

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the three-month and nine-month periods ended 30 September 2012 (Unaudited)**

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**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
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These notes form an integral part of the interim financial statements.

The interim financial statements issued for Thai 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 authorised for issue by the Board of Directors on 9 November 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 10540.

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

The major shareholders during the financial period were Somboon Holding Company Limited (25.50% shareholding), which incorporated in Thailand and Kitaphanich family (23.82% shareholding).

The principal businesses of the Company are manufacture of pick-up axles and truck trunion shafts. Details of the Company’s subsidiaries as at 30 September 2012 and 31 December 2011 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			30 September 2012	31 December 2011
<b><i>Direct subsidiaries</i></b>				
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	100
Somboon Forging Technology Company Limited	Manufacture and sale of auto parts	Thailand	100	-

**2 Basis of preparation of the interim financial statements**

**(a) Statement of compliance**

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard (TAS) No. 34 (revised 2009) *Interim Financial Reporting*; guidelines promulgated by the Federation of Accounting Professions (FAP); and applicable rules and regulations of the Thai Securities and Exchange Commission.

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The interim financial statements are prepared to provide an update on the financial statements for the year ended 31 December 2011. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company and its subsidiaries for the year ended 31 December 2011.

The accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the financial statements for the year ended 31 December 2011.

**(b) *Presentation currency***

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

**(c) *Use of estimates and judgements***

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

The preparing of interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2011.

***Judgements***

The key judgements made in applying accounting policies that have the most significant effect on the amounts recognised in these interim financial statements are as follows:

***Classification of investment property***

The Group has sublet a vacated warehouse but has decided not to treat this property as an investment property because it is not the Group's intention to hold it for long-term capital appreciation or rental. Accordingly, the property is still treated as a lease of property, plant and equipment.

***Estimates***

***Measurement of defined benefit obligations***

The calculation of the defined benefit obligation is sensitive to the assumptions on mortality rate and future salary rates as set out in note 12.

***Employee Stock Option Plans (ESOP)***

The calculation of rights for employee stock option expenses measure the compensation of "ESOP" was determined by Key Performance Indicators and the performance assessments from the Group performance and the individual performance for the performance throughout the year as set out in note 14.

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**3 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
Somboon Forging Technology Company Limited	Thailand	Subsidiary, 100% shareholding
Yamada Somboon Company Limited	Thailand	Associate, 20% shareholding
Tsuchiyoishi Somboon Coated Sand Company Limited	Thailand	Associate, 21.25% 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 three-month periods ended 30 September 2012 and 2011 with related parties were as follows:

<i>Three-month period ended 30 September</i>	Pricing policies	Consolidated financial statements	
		2012	2011
<i>(in million Baht)</i>			
<b>Other related parties</b>			
Sales of goods	Approximates market prices	24.8	96.1
<b>Key management personnel</b>			
Short-term benefits		9.8	10.1
Other long-term benefits		-	0.3
<b>Total key management personnel compensation</b>		<b>9.8</b>	<b>10.4</b>

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<i>Three-month period ended 30 September</i>	<b>Pricing policies</b>	<b>Separate financial statements</b>	
		2012	2011
		<i>(in million Baht)</i>	
<b>Subsidiaries</b>			
Facilities income	Approximates cost	5.7	4.8
Interest income	Contractually agreed price	4.3	3.7
Management fee income	Contractually agreed price	44.8	34.1
Sales of scraps	Market price	-	0.7
Purchases of goods	Approximates market price	0.2	-
Facilities expense	Approximates cost	0.4	0.3
<b>Other related parties</b>			
Sales of goods	Approximates market price	0.7	0.3
<b>Key management personnel</b>			
Short-term benefits		7.2	8.5
Other long-term benefits		-	0.3
<b>Total key management personnel compensation</b>		<u><u>7.2</u></u>	<u><u>8.8</u></u>
<i>Nine-month period ended 30 September</i>	<b>Pricing policies</b>	<b>Consolidated financial statements</b>	
		2012	2011
		<i>(in million Baht)</i>	
<b>Other related parties</b>			
Sales of goods	Approximates market price	74.1	131.6
<b>Key management personnel</b>			
Short-term benefits		35.9	34.8
Other long-term benefits		2.0	1.0
Expenses for employee stock option plan		4.7	-
<b>Total key management personnel compensation</b>		<u><u>42.6</u></u>	<u><u>35.8</u></u>

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<i>Nine-month period ended 30 September</i>	<b>Pricing policies</b>	<b>Separate financial statements</b>	
		2012	2011
		<i>(in million Baht)</i>	
<b>Subsidiaries</b>			
Dividend income		100.4	-
Facilities income	Approximates cost	14.9	13.9
Interest income	Contractually agreed price	16.8	9.2
Management fee income	Contractually agreed price	134.5	102.4
Sales of scraps	Market price	-	2.7
Purchases of goods	Approximates market price	0.2	0.2
Facilities expense	Approximates cost	1.1	0.9
Interest expense	Approximates market price	0.5	-
<b>Other related parties</b>			
Sales of goods	Approximates market price	1.1	1.1
<b>Key management personnel</b>			
Short-term benefits		28.6	32.8
Other long-term benefits		2.0	1.0
Expenses for employee stock option plan		4.7	-
<b>Total key management personnel compensation</b>		<b>35.3</b>	<b>33.8</b>

Balances as at 30 September 2012 and 31 December 2011 with related parties were as follows:

<i>Trade accounts receivable-related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
<i>(in thousand Baht)</i>				
<b>Other related parties</b>				
Yongkee (1995) Company Limited	37,040	51,602	294	2,158
Automotive Product Import and Export Center Company Limited	-	51	-	-
<b>Total</b>	<b>37,040</b>	<b>51,653</b>	<b>294</b>	<b>2,158</b>

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<i>Other receivables - related parties</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	30	31	30	31
	September	December	September	December
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
<b>Major shareholder</b>				
Somboon Holding Company Limited	10	-	-	-
<b>Subsidiaries</b>				
Somboon Malleable Iron Industrial Company Limited	-	-	17,611	21,518
Bangkok Spring Industrial Company Limited	-	-	10,773	10,082
International Casting Products Company Limited	-	-	12,268	1,708
Somboon Forging Technology Co., Ltd	-	-	42	-
<b>Other related party</b>				
Yongkee (1995) Company Limited	128	128	-	-
<b>Total</b>	<b>138</b>	<b>128</b>	<b>40,694</b>	<b>33,308</b>

*Short-term loans to subsidiaries*

	<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>
	2012	2011
	<i>(in thousand Baht)</i>	
<b>Subsidiaries</b>		
Somboon Malleable Iron Industrial Company Limited	160,000	440,000
International Casting Products Company Limited	200,000	90,000
SBG International Japan Company Limited	30,000	10,000
<b>Total</b>	<b>390,000</b>	<b>540,000</b>

Movements during the nine-month periods ended 30 September 2012 and 2011 of loans to subsidiaries were as follows:

*Short-term loans to subsidiaries*

<i>Nine-month period ended 30 September</i>	<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>
	2012	2011
	<i>(in thousand Baht)</i>	
<b>Short-term loans</b>		
At 1 January	540,000	310,000
Increase	250,000	1,030,000
Decrease	(400,000)	(930,000)
<b>At 30 September</b>	<b>390,000</b>	<b>410,000</b>

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<i>Trade account payable - related parties</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	30	31	30	31
	September	December	September	December
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Bangkok Spring Industrial Company Limited	-	-	57	-
<b>Associate</b>				
Tsuchiyoshi Somboon Coated Sand Company Limited	11,933	6,140	-	-
<b>Other related party</b>				
Yongkee (1995) Company Limited	151	446	-	-
<b>Total</b>	<b>12,084</b>	<b>6,586</b>	<b>57</b>	<b>-</b>

<i>Other payables to related parties</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	30	31	30	31
	September	December	September	December
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Somboon Malleable Iron Industrial Company Limited	-	-	249	253
Bangkok Spring Industrial Company Limited	-	-	269	225
International Casting Products Company Limited	-	-	3	8
SBG International Japan Company Limited	-	-	1,498	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2,019</b>	<b>486</b>

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

#### **4 Trade accounts receivable**

	<i>Note</i>	<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		30	31	30	31
		September	December	September	December
		2012	2011	2012	2011
		<i>(in thousand Baht)</i>			
Related parties	3	37,040	51,653	294	2,158
Other parties		1,717,917	823,501	607,426	243,950
<b>Total</b>		<b>1,754,957</b>	<b>875,154</b>	<b>607,720</b>	<b>246,108</b>



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Aging analyses for trade accounts receivable were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
	<i>(in thousand Baht)</i>			
<b>Related parties</b>				
Within credit terms	37,040	51,653	294	2,158
Overdue:				
Less than 3 months	-	-	-	-
3-12 months	-	-	-	-
Over 12 months	-	-	-	-
	<u>37,040</u>	<u>51,653</u>	<u>294</u>	<u>2,158</u>
<i>Less allowance for doubtful accounts</i>	-	-	-	-
	<u>37,040</u>	<u>51,653</u>	<u>294</u>	<u>2,158</u>
<b>Other parties</b>				
Within credit terms	1,710,508	815,505	603,305	239,169
Overdue:				
Less than 3 months	7,266	7,935	4,121	4,781
3-12 months	17	61	-	-
Over 12 months	126	-	-	-
	<u>1,717,917</u>	<u>823,501</u>	<u>607,426</u>	<u>243,950</u>
<i>Less allowance for doubtful accounts</i>	-	-	-	-
	<u>1,717,917</u>	<u>823,501</u>	<u>607,426</u>	<u>243,950</u>
<b>Total</b>	<u>1,754,957</u>	<u>875,154</u>	<u>607,720</u>	<u>246,108</u>

The normal credit term granted by the Group ranges from 30 days to 90 days.

## 5 Inventories

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
	<i>(in thousand Baht)</i>			
Finished goods	199,120	325,350	49,093	116,093
Work in process	102,306	120,662	24,104	4,690
Raw materials	200,572	149,738	57,644	20,916
Factory supplies	120,374	118,827	36,113	34,298
Goods in transit	74,951	50,489	5,117	116
	<u>697,323</u>	<u>765,066</u>	<u>172,071</u>	<u>176,113</u>
<i>Less allowance for decline in value</i>	(23,964)	(30,058)	(6,558)	(6,353)
<b>Net</b>	<u>673,359</u>	<u>735,008</u>	<u>165,513</u>	<u>169,760</u>

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**6 Investments in subsidiaries**

<i>Nine-month period ended 30 September</i>	<b>Separate financial statements</b>	
	2012	2011
	<i>(in thousand Baht)</i>	
At 1 January	1,861,561	1,852,018
Acquisitions	439,994	9,543
<b>At 30 September</b>	<b><u>2,301,555</u></b>	<b><u>1,861,561</u></b>

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Investments in subsidiaries as at 30 September 2012 and 31 December 2011, and dividend income from those investments for the nine-month periods ended 30 September 2012 and 2011 were as follows:

	<b>Separate financial statements</b>							
	Ownership Interest		Paid-up capital		Cost method		Dividend income for nine months ended	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011	30 September 2012	31 December 2011	30 September 2012	30 September 2011
	(%)				(in thousand Baht)			
<b><i>Subsidiaries</i></b>								
Somboon Malleable Iron Industrial Company Limited	100	100	500,000	160,000	875,989	535,995	-	-
Bangkok Spring Industrial Company Limited	100	100	130,000	130,000	519,989	519,989	100,358	-
International Casting Products Company Limited	100	100	785,000	785,000	796,034	796,034	-	-
SBG International Japan Company Limited	100	100	9,543	9,543	9,543	9,543	-	-
Somboon Forging Technology Company Limited	100	-	100,000	-	100,000	-	-	-
<b>Total</b>					<u><u>2,301,555</u></u>	<u><u>1,861,561</u></u>	<u><u>100,358</u></u>	<u><u>-</u></u>

At the Board of Directors' meeting No. 3/2012 held on 20 April 2012, the Board of Directors approved to increase the authorised share capital of Somboon Malleable Iron Industrial Company Limited from Baht 160 million to Baht 500 million by issuing 1.36 million new ordinary shares at Baht 250 par value. The Company had registered the increase of shares capital with the Ministry of Commerce on 23 May 2012.

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 produce and distribute vehicle's part. The authorised share capital is Baht 100 million by issuing ordinary shares of 1 million shares at Baht 100 par value per share. The Company has registered to establish the said subsidiary during January 2012.

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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 at Yen 100 par value per share. The Company has registered to establish the said subsidiary during July 2011.

**7 Investments in associates**

<i>Nine-month period ended 30 September</i>	<b>Consolidated financial statements</b>	
	2012	2011
	<i>(in thousand Baht)</i>	
At 1 January	144,950	140,555
Share of net profit of investments		
- equity method	12,731	19,369
Dividends income	<u>(2,264)</u>	<u>(5,571)</u>
<b>At 30 September</b>	<b><u>155,417</u></b>	<b><u>154,353</u></b>

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Investments in associates as at 30 September 2012 and 31 December 2011, and dividend income from those investments for the nine-month periods ended 30 September 2012 and 2011 were as follows:

	Ownership Interest		Paid-up capital		Cost method		Equity method		Dividend income for nine months ended	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011	30 September 2012	31 December 2011	30 September 2012	31 December 2011	30 September 2012	30 September 2011
	(%)		(in thousand Baht)							
<b>Associates</b>										
Tsuchiyoshi Somboon Coated Sand Company Limited	21.25	21.25	72,000	72,000	15,300	15,300	36,491	34,607	1,070	1,530
Yamada Somboon Company Limited	20.00	20.00	150,000	150,000	<u>30,807</u>	<u>30,807</u>	<u>118,926</u>	<u>110,343</u>	<u>1,194</u>	<u>4,041</u>
					<b><u>46,107</u></b>	<b><u>46,107</u></b>	<b><u>155,417</u></b>	<b><u>144,950</u></b>	<b><u>2,264</u></b>	<b><u>5,571</u></b>

The investment in Tsuchiyoshi Somboon Coated Sand Company Limited, accounted for under the equity method as at 30 September 2012, was calculated based on unaudited/unreviewed financial statements of the company for the nine-month period ended 30 September 2012 prepared by its management.

The investment in Yamada Somboon Company Limited, accounted for under the equity method as at 30 September 2012, was calculated based on unaudited/unreviewed financial statements of the company for the nine-month period ended 30 September 2012 prepared by its management.

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**8 Other long-term investments**

Name of the entity	Type of business	Paid-up capital	Ownership Interest		Consolidated financial statements		
			30 September 2012	31 December 2011	Cost 30 September 2012	Cost 31 December 2011	
		(in thousand Baht)	(%)			(in thousand Baht)	(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	
<b>Total</b>					<b>26,651</b>	<b>26,651</b>	

**9 Investment properties**

Investment properties represent land of its subsidiaries. The fair value was revalued on 9 August 2010 by an independent professional valuer and the appraised value was Baht 114.94 million. One of the subsidiaries used land at cost price Baht 4.61 million as a collateral of loan of that subsidiary.

**10 Property, plant and equipment**

Acquisitions, disposals and transfers of property, plant and equipment during the nine-month periods ended 30 September 2012 and 2011 were as follows:

<i>Nine-month period ended 30 September</i>	Consolidated financial statements	Separate financial statements
	<i>(in thousand Baht)</i>	
<b>Cost / revaluation</b>		
At 1 January 2011	7,914,476	2,231,289
Additions	1,976,684	389,948
Disposals / written-off	(55,982)	(1,550)
<b>At 30 September 2011</b>	<b>9,835,178</b>	<b>2,619,687</b>
At 1 January 2012	9,933,410	2,632,412
Additions	480,059	76,720
Disposals / written-off	(27,044)	(3,850)
<b>At 30 September 2012</b>	<b>10,386,425</b>	<b>2,705,282</b>

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<i>Nine-month period ended 30 September</i>	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>
	<i>(in thousand Baht)</i>	
<b>Depreciation</b>		
At 1 January 2011	3,294,015	1,105,402
Depreciation charge for the period	376,967	129,120
Depreciation on revaluation surplus	7,473	1,642
Depreciation for disposals / written-off	(52,951)	(1,550)
<b>At 30 September 2011</b>	<b>3,625,504</b>	<b>1,234,614</b>
At 1 January 2012	3,788,646	1,292,170
Depreciation charge for the period	519,714	151,163
Depreciation on revaluation surplus	7,352	1,648
Depreciation for disposals / written-off	(22,874)	(3,846)
<b>At 30 September 2012</b>	<b>4,292,838</b>	<b>1,441,135</b>
<b>Net book value</b>		
<b>At 31 December 2011 and 1 January 2012</b>	<b>6,144,764</b>	<b>1,340,242</b>
<b>At 30 September 2012</b>	<b>6,093,587</b>	<b>1,264,147</b>

As at 30 September 2012, land of subsidiaries valued at Baht 109.7 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 30 September 2012, subsidiaries have machines under sales and financial lease-back agreements with net book values totalling Baht 53.3 million (*31 December 2011: Baht 58.6 million*).

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

During 2011, the subsidiaries capitalised interest amounting to Baht 10.3 million to the costs of plant construction and machinery installation. The Company capitalised interest amounts 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 3.68% - 4.08% per annum.

## **11 Trade accounts payable**

		<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		30 September 2012	31 December 2011	30 September 2012	31 December 2011
		<i>(in thousand Baht)</i>			
Related parties	3	12,084	6,586	57	-
Other parties		1,515,378	914,893	563,764	269,644
<b>Total</b>		<b>1,527,462</b>	<b>921,479</b>	<b>563,821</b>	<b>269,644</b>

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**12 Employee benefit obligations**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	30	31	30	31
	September	December	September	December
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
<b>Statement of financial position</b>				
<b>Obligations for:</b>				
Post-employment benefits	124,993	116,066	56,658	53,625
	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
<b>Three-month period ended 30 September</b>				
<b>Statement of income:</b>				
<b>Recognised in profit or loss:</b>				
Post-employment benefits	3,805	3,625	1,840	1,752
<b>Nine-month period ended 30 September</b>				
<b>Statement of income:</b>				
<b>Recognised in profit or loss:</b>				
Post-employment benefits	11,431	10,876	5,521	5,257

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:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
<b>Nine-month period ended 30 September</b>				
Defined benefit obligations at 1 January	116,066	102,412	53,625	46,616
Benefits paid by the plan	(2,504)	(798)	(2,488)	-
Current service costs and interest	11,431	10,876	5,521	5,257
<b>Defined benefit obligations at 30 September</b>	<b><u>124,993</u></b>	<b><u>112,490</u></b>	<b><u>56,658</u></b>	<b><u>51,873</u></b>

Expense recognised in profit or loss:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
<b>Three-month period ended 30 September</b>				
Current service costs	2,441	2,415	1,212	1,200
Interest on obligation	1,364	1,210	628	552
<b>Total</b>	<b><u>3,805</u></b>	<b><u>3,625</u></b>	<b><u>1,840</u></b>	<b><u>1,752</u></b>



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	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
<i>Nine-month period ended 30 September</i>	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Current service costs	7,341	7,246	3,635	3,601
Interest on obligation	4,090	3,630	1,886	1,656
<b>Total</b>	<b>11,431</b>	<b>10,876</b>	<b>5,521</b>	<b>5,257</b>

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

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
<i>Three-month period ended 30 September</i>	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Cost of sales	2,294	2,157	463	411
Administrative expenses	1,511	1,468	1,377	1,341
<b>Total</b>	<b>3,805</b>	<b>3,625</b>	<b>1,840</b>	<b>1,752</b>

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
<i>Nine-month period ended 30 September</i>	2012	2011	2012	2011
Cost of sales	6,896	6,472	1,388	1,235
Administrative expenses	4,535	4,404	4,133	4,022
<b>Total</b>	<b>11,431</b>	<b>10,876</b>	<b>5,521</b>	<b>5,257</b>

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

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	30	31	30	31
	September	December	September	December
	2012	2011	2012	2011
	%			
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.

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**13 Interest-bearing liabilities**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
	<i>(in thousand Baht)</i>			
<b>Current</b>				
Short-term loans from financial institutions unsecured				
- promissory note	50,000	-	-	-
- trust receipts	46,179	141,354	-	-
Current portion of long-term loans from financial institutions, secured	489,781	373,289	170,057	155,312
Current portion of finance lease liabilities	24,055	16,841	329	334
<b>Total current liabilities</b>	<b>610,015</b>	<b>531,484</b>	<b>170,386</b>	<b>155,646</b>
<b>Non-current</b>				
Long-term loans from financial institutions, secured	2,548,414	2,628,133	807,549	916,359
Finance lease liabilities	5,437	25,713	439	687
<b>Total non-current liabilities</b>	<b>2,553,851</b>	<b>2,653,846</b>	<b>807,988</b>	<b>917,046</b>
<b>Total</b>	<b>3,163,866</b>	<b>3,185,330</b>	<b>978,374</b>	<b>1,072,692</b>

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
	<i>(in thousand Baht)</i>			
Within one year	585,960	514,643	170,057	155,312
After one year but within five years	2,040,443	1,840,124	669,520	681,217
After five years	507,971	788,009	138,029	235,142
<b>Total</b>	<b>3,134,374</b>	<b>3,142,776</b>	<b>977,606</b>	<b>1,071,671</b>

Short-term loans from financial institutions carry interest at rates of MMR 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 financial institution.

As at 30 September 2012, the long-term credit facilities of the Company and its subsidiaries which have not yet been drawn down amounted to Baht 575.7 million. (31 December 2011: Baht 133.7 million)

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

Under the term of the loan agreement, the Company and its subsidiaries must comply with certain conditions while utilising the credit facility, pertaining to matters, such as the maintenance of certain financial ratios stipulated by the agreement.

***Finance lease liabilities***

Finance lease liabilities as at 30 September 2012 and 31 December 2011 were payable as follows:

	<b>Consolidated financial statements</b>					
	<b>30 September 2012</b>			<b>31 December 2011</b>		
	Future minimum lease payments	Interest	Present value of minimum lease payments <i>(in thousand Baht)</i>	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	24,932	(877)	24,055	18,790	(1,949)	16,841
After one year but within five years	5,529	(92)	5,437	26,533	(820)	25,713
<b>Total</b>	<b>30,461</b>	<b>(969)</b>	<b>29,492</b>	<b>45,323</b>	<b>(2,769)</b>	<b>42,554</b>

	<b>Separate financial statements</b>					
	<b>30 September 2012</b>			<b>31 December 2011</b>		
	Future minimum lease payments	Interest	Present value of minimum lease payments <i>(in thousand Baht)</i>	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	365	(36)	329	388	(54)	334
After one year but within five years	457	(18)	439	731	(44)	687
<b>Total</b>	<b>822</b>	<b>(54)</b>	<b>768</b>	<b>1,119</b>	<b>(98)</b>	<b>1,021</b>

Besides the machines 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-cancellable.

Interest-bearing liabilities of the Group and the Company as at 30 September 2012 and 31 December 2011 were denominated entirely in Thai Baht.

## **14 Rights for employee stock option plan**

### **Employee Stock Option Plan (ESOP)**

At the Annual General Meeting of shareholders held on 19 April 2011, the shareholders approved the offering of the newly issued ordinary shares to senior executives (including any senior executives who are directors) of the Group has its registered in Thailand. 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**

Employee Stock Option Plan has a term of 4 years starting from the first offering date. The number of ordinary shares to be offered is not exceeding the total of 1,800,000 newly issued ordinary shares with the par value of Baht 1 each. The offering price per share in each period is equivalent to the Market price which represents the weighted average closing market price of ordinary shares of the Company on the Stock Exchange of Thailand during the last 15 working days before the each offering date. The condition for subscription of the newly issued shares are comprised of each employee of the Company and/or its subsidiaries as of each offering date and the number of shares which each employees receive in each years are based on performance assessment of the Key Performance Indicators (KPIs) in each year.

The Company shall offer the newly issued ordinary shares as a continuing scheme and will provide the first offering of the shares within 1 year from the date of which the 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. Moreover, the Company shall offer the remaining newly issued ordinary shares within 3 years from the first offering date. However, 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 recognise the services received as a part of employee benefit as at 31 December 2011. In addition, the 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.

However, at the annual general meeting of the Company held on 20 April 2012. The Company proposed to offer the total of 1,800,000 newly issued ordinary shares to senior executives of the Group and/or its subsidiaries incorporated in Thailand (including any senior executives who are directors). The terms and conditions were the same as the previous scheme and were approved by the meeting.

As the Thai Financial Reporting Standards 2 (TFRS 2): Share-based Payment was effective for the share-based payment awards granted on or after 1 January 2011. Therefore, according to TFRS 2, ESOP has to be measured by using the fair value of the stock options on the grant date.

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The compensation of “ESOP” was determined by Key Performance Indicators (KPIs) for the year 2012 have been determined on the performance assessments from the Group performance and the individual performance for the performance throughout the year ended 31 December 2012.

The inputs used in the measurement of the fair values according to “ESOP” were as follows:

Grant date: 1 June 2012	
Fair value of common stock at grant date (Baht)	27.75
Exercise price (Baht)	Market price

Based on the performance of the Group for nine-month period of the year 2012, the performance assessment met the criteria of offering the employee stock option plan. The Company recorded the expenses from the scheme for the nine-month period ended 30 September 2012 of Baht 4.7 million, other current liabilities of Baht 1.2 million and rights for employee stock option plan of Baht 3.5 million, in the consolidated and the separate financial statements.

## 15 Segment information

### *Business segments*

Management considers that the Group operates in a single line of business, namely manufacture and sale of auto parts, 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

## 16 Earnings per share

### *Basic earnings per share*

The calculation of basic earnings per share for the three-month and nine-month periods ended 30 September 2012 and 2011 was based on the profit for the period attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the period as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
<i>Three-month period ended 30 September</i>	2012	2011	2012	2011
	<i>(in thousand Baht / thousand shares)</i>			
<b>Profit attributable to ordinary shareholders of the Company (basic)</b>	<u>257,561</u>	<u>204,560</u>	<u>146,643</u>	<u>130,217</u>
<b>Number of ordinary shares outstanding (basic)</b>	<u>339,923</u>	<u>339,923</u>	<u>339,923</u>	<u>339,923</u>
<b>Earnings per share (basic) (in Baht)</b>	<u>0.76</u>	<u>0.60</u>	<u>0.43</u>	<u>0.38</u>

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<i>Nine-month period ended 30 September</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht / thousand shares)</i>			
<b>Profit attributable to ordinary shareholders of the Company (basic)</b>	<u><b>625,793</b></u>	<u><b>504,675</b></u>	<u><b>552,584</b></u>	<u><b>332,785</b></u>
<b>Number of ordinary shares outstanding (basic)</b>	<u><b>339,923</b></u>	<u><b>339,923</b></u>	<u><b>339,923</b></u>	<u><b>339,923</b></u>
<b>Earnings per share (basic) (in Baht)</b>	<u><b>1.84</b></u>	<u><b>1.48</b></u>	<u><b>1.63</b></u>	<u><b>0.98</b></u>

*Diluted earnings per share*

The Group has not been presented diluted earnings per share since the effect of the issuance of ordinary shares provided to directors and employees of the Group would not be material.

**17 Dividends**

At the Board of Directors' meeting of the Company held on 9 August 2012, the Board of Directors approved the payment of interim dividend for the operation from the first half of year 2012 at the rate of Baht 0.30 per share, totalling Baht 102 million from the promoted business (BOI). The dividend was paid to shareholders on 6 September 2012.

At the annual general meeting of the shareholders of the Company held on 20 April 2012, the shareholders approved the appropriation of dividend for the operation of year 2011 of Baht 0.45 per share, totally Baht 153 million from the promoted business (BOI). The interim dividend was paid to shareholders on 9 August 2011 at Baht 0.35 per share. The remaining dividend at Baht 0.10 per share, totally to Baht 34 million was paid to shareholders on 14 May 2012.

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

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, totaling Baht 169.96 million. The dividend was paid to shareholders during May 2011.

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**18 Commitments with non-related parties**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	30	31	30	31
	September	December	September	December
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
<b><i>Capital commitments</i></b>				
Contracted but not provided for:				
Land	23.9	36.0	9.8	-
Machineries and equipment	219.0	154.8	-	-
Intangible assets	1.7	0.6	0.3	0.3
Building constructions	102.9	1.6	1.6	1.6
<b>Total</b>	<b>347.5</b>	<b>193.0</b>	<b>11.7</b>	<b>1.9</b>
	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	30	31	30	31
	September	December	September	December
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
<b><i>Non-cancellable operating lease commitments</i></b>				
Within one year	75.6	59.3	3.2	10.2
After one year but within five years	91.4	96.4	21.7	9.5
<b>Total</b>	<b>167.0</b>	<b>155.7</b>	<b>24.9</b>	<b>19.7</b>
<b><i>Other commitments</i></b>				
Bank guarantees	72.1	61.1	18.3	14.0
<b>Total</b>	<b>72.1</b>	<b>61.1</b>	<b>18.3</b>	<b>14.0</b>

The Company and a subsidiary entered into land purchase and sale agreement with a local company in the amount of Bath 61 million whereby, the Company and its subsidiary agreed to purchase the land for factory construction. The term of payment is for 2 years with ending in 2014.

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.

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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 30 September 2012, the Company had an interest rate swap agreement to maintain interest rate of long term loan amounting to Baht 388 million (2011: Baht 450 million) from floating rate to fixed rate as stipulated by the agreement.

**19 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 30 September 2012, the outcome of this arbitration has not been concluded yet, therefore, the Company has not set up provision for damages from this case.

**20 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
TFRS 8	Segment information	2013

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

**21 Reclassification of accounts**

Certain accounts in the 2011 financial statements have been reclassified to conform to the presentation in the 2012 financial statements as follows:

	2011					
	Consolidated financial statements			Separate financial statements		
	Before reclass.	Reclass.	After reclass.	Before reclass.	Reclass.	After reclass.
	<i>(in thousand Baht)</i>					
<b>Statement of financial position</b>						
<b>Current assets</b>						
Spare parts for machinery	-	59,992	59,992	-	13,751	13,751
Inventories	716,734	18,274	735,008	-	-	-



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	2011					
	<b>Consolidated financial statements</b>			<b>Separate financial statements</b>		
	Before reclass.	Reclass.	After reclass.	Before reclass.	Reclass.	After reclass.
<b><i>Non-current assets</i></b>						
Spare parts for machinery	120,302	(59,992)	60,130	50,453	(13,751)	36,702
Other non-current asset	49,394	<u>18,274</u>	31,120	-	<u>-</u>	-
		<u>-</u>			<u>-</u>	

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