial instruments that reduce exposure to fluctuations in foreign currency exchange and interest rate. These financial instruments, which mainly comprise forward foreign exchange contracts and interest swap contract are not recognised in the financial statement on inception.

(d) Cash and cash equivalents

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

(e) Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of finished goods and works in process are calculated using the average cost principle. Raw materials and factory supplies are calculated using the first in first out principle. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost is calculated using standard cost adjusted to approximate average cost including an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

(g) Investments

Investments in subsidiaries and associates

Investments in subsidiaries and associates in the separate financial statements of the Company are accounted for using the cost method. Investments in associates in the consolidated financial statements are accounted for using the equity method.

Investments in other debt and equity securities

Debt securities and marketable equity securities held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in the statement of income.

Debt securities that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost, less any impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, where these investments are derecognised the cumulative gain or loss previously recognised directly in equity is recognised in the profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the profit or loss.

Equity securities which are not marketable are stated at cost less any impairment losses.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(h) Investment properties

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost less impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

(i) Property, plant and equipment

Recognition and measurement

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses except for land and buildings which are stated at their revalued amounts. The revalued amount is the fair value determined on the basis of the property’s existing use at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the 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 charged directly to the statement of income.

Revalued assets

Revaluations are performed by independent professional valuers with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

Any increase in value, on revaluation, is recognised in other comprehensive income and presented in the "revaluation surplus" in equity unless it offsets a previous decrease in value recognised in the statement of income in respect of the same asset. A decrease in value is recognised in the statement of income to the extent it exceeds an increase previously recognised in other comprehensive income in respect of the same asset. The revaluation surplus is utilised by reference to the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost and transferred directly to retained earnings. Upon disposal of a revalued asset, any remaining related revaluation surplus is transferred directly to retained earnings and is not taken into account in calculating the gain or loss on disposal.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of income as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to the statement of income on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Buildings and other constructions	20 - 40	years
Machinery and equipment	5 - 18	years
Furniture, fixtures and office equipment	3 - 5	years
Vehicle	5	years

Depreciation attributed to the surplus portion is deducted against revaluation surplus in shareholders' equity.

No depreciation is provided on freehold land or assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(j) Intangible assets

Goodwill

Goodwill in a business combination represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired. Negative goodwill in a business combination represents the excess of the fair value of the Group's share of the identifiable net assets acquired over the cost of acquisition.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment as described in note 4(k). Negative goodwill is recognised immediately in the statement of income.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in statement of income on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows: ☐

Software licences	3 - 5 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(k) Impairment

The carrying amounts of the Group’s assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets’ recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognised in statement of income unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in the profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the statement of income is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

The recoverable amount of a non-financial asset is the greater of the asset’s value in use and fair value less costs to sell. 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. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For financial assets carried at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(l) Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the profit or loss over the period of the borrowings on an effective interest basis.

(m) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(n) Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Share-based payments

The grant-date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, included considering the possibility of employees' performance will not meet the conditions.

(o) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(p) Revenue

Revenue excludes value added taxes and other sales taxes and is arrived at after deduction of trade discounts.

Sale of goods and services rendered

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Service income is recognised as services are provided.

Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of lease. Contingent rentals are recognised as income in the accounting period in which they are earned.

Dividend income

Dividend income is recognised in profit of loss on the date the Group's right to receive payments is established.

Interest income

Interest incomes are recognised in profit of loss as it accrues.

(q) Finance costs

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale. The interest component of finance lease payments is recognised in profit or loss using the effective interest rate method.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(r) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

(s) Income tax

Income tax on the profit or loss for the year comprises current tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

In determining the amount of current tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

5 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with related parties were as follows:

Name of entities	**Country of incorporation/ nationality**	**Nature of relationships**
Somboon Malleable Iron Industrial Company Limited	Thailand	Subsidiary, 100% shareholding
Bangkok Spring Industrial Company Limited	Thailand	Subsidiary, 100% shareholding
International Casting Products Company Limited	Thailand	Subsidiary, 100% shareholding
SBG International Japan Company Limited	Japan	Subsidiary, 100% shareholding
Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group

Significant transactions for the years ended 31 December 2011 and 2010 with related parties were as follows:

Year ended 31 December	**Pricing policies**	**Consolidated financial statements** 2011	2010
		(in million Baht)	
Other related parties			
Sales of goods	Approximates market prices	131.6	199.9
Key management personnel			
Key management personnel compensation			
Short-term benefits		29.3	28.3
Other long-term benefits		14.5	12.6
Total key management personnel compensation		**43.8**	**40.9**
Subsidiaries			
Facilities income	Approximates cost	17.3	18.3
Interest income	Contractually agreed price	14.6	29.2
Management fee income	Contractually agreed price	136.6	118.4
Sales of scraps	Market prices	3.8	7.4
Purchases of goods	Approximates market prices	0.2	2.6
Facilities expense	Approximates cost	1.2	1.4
Other related parties			
Sales of goods	Approximates market prices	1.1	11.3
Key management personnel			
Key management personnel compensation			
Short-term benefits		36.1	34.6
Other long-term benefits		7.0	6.5
Total key management personnel compensation		**43.1**	**41.1**

Balances as at 31 December 2011 and 2010 with related parties were as follows:

Trade accounts receivable-related parties	**Consolidated financial statements** 2011	2010	**Separate financial statements** 2011	2010
	(in thousand Baht)			
Subsidiaries				
Somboon Malleable Iron Industrial Company Limited	-	-	-	767
International Casting Products Company Limited	-	-	-	737
Other related parties				
Yongkee (1995) Company Limited	51,602	80,503	2,158	4,997
Automotive Product Import and Export Center Company Limited	51	-	-	-
Total	**51,653**	**80,503**	**2,158**	**6,501**

Other receivables from related parties	**Consolidated financial statements**		**Separate financial statements**	
	2011	2010	2011	2010
	(in thousand Baht)			
Subsidiaries				
Somboon Malleable Iron Industrial Company Limited	-	-	21,518	17,820
Bangkok Spring Industrial Company Limited	-	-	10,082	13,708
International Casting Products Company Limited	-	-	1,708	4,549
Other related party				
Yongkee (1995) Company Limited	128	128	-	-
Total	**128**	**128**	**33,308**	**36,077**

Short-term loans to subsidiaries	**Separate financial statements**	
	2011	2010
	(in thousand Baht)	
Subsidiaries		
Somboon Malleable Iron Industrial Company Limited	440,000	310,000
International Casting Products Company Limited	90,000	-
SBG International Japan Company Limited	10,000	-
Total	**540,000**	**310,000**

Movements during the years ended 31 December 2011 and 2010 of loans to related parties were as follows:

	Separate financial statements	
	2011	2010
	(in thousand Baht)	
Short-term loans to subsidiaries		
At 1 January	310,000	263,000
Increase	1,570,000	1,034,000
Decrease	(1,340,000)	(987,000)
At 31 December	**540,000**	**310,000**
Long-term loans to subsidiaries		
At 1 January	-	528,636
Increase	-	-
Decrease	-	(528,636)
At 31 December	**-**	**-**

Short-term loans to subsidiaries carry interest at MMR (Money Market Rate) per annum.

On 23 September 2010, At the Board of Directors' meeting of the Company, the Board of Directors approved the termination of long-term loan agreements with Somboon Malleable Iron Industrial Company Limited and Bangkok Spring Industrial Company Limited and repayment of the loans was fully made in September 2010.

Trade account payable - related parties	**Consolidated financial statements**		**Separate financial statements**	
	2011	2010	2011	2010
	(in thousand Baht)			
Associate				
Tsuchiyoshi Somboon Coated Sand Company Limited	6,140	2,348	-	-
Other related party				
Yongkee (1995) Company Limited	446	542	-	-
Total	**6,586**	**2,890**	**-**	**-**

Other payables to related parties	**Consolidated financial statements**		**Separate financial statements**	
	2011	2010	2011	2010
	(in thousand Baht)			
Subsidiaries				
Somboon Malleable Iron Industrial Company Limited	-	-	253	20
Bangkok Spring Industrial Company Limited	-	-	225	315
International Casting Products Company Limited	-	-	8	-
Total	**-**	**-**	**486**	**335**

6 Cash and cash equivalents

	Consolidated financial statements		**Separate financial statements**	
	2011	2010	2011	2010
	(in thousand Baht)			
Cash on hand	270	277	90	90
Cash at banks – current accounts	2,413	2,601	1,922	314
Cash at banks – savings accounts	410,873	626,917	100,538	220,824
Highly liquid short-term investments	53,663	370,000	53,663	170,000
Total	**467,219**	**999,795**	**156,213**	**391,228**

Cash and cash equivalents as at 31 December were as follows:

	Consolidated financial statements		**Separate financial statements**	
	2011	2010	2011	2010
	(in thousand Baht)			
Thai Baht (THB)	456,684	999,795	156,213	391,228
Yen (JPY)	10,535	-	-	-
Total	**467,219**	**999,795**	**156,213**	**391,228**

7 Trade accounts receivable

		Consolidated financial statements		Separate financial statements	
	Note	2011	2010	2011	2010
			(in thousand Baht)		
Related parties	*5*	51,653	80,503	2,158	6,501
Other parties		823,501	1,054,064	243,950	411,079
		875,154	1,134,567	246,108	417,580
Less allowance for doubtful accounts		-	-	-	-
Total		**875,154**	**1,134,567**	**246,108**	**417,580**
Bad and doubtful debts expense for the year		-	-	-	-

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
		(in thousand Baht)		
Related parties				
Within credit terms	51,653	80,503	2,158	6,501
Overdue:				
Less than 3 months	-	-	-	-
3-12 months	-	-	-	-
Over 12 months	-	-	-	-
	51,653	**80,503**	**2,158**	**6,501**
Less allowance for doubtful accounts	-	-	-	-
	51,653	**80,503**	**2,158**	**6,501**
Other parties				
Within credit terms	815,505	1,041,173	239,169	406,705
Overdue:				
Less than 3 months	7,935	11,770	4,781	3,902
3-12 months	61	1,121	-	472
Over 12 months	-	-	-	-
	823,501	**1,054,064**	**243,950**	**411,079**
Less allowance for doubtful accounts	-	-	-	-
	823,501	**1,054,064**	**243,950**	**411,079**
Total	**875,154**	**1,134,567**	**246,108**	**417,580**

The normal credit term granted by the group is 30-90 days.

The currency denomination of trade accounts receivable as at 31 December was as follows:

	Consolidated financial statements		**Separate financial statements**	
	2011	2010	2011	2010
	(in thousand Baht)			
Thai Baht (THB)	853,802	1,112,729	239,692	407,984
United States Dollars (USD)	12,344	12,739	6,416	9,596
Yen (JPY)	9,008	9,099	-	-
Total	**875,154**	**1,134,567**	**246,108**	**417,580**

8 Inventories

	Consolidated financial statements		**Separate financial statements**	
	2011	2010	2011	2010
	(in thousand Baht)			
Finished goods	325,350	122,771	116,093	41,369
Work in process	102,388	74,412	4,690	3,321
Raw materials	149,738	136,330	20,916	24,984
Factory supplies	118,827	80,286	34,298	33,155
Goods in transit	50,489	45,162	116	16
	746,792	458,961	176,113	102,845
Less allowance for decline in value	(30,058)	(16,173)	(6,353)	(3,545)
Net	**716,734**	**442,788**	**169,760**	**99,300**

9 Investments in subsidiaries

	Separate financial statements	
	2011	2010
	(in thousand Baht)	
At 1 January	1,852,018	1,252,018
Acquisitions	9,543	600,000
At 31 December	**1,861,561**	**1,852,018**

Investments in subsidiaries as at 31 December 2011 and 2010, and dividend income from those investments for the years then ended were as follows:

	Separate financial statements							
	Ownership interest		Paid-up capital		Cost method		Dividend income	
	2011	2010	2011	2010	2011	2010	2011	2010
	(%)				*(in thousand Baht)*			
Subsidiaries								
Somboon Malleable Iron Industrial Company Limited	100	100	160,000	160,000	535,995	535,995	-	-
Bangkok Spring Industrial Company Limited	100	100	130,000	130,000	519,989	519,989	-	-
International Casting Products Company Limited	100	100	785,000	785,000	796,034	796,034	-	-
SBG International Japan Company Limited	100	-	9,543	-	9,543	-	-	-
Total					**1,861,561**	**1,852,018**	**-**	**-**

At the Board of Directors' meeting of the Company held on 10 May 2011, the Board of Directors approved the establishment of a new subsidiary in Japan, named "SBG International Japan Company Limited" in order to provide marketing information support of Japanese customers. The authorised share capital is Yen 25 million by issuing ordinary shares of 250,000 shares with Yen 100 par value per share. The Company has registered to establish the said subsidiary during July 2011.

At the Board of Directors' meeting of the Company held on 12 November 2010 approved to increase the authorized share capital of International Casting Products Company Limited from Baht 185 million to Baht 785 million by issuing 60 million new ordinary shares of Baht 10 par value. The Company had registered the increase of shares capital with the Ministry of Commerce on 3 December 2010.

10 Investments in associates

	Consolidated financial statements	
	2011	2010
	(in thousand Baht)	
At 1 January	140,555	114,467
Share of net profit of investments - equity method	9,966	30,619
Dividend income	(5,571)	(4,531)
At 31 December	**144,950**	**140,555**

Investments in associates as at 31 December 2011 and 2010, and dividend income from those investments for the years then ended were as follows:

	Consolidated financial statements									
	Ownership Interest		Paid-up capital		Cost method		Equity method		Dividend income	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	(%)		*(in thousand Baht)*							
Associates										
Tsuchiyoshi Somboon Coated Sand Company Limited	21.25	21.25	72,000	72,000	15,300	15,300	34,607	32,143	(1,530)	(1,531)
Yamada Somboon Company Limited	20.00	20.00	150,000	150,000	30,807	30,807	110,343	108,412	(4,041)	(3,000)
Total					**46,107**	**46,107**	**144,950**	**140,555**	**(5,571)**	**(4,531)**

The investment in Tsuchiyoshi Somboon Coated Sand Company Limited, accounted for under the equity method as at 31 December 2011, was calculated based on audited financial statements of that company for the year ended 31 March 2011 and unaudited/unreviewed financial statements of the Company for the nine-month period ended 31 December 2011 prepared by its management.

The investment in Yamada Somboon Company Limited, accounted for under the equity method as at 31 December 2011, was calculated based on audited financial statements of that company for the six-month period ended 30 June 2011 and unaudited/ unreviewed financial statements of the Company for the six-month period ended 31 December 2011 prepared by its management.

11 Other long-term investments

Name of the entity	Type of business	Paid-up capital	Ownership Interest		Consolidated financial statements Cost	
			2011	2010	2011	2010
			(%)		*(in thousand Baht)*	
Nisshinbo Somboon Automotive Company Limited	Manufacture and sale of auto parts and brake systems	732,600	2.90	2.90	21,250	21,250
Somboon Somic Manufacturing Company Limited	Manufacture and sale of auto parts	300,000	1.80	1.80	5,401	5,401
Total					**26,651**	**26,651**

12 Investment properties

Investment properties represent land held by subsidiaries, which have been placed as collateral for credit facilities of the Company. The fair value was revalued on 9 August 2010 by an independent professional valuer. The appraised value was Baht 112.49 million *(2010: Baht 114.94 million)*.

13 Property, plant and equipment

	Consolidated financial statements						
	Land	Buildings and other constructions	Machinery and factory equipment	Office furniture, fixtures and equipment	Vehicles	Assets under construction and installation	Total
	(in thousand Baht)						
Cost / revaluation							
At 1 January 2010	944,989	975,934	4,739,957	91,532	31,644	405,421	7,189,477
Additions	13	22,893	44,114	13,384	189	794,334	874,927
Transfers	-	99,235	572,375	7,767	754	(680,131)	-
Disposals	-	(256)	(143,492)	(4,320)	(1,860)	-	(149,928)
At 31 December 2010 and 1 January 2011	**945,002**	**1,097,806**	**5,212,954**	**108,363**	**30,727**	**519,624**	**7,914,476**
Additions	104,987	2,071	99,241	12,096	1,745	1,863,737	2,083,877
Transfers	-	346,003	1,799,593	9,828	-	(2,155,424)	-
Disposals	-	(159)	(60,114)	(711)	(3,879)	(80)	(64,943)
At 31 December 2011	**1,049,989**	**1,445,721**	**7,051,674**	**129,576**	**28,593**	**227,857**	**9,933,410**
Depreciation							
At 1 January 2010	-	244,208	2,585,711	79,917	25,309	-	2,935,145
Depreciation charge for the year	-	76,293	291,160	3,286	3,275	-	374,014
Transfers	-	-	-	-	-	-	-
Disposals	-	(155)	(8,833)	(4,299)	(1,857)	-	(15,144)
At 31 December 2010 and 1 January 2011	**-**	**320,346**	**2,868,038**	**78,904**	**26,727**	**-**	**3,294,015**
Depreciation charge for the year	-	62,560	473,473	17,309	2,349	-	555,691
Transfers	-	-	-	-	-		-
Disposals	-	(102)	(56,370)	(709)	(3,879)	-	(61,060)
At 31 December 2011	**-**	**382,804**	**3,285,141**	**95,504**	**25,197**	**-**	**3,788,646**
Net book value							
At 1 January 2010							
Owned assets	944,989	731,726	2,096,100	11,615	-	405,421	4,189,851
Assets under finance leases	-	-	58,146	-	6,335	-	64,481
	944,989	**731,726**	**2,154,246**	**11,615**	**6,335**	**405,421**	**4,254,332**
At 31 December 2010 and 1 January 2011							
Owned assets	945,002	777,460	2,279,310	29,459	-	519,624	4,550,855
Assets under finance leases	-	-	65,606	-	4,000	-	69,606
	945,002	**777,460**	**2,344,916**	**29,459**	**4,000**	**519,624**	**4,620,461**
At 31 December 2011							
Owned assets	1,049,989	1,062,917	3,707,984	34,071	624	227,857	6,083,442
Assets under finance leases	-	-	58,550	-	2,772	-	61,322
	1,049,989	**1,062,917**	**3,766,534**	**34,071**	**3,396**	**227,857**	**6,144,764**

	Separate financial statements						
	Land	Buildings and other constructi ons	Machinery and factory equipment	Office furniture, fixtures and equipment	Vehicles	Assets under constructio n and installation	Total
				(in thousand Baht)			
Cost / revaluation							
At 1 January 2010	106,598	253,256	1,519,024	36,908	18,576	272,342	2,206,704
Additions	-	44	13,215	6,821	23	6,020	26,123
Transfers	-	30,345	217,970	27	753	(249,095)	-
Disposals	-	(272)	(82)	(1,184)	-	-	(1,538)
At 31 December 2010 and 1 January 2011	**106,598**	**283,373**	**1,750,127**	**42,572**	**19,352**	**29,267**	**2,231,289**
Additions	-	347	21,496	6,473	1,746	372,928	402,990
Transfers	-	14,448	346,238	1,216	-	(361,902)	-
Disposals	-	-	(165)	(72)	(1,550)	(80)	(1,867)
At 31 December 2011	**106,598**	**298,168**	**2,117,696**	**50,189**	**19,548**	**40,213**	**2,632,412**
Depreciation							
At 1 January 2010	-	48,257	842,138	24,999	13,288	-	928,682
Depreciation charge for the year	-	14,501	154,082	6,668	2,738	-	177,989
Transfers	-	-	-	-	-	-	-
Disposals	-	(20)	(80)	(1,169)	-	-	(1,269)
At 31 December 2010 and 1 January 2011	**-**	**62,738**	**996,140**	**30,498**	**16,026**	**-**	**1,105,402**
Depreciation charge for the year	-	14,556	163,172	8,727	2,075	-	188,530
Transfers	-	-	-	-	-	-	-
Disposals	-	-	(140)	(72)	(1,550)	-	(1,762)
At 31 December 2011	**-**	**77,294**	**1,159,172**	**39,153**	**16,551**	**-**	**1,292,170**
Net book value							
At 1 January 2010							
Owned assets	106,598	204,999	676,886	11,909	-	272,342	1,272,734
Assets under finance leases	-	-	-	-	5,288	-	5,288
	106,598	**204,999**	**676,886**	**11,909**	**5,288**	**272,342**	**1,278,022**
At 31 December 2010 and 1 January 2011							
Owned assets	106,598	220,635	753,987	12,074	-	29,267	1,122,561
Assets under finance leases	-	-	-	-	3,326	-	3,326
	106,598	**220,635**	**753,987**	**12,074**	**3,326**	**29,267**	**1,125,887**
At 31 December 2011							
Owned assets	106,598	220,873	958,524	11,036	624	40,213	1,337,868
Assets under finance leases	-	-	-	-	2,373	-	2,373
	106,598	**220,873**	**958,524**	**11,036**	**2,997**	**40,213**	**1,340,241**

The gross amount of the Company’s fully depreciated plant and equipment that was still in use as at 31 December 2011 amounted to Baht 1,041.5 million *(2010: Baht 930.8 million)*.

As at 31 December 2011, land of subsidiaries valued at Baht 123.7 million comprises land of which the legal ownership has yet to be transferred to the subsidiaries, which is in accordance with the agreements to purchase and to sell the land.

As at 31 December 2011, subsidiaries have machines under sales and financial lease-back agreements with net book values totalling Baht 58.6 million *(2010: Baht 65.6 million)*.

The Company and its subsidiaries have mortgaged a majority of their land with structures thereon and machineries as collateral for credit facilities granted by commercial banks.

During 2011, the subsidiaries capitalised interest amounting to Baht 13.2 million *(2010: Baht 4.1 million)* to the costs of plant construction and machinery installation. The capitalised interests were borrowing costs of loans obtained for general purposes but utilised for this specific project. The weighted average rates used to determine the amount of borrowing costs eligible for capitalisation were 3.43% - 4.43% per annum. *(2010: 3.01% - 4.99% per annum)*.

The Company and its subsidiaries have decided to follow the FAP announcement no. 18.2554: Accounting Guidance on Revaluation of Assets. However, had the depreciation charge been calculated based on the revalued amounts, profit for the year and basic earnings per share attributable to equity holders of the parent would have been changed to the following:

	Consolidated financial statements		**Separate financial statements**	
For the year ended 31 December	2011	2010	2011	2010
Decrease in profit for the period (in thousand Baht)	9,941	11,129	2,196	3,445
Decrease in basic earnings per share (in Baht)	(0.03)	(0.04)	(0.01)	(0.01)

14 Intangible assets

	Consolidated financial statements		
	Software licences	Software under installation	Total
		(in thousand Baht)	
Cost			
At 1 January 2010	28,020	12,254	40,274
Additions	10,075	36,276	46,351
Transfers	23,546	(23,546)	-
At 31 December 2010 and 1 January 2011	**61,641**	**24,984**	**86,625**
Additions	9,027	5,555	14,582
Transfers	27,164	(27,164)	-
At 31 December 2011	**97,832**	**3,375**	**101,207**
Amortisation			
At 1 January 2010	16,920	-	16,920
Amortisation charge for the year	7,187	-	7,187
At 31 December 2010 and 1 January 2011	**24,107**	**-**	**24,107**
Amortisation charge for the year	13,170	-	13,170
At 31 December 2011	**37,277**	**-**	**37,277**
Net book value			
At 1 January 2010	**11,100**	**12,254**	**23,354**
At 31 December 2010 and 1 January 2011	**37,534**	**24,984**	**62,518**
At 31 December 2011	**60,555**	**3,375**	**63,930**

	Separate financial statements		
	Software licences	Software under installation	Total
		(in thousand Baht)	
Cost			
At 1 January 2010	13,985	1,430	15,415
Additions	2,395	11,794	14,189
At 31 December 2010 and 1 January 2011	**16,380**	**13,224**	**29,604**
Additions	4,092	4,307	8,399
Transfers	13,552	(13,552)	-
At 31 December 2011	**34,024**	**3,979**	**38,003**
Amortisation			
At 1 January 2010	4,044	-	4,044
Amortisation charge for the year	2,642	-	2,642
At 31 December 2010 and 1 January 2011	**6,686**	**-**	**6,686**
Amortisation charge for the year	5,589	-	5,589
At 31 December 2011	**12,275**	**-**	**12,275**
Net book value			
At 1 January 2010	**9,941**	**1,430**	**11,371**
At 31 December 2010 and 1 January 2011	**9,694**	**13,224**	**22,918**
At 31 December 2011	**21,749**	**3,979**	**25,728**

15 Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
		(in thousand Baht)		
Current				
Bank overdrafts unsecured	-	861	-	-
Short-term loans from financial institutions - trust receipts unsecured	141,354	26,520	-	-
Current portion of long-term loans from financial institutions secured	373,289	255,996	155,312	94,414
Current portion of finance lease liabilities	16,841	16,710	334	1,094
Total current liabilities	**531,484**	**300,087**	**155,646**	**95,508**

	Consolidated financial statements		**Separate financial statements**	
	2011	2010	2011	2010
	(in thousand Baht)			
Non-current				
Long-term loans from financial institutions secured	2,628,133	2,083,737	916,359	778,557
Finance lease liabilities	25,713	41,553	687	20
Total non-current liabilities	**2,653,846**	**2,125,290**	**917,046**	**778,577**
Total	**3,185,330**	**2,425,377**	**1,072,692**	**874,085**

The periods to maturity of interest-bearing liabilities, excluding finance lease liabilities, as at 31 December were as follows:

	Consolidated financial statements		**Separate financial statements**	
	2011	2010	2011	2010
	(in thousand Baht)			
Within one year	514,643	283,377	155,312	94,414
After one year but within five years	1,840,124	1,528,066	681,217	560,114
After five years	788,009	555,671	235,141	218,443
Total	**3,142,776**	**2,367,114**	**1,071,670**	**872,971**

Short-term loans from financial institutions - trust receipts carry interest at rates of MMR (Money market rate) per annum.

Long-term credit facility of a subsidiary company contains certain covenants such as dividend payment, pertaining to matters such as there shall be no effect on the total debt to equity ratio, loan repayment ability, and other conditions stipulated by the bank.

On 28 September 2010, the Company and its subsidiaries entered into the loan agreements with new domestic bank regarding the financial supports in term of short-term and long-term credit facilities, which comprise of working capital facility to expand future investment projects. The credit facilities totalled Baht 3,804 million and the agreement term is for 8 years. The Company and its subsidiaries had paid the existing term loan by refinancing loan to close the long-term loan agreements.

On 26 August 2010, the Company has entered into interest rate swap agreement amounting to Baht 500 million and agreement term is 8 years in order to manage the risk of finance cost of the Company's long-term loan of Baht 901 million. The agreement has been effective on 29 September 2010.

As at 31 December 2011, the long-term credit facilities of the Company and its subsidiaries which have not yet been drawn down amounted to Baht 133.7 million *(2010: Baht 894 million).*

The agreements are mortgaged by a majority of the land with premises and machinery of the Company and its subsidiaries.

During the end of the year 2011, the Group exceeded its maximum leverage threshold of the agreement so management has been in a process of continuous negotiations with a bank, resulting in the waiver of the breach of covenant being issued in December 2011 for the 2011 financial statements.

Finance lease liabilities

Finance lease liabilities as at 31 December were payable as follows:

	Consolidated financial statements					
	2011			2010		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
			(in thousand Baht)			
Within one year	18,790	(1,949)	16,841	19,655	(2,945)	16,710
After one year but within five years	26,533	(820)	25,713	45,450	(3,897)	41,553
Total	**45,323**	**(2,769)**	**42,554**	**65,105**	**(6,842)**	**58,263**

	Separate financial statements					
	2011			2010		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
			(in thousand Baht)			
Within one year	388	(54)	334	1,249	(155)	1,094
After one year but within five years	731	(44)	687	23	(3)	20
Total	**1,119**	**(98)**	**1,021**	**1,272**	**(158)**	**1,114**

Besides the machinery under sales and financial lease back agreements, the Company and its subsidiaries have entered into the finance lease agreements with leasing companies for rental of vehicles for use in their operation, whereby they are committed to pay rental on a monthly basis. The terms of the agreements are generally between 4 and 5 years. Finance lease agreements are non-cancelable.

Interest-bearing liabilities of the Group and the Company as at 31 December 2011 and 2010 were denominated entirely in Thai Baht.

16 Trade accounts payable

		Consolidated financial statements		Separate financial statements	
	Note	2011	2010	2011	2010
		(in thousand Baht)			
Related parties	*5*	6,586	2,890	-	-
Other parties		914,893	1,061,894	269,645	348,529
Total		**921,479**	**1,064,784**	**269,645**	**348,529**

The currency denomination of trade accounts receivable as at 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(in thousand Baht)			
Thai Baht (THB)	778,207	938,314	259,535	329,980
United States Dollars (USD)	91,489	80,077	4,095	4,010
Yen (JPY)	51,783	46,393	6,015	14,539
Total	**921,479**	**1,064,784**	**269,645**	**348,529**

17 Other current liabilities

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(in thousand Baht)			
Accrued operating expenses	172,622	196,847	43,738	61,361
Deposits and advances received	6,727	2,886	-	-
Others	109	-	109	-
Total	**179,458**	**199,733**	**43,847**	**61,361**

18 Employee benefit obligations

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(in thousand Baht)			
Statement of financial position obligations for:				
Employment benefits	116,066	102,412	53,625	46,616
Year ended 31 December				
Statement of comprehensive income:				
Employment benefits	14,502	13,568	7,009	6,521

The Group adopted TAS 19 - Employee Benefits with effect from 1 January 2011; the effect on the financial statements is discussed in note 3 (f). As stated in note 3 (f), the Group has adopted to apply the new standard retrospectively and adjust the prior year's financial statements accordingly.

The Group and the Company operate defined benefit plans based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

Movement in the present value of the defined benefit obligations:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(in thousand Baht)			
Defined benefit obligations at 1 January	102,412	90,219	46,616	40,470
Benefits paid by the plan	(848)	(1,375)	-	(375)
Current service costs and interest	14,502	13,568	7,009	6,521
Defined benefit obligations at 31 December	**116,066**	**102,412**	**53,625**	**46,616**

Expense recognised in profit or loss

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(in thousand Baht)			
Current service costs	9,663	9,315	4,802	4,608
Interest on obligation	4,839	4,253	2,207	1,913
Total	**14,502**	**13,568**	**7,009**	**6,521**

The expense is recognised in the following line items in the statement of comprehensive income:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(in thousand Baht)			
Cost of sales	8,629	8,197	1,646	1,626
Administrative expenses	5,873	5,371	5,363	4,895
Total	**14,502**	**13,568**	**7,009**	**6,521**

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(%)			
Discount rate	4.75	4.75	4.75	4.75
Future salary increases	5.00	5.00	5.00	5.00
Future pension increases	2.50	2.50	2.50	2.50

Assumptions regarding future mortality are based on published statistics and mortality tables.

19 Share-based payment

Employee Stock Option Plan

At the Annual General Meeting of Shareholders held on 19 April 2011, the shareholders approved the issue and offering of the newly issued ordinary shares to senior executives (including any senior executives who are directors) of the Group. According to the Plan, the Company shall provide benefits to the senior executives of the Group to purchase the newly issued ordinary shares of the Company. The Company communicated terms and conditions of the scheme to the employees during July 2011.

Significant descriptions of the Employee Stock Option Plan

Term of Continuing Scheme:	4 years starting from the first offering date.
Number of Ordinary Shares to be Offered:	Not exceeding the total of 1,800,000 newly issued ordinary shares with the par value of Baht 1 each, which will be offered pursuant to the continuing scheme.
Offering Price per Share:	The offering price per share in each period is equivalent to the market price. "Market Price" represents the weighted average closing market price of ordinary shares of the Company on the Stock Exchange of Thailand ("SET") during the last 15 working days before the each offering date.
Condition for Subscription of the Newly Issued Shares:	1) The employees under the scheme who will subscribe for the newly issued shares shall be employees of the Company and/or its subsidiaries as of each offering date. 2) The number of shares which the Employees receive in each year is based on performance assessment of the Key Performance Indicators (KPIs) in each year, which will be announced annually, on the relating period, according to the Company consideration.
Offering Period	The Company shall offer the newly issued ordinary shares as a continuing scheme as follow; 1) The Company shall provide the first offering of the shares within 1 year from the date of which the Board of Shareholders meeting approved the offering shares of the scheme. The first offering of shares shall not exceed 35% of the number of total offering shares. 2) The Company shall offer the remaining newly issued ordinary shares within 3 years from the first offering date.
Commitment of the Share Offering between the Company and the Employees	The employees who exercise the offering and are allocated the newly issued ordinary shares in accordance with the scheme shall be prohibited to trade the allocated shared of each offering within 1 year from the date of which they have right in the shares (Lock up period)

Since the Group's operating results for the year 2011 and performance results based on the Key Performance Indicators (KPIs) did not meet the vesting conditions, therefore, the Board of Directors did not recognize the services received as a part of employee benefit as at 31 December 2011. In addition, the said circumstance affected to terminate the scheme, according to the Notification of Capital Market Supervisory Board No. 32/2551: Offer for Sale of the Newly Issued Shares to Directors or Employees.

20 Share capital

	Par value per share	2011		2010	
		Number	Baht	Number	Baht
	(in Baht)	*(thousand shares / thousand Baht)*			
Authorised					
At 1 January					
- Ordinary shares	1	340,000	340,000	300,000	300,000
Decrease of new shares	1	(77)	(77)	-	-
Increase of new shares	1	-	-	40,000	40,000
At 31 December					
- Ordinary shares	1	**339,923**	**339,923**	**340,000**	**340,000**
Issued and paid-up					
At 1 January					
- Ordinary shares	1	339,923	339,923	300,000	300,000
Issue of new shares	1	-	-	39,923	39,923
At 31 December					
- Ordinary shares	1	**339,923**	**339,923**	**339,923**	**339,923**

At the Extraordinary General Meeting of Shareholders held on 20 July 2010, the shareholders passed resolutions to increase the authorized share capital from Baht 300 million to Baht 340 million by issuing 40 million new ordinary shares of Baht 1 par value, which allocate 25 million new ordinary shares to be reserve for the exercise of TSRs and 15 million new ordinary shares to be offer for private placement. There are 24.92 million shares of TSRs was exercised of Baht 14 per share and issued 15 million share of Baht 21.80 per share for private placement. The Company had registered the new shares with the Ministry of Commerce on 22 September 2010.

The Annual General Meeting of Shareholders held on 19 April 2011, approved to decrease the authorised share capital from Baht 340,000,000 to Baht 339,923,287; comprised of 76,713 ordinary shares at the par value of Baht 1 per share, totalling of Baht 76,713 in order to reduce the authorised share capital that have not been issued or sold before the increase of share capital under the Public Company Act 2535. The Company has registered to reduce the share capital with the Ministry of Commerce on 4 May 2011.

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

21 Reserves

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 Section 116 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

Other components of equity

Currency translation differences
The currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Company's net investment in a foreign operation.

Valuation surplus
The valuation surplus account within equity comprises the cumulative net change in the valuation of property, plant and equipment included in the financial statements at valuation until such property, plant and equipment is sold or otherwise disposed of.

22 Segment information

Business segments

Management considers that the Group operates in a single line of business, namely manufacture and sale of auto parts, and has, therefore, only one major business segment.

Geographic segments

Management considers that the Group operates in a single geographic area, namely in Thailand, and has, therefore, only one major geographic segment.

23 Provident fund

The defined contribution plan comprise provident fund established by the Group for its employees. Membership to the fund is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 5% of their basic salaries and by the Group at rates ranging from 3% to 5% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as juristic entity and is managed by a licensed Fund Manager.

24 Expenses by nature

The statements of income include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

	Consolidated financial statements		**Separate financial statements**	
	2011	2010	2011	2010
	(in thousand Baht)			
Salary and wages and employee benefit expenses	990,549	898,237	321,322	298,992
Depreciation and amortisation expense	555,312	438,389	192,026	179,619
Raw materials and consumables used	3,268,676	2,353,254	1,138,694	1,062,495
Changes in inventories of finished goods and work in process	224,994	66,758	70,531	16,875
Finance costs	119,731	110,751	44,115	67,226
Others	932,456	1,703,583	211,956	291,666
Total expenses	**6,091,718**	**5,570,972**	**1,978,644**	**1,916,873**

25 Income tax expense

Income tax reduction

Royal Decree No. 387 B.E. 2544 dated 5 September 2001 and No.421 B.E.2547 dated 11 October 2004 grants companies listed on the Stock Exchange of Thailand, which registered their stocks not later than 31 December 2005 a reduction in the corporate income tax rate from 30% to 25% for taxable profit for the five consecutive accounting periods beginning on or after enactment.

The current tax expense in the consolidated and separate statements of comprehensive income is less than the amount determined by applying the Thai corporation tax rate to the accounting profit for the year principally because:

(a) a significant portion of the Company's profit was derived from promoted activities for which concessionary tax rates apply;

(b) of the different treatment for accounting and taxation purposes of certain items of income and expenses.

26 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, the Group has been granted privileges by the Board of Investment relating to The privileges granted significantly include:

(a) exemption from payment of import duty on machinery approved by the Board;

(b) exemption from payment of income tax for certain operations for a period of eight years from the date on which the income is first derived from such operations, to the extent that the amount of tax exemptions do not exceed investment capital exclusive of land and working capital;

(c) a 50% reduction in the normal income tax rate on the net profit derived from certain operations for a period of five years, commencing from the expiry date in (b) above.

As promoted companies, the Company and its subsidiaries must comply with certain terms and conditions prescribed in the promotional certificates.

Summary of revenue from promoted and non-promoted businesses:

	Consolidated financial statements					
	2011			2010		
	Promoted businesses	Non-promoted businesses	Total	Promoted businesses	Non-promoted businesses	Total
			(in thousand Baht)			
Export sales	59,859	218,991	278,850	52,361	157,942	210,303
Local sales	3,568,226	3,888,480	7,456,706	3,066,279	4,016,535	7,082,814
Other income	47,050	312,694	359,744	25,815	329,981	355,796
Eliminate	(1,212,725)	(314,906)	(1,527,631)	(901,519)	(331,063)	(1,232,582)
Total Revenue	**2,462,410**	**4,105,259**	**6,567,669**	**2,242,936**	**4,173,395**	**6,416,331**

	Separate financial statements					
	2011			2010		
	Promoted businesses	Non-promoted businesses	Total	Promoted businesses	Non-promoted businesses	Total
			(in thousand Baht)			
Export sales	42,481	16,388	58,869	52,361	11,599	63,960
Local sales	1,369,154	693,702	2,062,856	1,290,957	815,111	2,106,068
Other income	22,766	202,470	225,236	17,203	198,815	216,018
Total Revenue	**1,434,401**	**912,560**	**2,346,961**	**1,360,521**	**1,025,525**	**2,386,046**

27 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2011 and 2010 were based on the profit for the years attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements		**Separate financial statements**	
	2011	2010	2011	2010
	(in thousand Baht / thousand shares)			
Profit attributable to equity holders of the Company (basic)	**408,164**	**759,150**	**326,740**	**430,423**
Number of ordinary shares outstanding at 1 January	339,923	300,000	339,923	300,000
Effect of shares issued on 22 September 2010	-	11,047	-	11,047
Weighted average number of ordinary shares outstanding (basic)	**339,923**	**311,047**	**339,923**	**311,047**
Earnings per share (basic) ***(in Baht)***	**1.20**	**2.44**	**0.96**	**1.38**

28 Dividends

At the annual general meeting of the shareholders of the Company held on 19 April 2011, the shareholders approved the appropriation of dividend of Baht 0.5 per share, amounting to Baht 169.96 million. The dividend was paid to shareholders during May 2011.

At the Board of Directors' meeting of the shareholders of the Company held on 9 August 2011, the Board of Directors approved the appropriation of interim dividend of Baht 0.35 per share, totaling Baht 118.97 million. The dividend was paid to shareholders during September 2011.

At the Board of Directors' meeting of the Company held on 20 July 2010, the Board of Directors approved the payment of interim dividend for the operation from the first half of year 2010 at Baht 0.40 per share, totaling Baht 120 million from the 2010 promoted business (BOI). The dividend was paid to shareholders on 19 August 2010.

29 Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because loan interest rates are mainly fixed. The Group is primarily exposed to interest rate risk from its borrowings (Note 15). The Group mitigates this risk by ensuring that the majority of its borrowings are at fixed interest rates and uses derivative financial instruments, principally interest rate swaps, to manage exposure to fluctuations in interest rates on specific debt securities and borrowings.

The interest rates of loans receivable as at 31 December and the periods in which the loans receivable mature or re-price were as follows:

		Separate financial statements			
	Interest rate	Within 1 year	After 1 year but within 5 years	After 5 years	Total
	(% per annum)		*(in thousand Baht)*		
2011					
Current					
Short-term loans to subsidiaries	3.0 – 4.8	540,000	-	-	540,000
Total		**540,000**	**-**	**-**	**540,000**
2010					
Current					
Short-term loans to subsidiaries	2.9 - 3.6	310,000	-	-	310,000
Total		**310,000**	**-**	**-**	**310,000**

The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature or re-price were as follows:

		Consolidated financial statements			
	Interest rate	Within 1 year	After 1 year but within 5 years	After 5 years	Total
	(% per annum)		*(in thousand Baht)*		
2011					
Current					
Loans from financial institutions	FDR.3M + fixed	514,643	-	-	514,643
Non-current					
Loans from financial institutions	FDR.3M + fixed	-	1,840,124	788,009	2,628,133
Total		**514,643**	**1,840,124**	**788,009**	**3,142,776**
2010					
Current					
Loans from financial institutions	FDR.3M + fixed	283,377	-	-	283,377
Non-current					
Loans from financial institutions	FDR.3M + fixed	-	1,528,066	555,671	2,083,737
Total		**283,377**	**1,528,066**	**555,671**	**2,367,114**

	Interest rate	Separate financial statements Within 1 year	After 1 year but within 5 years	After 5 years	Total
	(% per annum)		*(in thousand Baht)*		
2011					
Current					
Loans from financial institutions	FDR.3M + fixed	155,312	-	-	155,312
Non-current					
Loans from financial institutions	FDR.3M + fixed	-	681,217	235,142	916,359
Total		**155,312**	**681,217**	**235,142**	**1,071,671**
2010					
Current					
Loans from financial institutions	FDR.3M + fixed	94,414	-	-	94,414
Non-current					
Loans from financial institutions	FDR.3M + fixed	-	560,114	218,443	778,557
Total		**94,414**	**560,114**	**218,443**	**872,971**

Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The Group primarily utilizes forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases and sales, denominated in foreign currencies, for the subsequent period.

At 31 December, the Group and the Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

	Note	**Consolidated financial statements** 2011	2010	**Separate financial statements** 2011	2010
			(in thousand Baht)		
United States Dollars					
Trade accounts receivable	*7*	12,344	12,739	6,416	9,596
Trade accounts payable	*16*	(91,489)	(80,077)	(4,095)	(4,010)
Gross balance sheet exposure		(79,145)	(67,338)	2,321	5,586
Currency forwards		-	-	-	-
Net exposure		**(79,145)**	**(67,338)**	**2,321**	**5,586**
Yen					
Cash and cash equivalents	*6*	10,535	-	-	-
Trade accounts receivable	*7*	9,008	9,099	-	-
Trade accounts payable	*16*	(51,783)	(46,393)	(6,015)	(14,539)
Other payables		620	-	-	-
Current liabilities		1,363	-	-	-
Gross balance sheet exposure		**(30,257)**	**(37,294)**	**(6,015)**	**(14,539)**
Currency forwards		-	-	-	-
Net exposure		**(30,257)**	**(37,294)**	**(6,015)**	**(14,539)**

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Group's customer base, Management does not anticipate material losses from its debt collection.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Since the majority of financial assets and financial liabilities of the Company and its subsidiaries are short-term in nature, interest rates of loans and borrowings are approximate to the market rate, the fair value of financial assets and financial liabilities are presented as the amount stated in the statement of financial position.

Fair value of interest swap contract is based on contractor as at the report date.

Fair value of interest swap contract as at 31 December 2011 has net value in amounting of Baht 440.34 million.

30 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(in million Baht)			
Capital commitments				
Contracted but not provided for				
Land	36.0	55.4	-	-
Machineries and equipments	154.8	303.7	-	-
Intangible assets	0.6	0.3	0.3	0.3
Building constructions	1.6	144.4	1.6	1.6
Total	**193.0**	**503.8**	**1.9**	**1.9**
Non-cancellable operating lease commitments				
Within one year	59.3	23.2	10.2	15.6
After one year but within five years	96.4	24.8	9.5	18.2
After five years	-	-	-	-
Total	**155.7**	**48.0**	**19.7**	**33.8**
Other commitments				
Bank guarantees	61.1	48.0	14.0	13.3
Total	**61.1**	**48.0**	**14.0**	**13.3**

The Company has entered into a technical assistance agreement with a foreign company covering the machining process, whereby the Company is to pay fees at a rate of 1.5% of the cost of the machining process minus material cost of products. The agreement is for 5 years, expiring in 2015 and is renewable for a further 5 years.

The Company has entered into a technical assistance agreement with another foreign company covering the forging process whereby the Company is to pay fees at a rate of 3% of the forging process minus material costs of products. The agreement is for 5 years, expiring in 2014 and is renewable for a further 5 years.

A subsidiary has entered into a technical assistance agreement with a foreign company regarding the process of machining, whereby the subsidiary is to pay a fee at 1.5% of the cost of the machining process minus material costs of products. The agreement is for 5 years, expiring in the year 2014, and is renewable for a further 5 years.

Another subsidiary company has entered into a technical assistance agreement with a foreign company regarding the process of casting, whereby the subsidiary is to pay a monthly fee of Yen 1 million. The agreement is for 5 years, expiring in the year 2015, and is renewable for a further 5 years.

As at 31 December 2011, the Company had an interest rate swap agreement to maintain interest rate of long term loan amounting to Baht 434.4 million *(2010: 487.5 million)* by swapping from floating rate to fixed rate as stipulated by the agreement.

31 Contingent liabilities

During 2011, the Company has sued 2 domestic companies for the breach of program development and license permission agreements in amount of Baht 35.6 million. One of the defendants counterclaimed against the Company in amount of Baht 50 million. As of 31 December 2011, the outcome of this arbitration has not been concluded yet, therefore, the Company has not set up provision for damages from this case.

32 Events after the reporting period

At the Board of Directors' meeting of the Company held on 10 November 2011, the Board of Directors approved the establishment of a new subsidiary in Thailand, named "Somboon Forging Technology Company Limited" in order to provide Manufacture and sale of auto parts. The authorised share capital is Baht 100 million by issuing ordinary shares of 1,000,000 shares with Baht 100 par value per share. The Company has registered to establish the said subsidiary in January 2012.

33 Thai Financial Reporting Standards (TFRS) not yet adopted

The Group has not adopted the following new and revised TFRS that have been issued as of the reporting date but are not yet effective. The new and revised TFRS are expected to become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table.

TFRS	**Topic**	**Year effective**
TAS 12	Income Taxes	2013
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates	2013

Management is presently considering the potential impact of adopting and initially applying these new and revised TFRS on the consolidated and separate's financial statements.

34 Reclassification of accounts

Certain accounts in the 2010 financial statements have been reclassified to conform to the presentation in the 2011 financial statements as follows:

	2010					
	Consolidated financial statements			**Separate financial statements**		
	Before reclass.	Reclass.	After reclass.	Before reclass.	Reclass.	After reclass.
			(in thousand Baht)			
Statement of financial position						
Inventories	531,030	(88,242)	442,788	137,250	(37,950)	99,300
Spare parts for machinery	-	88,242	88,242	-	37,950	37,950
Other receivables	-	73,170	73,170	-	8,895	8,895
Other current assets	92,923	(73,170)	19,753	10,785	(8,895)	1,890
		-			-	

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the Group's business.