

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 2013 (Unaudited)

Note	Contents
1	General information
2	Basis of preparation of the interim financial statements
3	Changes in accounting policies
4	Related parties
5	Trade accounts receivable
6	Inventories
7	Investments in subsidiaries
8	Investments in associates
9	Other long-term investments
10	Investment properties
11	Property, plant and equipment
12	Deferred tax
13	Trade accounts payable
14	Employee benefit obligations
15	Interest-bearing liabilities
16	Rights for employee stock option plan
17	Share capital
18	Segment information
19	Income tax expense
20	Earnings per share
21	Dividends
22	Commitments with non-related parties
23	Contingent liabilities
24	Thai Financial Reporting Standards (TFRS) not yet adopted
25	Reclassification of accounts

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 2013 (Unaudited)

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 8 November 2013.

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 (25.49% shareholding), which incorporated in Thailand and Kitaphanich family (20.89% 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 30 September 2013 and 31 December 2012 are given in notes to financial statements 4 and 7.

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			30 September 2013	31 December 2012
<i>Direct subsidiaries</i>				
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	100

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 2013 (Unaudited)

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.

The interim financial statements are prepared to provide an update on the financial statements for the year ended 31 December 2012. 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 2012.

The FAP has issued the following new and revised TFRS and Announcements relevant to the Group's operations and effective for accounting periods beginning on or after 1 January 2013:

TFRS	Topic
TAS 12	Income Taxes
TFRS 8	Operating Segments

The adoption of these new and revised TFRS and FAP Announcements 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 and Announcements, as 30 September 2013 the FAP had issued a number of and revised TFRS which are effective for financial statements beginning on or after 1 January 2014 and have not been adopted in the preparation of these interim financial statements. Those new and revised TFRS that are relevant to the Group's operations are disclosed in note 24.

Except for the changes in accounting policy discussed in note 3, 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 2012.

(b) Presentation currency

The interim financial statements are prepared and presented in Thai Baht, which is the Group's functional currency. All financial information presented in Thai Baht has been rounded to the nearest thousand unless otherwise stated.

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 2013 (Unaudited)

(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 2012. Changes principally derive from the adoption of new and revised TFRS from 1 January 2013.

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 14.

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 16.

3 Changes in accounting policies

(a) Overview

From 1 January 2013, consequent to the adoption of new and revised TFRS and FAP Announcements as set out in note 2, the Group has changed its accounting policies in the following areas:

- Accounting for income tax
- Presentation of information on operating segments

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 2013 (Unaudited)

Details of the new accounting policies adopted by the Group are included in notes 3(b) to 3(c) below. Other new and revised TFRS did not have any impact on the accounting policies, financial position or performance of the Group.

(b) Accounting for income tax

The principal change introduced by TAS 12 is the requirement to account for deferred tax liabilities and assets in the financial statements.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Group adopted TAS 12 with effect from 1 January 2013. The effects of the change are recognised retrospectively in the financial statements. The impact of the change on the financial statements is as follows:

<i>Statement of financial position as at</i>	Consolidated financial statements			Separate financial statements		
	30 September 2013	31 December 2012	1 January 2012	30 September 2013	31 December 2012	1 January 2012
<i>(in thousand Baht)</i>						
Increase in deferred tax assets	-	-	-	122	105	102
Increase in deferred tax liabilities	64,399	68,814	72,092	-	-	-
Decrease in revaluation surplus	(87,314)	(87,634)	(88,836)	(2,890)	(2,977)	(3,093)
Increase in retained earnings	22,915	18,820	16,744	3,012	3,082	3,195
Increase (decrease) in total equity	(64,399)	(68,814)	(72,092)	122	105	102

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 2013 (Unaudited)

	Consolidated financial statements		Separate financial statements	
	2013	2012 (in thousand Baht)	2013	2012
<i>Statement of income for the three-month period ended 30 September</i>				
Decrease in income tax expense	482	651	140	85
Increase in profit for the period	482	651	140	85
Increase in earnings per share				
- Basic earnings per share (in Baht)	0.00	0.00	0.00	0.00
<i>Statement of income for the nine-month period ended 30 September</i>				
Decrease (increase) in income tax expense	4,095	1,839	(70)	202
Increase (decrease) in profit for the period	4,095	1,839	(70)	202
Increase (decrease) in earnings per share				
- Basic earnings per share (in Baht)	0.01	0.00	0.00	0.00

(c) Presentation of information on operating segments

From 1 January 2013, the Group has adopted TFRS 8 Operating Segments. The new policy for presentation of information on operating segments, together with information on the previous policy, is given below. The new policy has been applied retrospectively and segment information included in the 2012 financial statements, which are included in the Group's 2013 interim financial statements for comparative purposes, has been re-presented accordingly. The change in policy only impacts presentational aspects and has no impact on the Group's reported assets, liabilities, results or earnings per share.

TFRS 8 introduces the “management approach” to segment reporting. It requires a change in the presentation and disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to those segments. Previously the Group presented segment information in respect of its business and geographical segments in accordance with TAS 14 Segment Reporting.

The change in basis of presentation and disclosure of segment information has resulted in the Group presenting segment information reported in the Group's financial statements as explained in note 18.

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 2013 (Unaudited)

4 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 subsidiaries and associates are described in notes 7 and 8. Relationship with key management and other related parties were as follows:

Name of entities	Country of incorporation/	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
Tsuchiyoshi 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 and nine-month periods ended 30 September 2013 and 2012 with related parties were as follows:

<i>Three-month period ended 30 September</i>	Pricing policies	Consolidated financial statements	
		2013 (in million Baht)	2012
Other related parties			
Sales of goods	Approximates market price	-	24.8
Purchases of goods	Approximates market price	7.0	0.5
Key management personnel			
Short-term benefits		13.9	9.8
Other long-term benefits		0.8	-
Total key management personnel compensation		14.7	9.8

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 2013 (Unaudited)

<i>Three-month period ended 30 September</i>	Pricing policies	Separate financial statements	
		2013	2012
		(in million Baht)	
Subsidiaries			
Sales of goods	Approximates market price	12.1	-
Facilities income	Approximates cost	4.7	5.7
Interest income	Contractually agreed price	3.8	4.3
Management fee income	Contractually agreed price	50.2	44.8
Sales of scraps	Approximates market price	0.5	-
Purchases of goods	Approximates market price	-	0.2
Facilities expense	Approximates cost	0.3	0.4
Other related parties			
Sales of goods	Approximates market price	-	0.7
Key management personnel			
Short-term benefits		10.4	7.2
Other long-term benefits		0.8	-
Total key management personnel compensation		11.2	7.2
 <i>Nine-month period ended 30 September</i>			
Other related parties	Pricing policies	Consolidated financial statements	
		2013	2012
		(in million Baht)	
Sales of goods	Approximates market price	-	74.1
Purchases of goods	Approximates market price	29.3	0.6
Key management personnel			
Short-term benefits		42.2	35.9
Other long-term benefits		2.4	2.0
Expenses for employee stock option plan		4.8	4.7
Total key management personnel compensation		49.4	42.6
 <i>Nine-month period ended 30 September</i>			
Subsidiaries	Pricing policies	Separate financial statements	
		2013	2012
		(in million Baht)	
Sales of goods	Approximates market price	35.6	-
Dividend income		54.1	100.4
Facilities income	Approximates cost	16.0	14.9
Interest income	Contractually agreed price	11.5	16.8
Management fee income	Contractually agreed price	150.7	134.5

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 2013 (Unaudited)

		Approximates market price	5.0	-
			Separate	
		Pricing policies	financial statements	
	<i>Nine-month period ended 30 September</i>		2013	2012
			(in million Baht)	
Subsidiaries				
Purchases of goods		Approximates market price	-	0.2
Facilities expense		Approximates cost	1.1	1.1
Interest expense		Approximates market price	-	0.5
Other related parties				
Sales of goods		Approximates market price	-	1.1
Key management personnel				
Short-term benefits			31.2	28.6
Other long-term benefits			2.4	2.0
Expenses for employee stock option plan			4.8	4.7
Total key management personnel compensation			38.4	35.3

Balances as at 30 September 2013 and 31 December 2012 with related parties were as follows:

<i>Trade accounts receivable-related parties</i>	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2013	31 December 2012	30 September 2013	31 December 2012
(in thousand Baht)				
Subsidiaries				
Somboon Malleable Iron Industrial Company Limited	-	-	9,871	-
Other related party				
Yongkee (1995) Company Limited	-	39,325	-	1,075
Total	-	39,325	9,871	1,075

Other receivables-related parties

Subsidiaries				
Somboon Malleable Iron Industrial Company Limited	-	-	17,563	18,615
Bangkok Spring Industrial Company Limited	-	-	12,705	10,938
International Casting Products Company Limited	-	-	12,373	12,153
SBG International Japan Company Limited	-	-	694	219
Somboon Forging Technology Co., Ltd	-	-	47	120
Other related parties				
Yongkee (1995) Company Limited	-	128	-	-
Somboon Holding Company Limited	-	10	-	-

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 2013 (Unaudited)

Total	-	138	43,382	42,045
<i>Short-term loans to subsidiaries</i>				
			Separate financial statements	
	30 September 2013	31 December 2012		
	(in thousand Baht)			
Subsidiaries				
Somboon Malleable Iron Industrial Company Limited		150,000	110,000	
International Casting Products Company Limited		200,000	200,000	
SBG International Japan Company Limited		40,000	30,000	
Total		390,000	340,000	

Movements for the nine-month period ended 30 September of loans to subsidiaries were as follows:

<i>Short-term loans to subsidiaries</i>	Separate financial statements	
<i>Nine-month period ended 30 September</i>	2013	2012
<i>Short-term loans</i>		
At 1 January	340,000	540,000
Increase	80,000	250,000
Decrease	(30,000)	(400,000)
At 30 September	390,000	390,000

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

<i>Trade account payable - related parties</i>	Consolidated financial statements		Separate financial statements	
	30 September 2013	31 December 2012	30 September 2013	31 December 2012
<i>Subsidiaries</i>				
International Casting Products Company Limited	-	-	-	38
Associate				
Tsuchiyoshi Somboon Coated Sand Company Limited	7,668	14,060	-	-
Other related party				
Yongkee (1995) Company Limited	-	119	-	-
Total	7,668	14,179	-	38

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 2013 (Unaudited)

<i>Other payables to related parties</i>	Consolidated financial statements		Separate financial statements	
	30 September 2013	31 December 2012	30 September 2013	31 December 2012
	(in thousand Baht)			
Subsidiaries				
Somboon Malleable Iron Industrial Company Limited	-	-	30	93
Bangkok Spring Industrial Company Limited	-	-	234	1,097
International Casting Products Company Limited	-	-	3	2
SBG International Japan Company Limited	-	-	2,327	2,155
Associate				
Tsuchiyoshi Somboon Coated Sand Company Limited	<u>7</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u><u>7</u></u>	<u><u>-</u></u>	<u><u>2,594</u></u>	<u><u>3,347</u></u>

5 Trade accounts receivable

Note	Consolidated financial statements		Separate financial statements	
	30 September 2013	31 December 2012	30 September 2013	31 December 2012
	(in thousand Baht)			
Related parties	4	-	39,325	9,871
Other parties		1,380,688	1,536,802	482,021
Total		<u>1,380,688</u>	<u>1,576,127</u>	<u>521,139</u>
Less allowance for doubtful accounts		(68)	-	-
Net		<u><u>1,380,620</u></u>	<u><u>1,576,127</u></u>	<u><u>491,892</u></u>
Bad debts and doubtful debts expense for the period		68	-	-

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 2013 (Unaudited)

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	30 September 2013	31 December 2012	30 September 2013	31 December 2012
	(in thousand Baht)			
Related parties				
Within credit terms	-	39,325	9,177	1,075
Overdue:				
Less than 3 months	-	-	-	-
3-12 months	-	-	694	-
Over 12 months	-	-	-	-
Net	-	39,325	9,871	1,075
<i>Less allowance for doubtful accounts</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
	-	39,325	9,871	1,075
Other parties				
Within credit terms	1,373,640	1,525,162	476,377	511,327
Overdue:				
Less than 3 months	6,976	11,571	5,644	9,812
3-12 months	4	1	-	-
Over 12 months	68	68	-	-
Net	1,380,688	1,536,802	482,021	521,139
<i>Less allowance for doubtful accounts</i>	<i>(68)</i>	<i>-</i>	<i>-</i>	<i>-</i>
	1,380,620	1,536,802	482,021	521,139
Total	1,380,620	1,576,127	491,892	522,214

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

6 Inventories

	Consolidated financial statements		Separate financial statements	
	30 September 2013	31 December 2012	30 September 2013	31 December 2012
	(in thousand Baht)			
Finished goods	217,525	201,849	68,937	61,746
Work in process	99,387	97,820	11,803	15,367
Raw materials	144,231	159,444	18,359	48,406
Factory supplies	123,292	125,407	36,375	38,037
Goods in transit	32,658	53,696	2,679	2,835
	617,093	638,216	138,153	166,391
<i>Less allowance for decline in value</i>	<i>(30,789)</i>	<i>(27,308)</i>	<i>(7,985)</i>	<i>(6,597)</i>

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 2013 (Unaudited)

	Net	<u>586,304</u>	<u>610,908</u>	<u>130,168</u>	<u>159,794</u>
7	Investments in subsidiaries				
<i>Nine-month period ended 30 September</i>					
		Separate financial statements			
		2013	2012		
		<i>(in thousand Baht)</i>			
	At 1 January	2,301,555	1,861,561		
	Acquisitions	<u>150,000</u>	<u>439,994</u>		
	At 30 September	<u>2,451,555</u>	<u>2,301,555</u>		

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 2013 (Unaudited)

Investments in subsidiaries as at 30 September 2013 and 31 December 2012, and dividend income from those investments for the nine-month periods ended 30 September 2013 and 2012 were as follows:

	Separate financial statements								Dividend income for nine months ended	
	Ownership Interest		Paid-up capital		Cost method				30	30
	30 September 2013	31 December 2012	30 September 2013	31 December 2012	30 September 2013	31 December 2012	(in thousand Baht)	September 2013	September 2012	
Subsidiaries										
Somboon Malleable Iron Industrial Company Limited	100	100	500,000	500,000	875,989	875,989	-	-	-	-
Bangkok Spring Industrial Company Limited	100	100	130,000	130,000	519,989	519,989	54,079	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	250,000	100,000	250,000	100,000	-	-		
Total					<u>2,451,555</u>	<u>2,301,555</u>	<u>54,079</u>	<u>100,358</u>		

At the Board of Directors' meeting No. 1/2013 held on 5 April 2013 approved to increase the authorised share capital of Somboon Forging Technology Company Limited from Baht 100 million to Baht 250 million by issuing 1.5 million new ordinary shares, at Baht 100 par value. The Company had registered the increase of shares capital with the Ministry of Commerce on 2 May 2013.

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 2013 (Unaudited)

8 Investments in associates

	Consolidated financial statements	
	2013	2012
<i>Nine-month period ended 30 September</i>		
At 1 January	153,200	144,950
Share of net profit of investments - equity method	25,186	12,731
Dividends income	(1,236)	(2,264)
At 30 September	<u>177,150</u>	<u>155,417</u>

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 2013 (Unaudited)

Investments in associates as at 30 September 2013 and 31 December 2012, and dividend income from those investments for the nine-month periods ended 30 September 2013 and 2012 were as follows:

Type of business	Consolidated financial statements											
	Ownership Interest		Paid-up capital				Cost method		Equity method		Dividend income	
	30 September 2013	31 December 2012	30 September 2013	31 December 2012	30 September 2013	31 December 2012	30 September 2013	31 December 2012	30 September 2013	31 December 2012	30 September 2013	30 September 2012
(in thousand Baht)												
Associates												
Tsuchiyoshi Somboon Coated Sand Company Limited	Manufacture and sale of plastic-coated sand and dry sand	21.25	21.25	72,000	72,000	15,300	15,300	44,108	35,801	-		1,070
Yamada Somboon Company Limited	Manufacture and sale of auto parts	20.00	20.00	150,000	150,000	30,807	30,807	133,042	117,399	1,236		1,194
Total						46,107	46,107	177,150	153,200	1,236		2,264

The investment in Tsuchiyoshi Somboon Coated Sand Company Limited, accounted for under the equity method as at 30 September 2013, was calculated based on audited financial statements of that company for the year ended 31 March 2013 and unaudited/unreviewed financial statements of the company for the six-month period ended 30 September 2013 prepared by its management.

The investment in Yamada Somboon Company Limited, accounted for under the equity method as at 30 September 2013 was calculated based on audited financial statements of that company for the year ended 31 March 2013 and unaudited/unreviewed financial statements of the company for the six-month period ended 30 September 2013 prepared by its management.

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 2013 (Unaudited)

9 Other long-term investments

Name of the entity	Type of business	Paid-up capital (in thousand Baht)	Ownership Interest				Consolidated financial statements	
			30 September 2013		31 December 2012		Cost 30 September 2013 (in thousand Baht)	31 December 2012
			(%)	(%)				
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		<u>5,401</u>	<u>5,401</u>	
Total						<u>26,651</u>	<u>26,651</u>	

10 Investment properties

Investment properties represent land held by subsidiaries, which the fair value was revalued on 9 August 2010 by an independent professional valuer. The appraised value was Baht 112.20 million (*31 December 2012: Baht 112.20 million, one of the subsidiaries used land at cost of Baht 4.61 million as a collateral of loan of that subsidiary*)

11 Property, plant and equipment

Acquisitions, disposals and transfers of property, plant and equipment during the nine-month periods ended 30 September 2013 and 2012 were as follows:

<i>Nine-month period ended 30 September</i>	Consolidated financial statements		Separate financial statements
	(in thousand Baht)		
<i>Cost / revaluation</i>			
At 1 January 2012	9,933,410		2,632,412
Additions	480,059		76,720
Disposals / written-off	(27,044)		(3,850)
At 30 September 2012	10,386,425		2,705,282
 <i>At 1 January 2013</i>			
Additions	10,852,665		2,872,363
Disposals / written-off	986,287		412,728
At 30 September 2013	11,708,637		3,277,540

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 2013 (Unaudited)

<i>Nine-month period ended 30 September</i>	Consolidated financial statements <i>(in thousand Baht)</i>	Separate financial statements
<i>Depreciation</i>		
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)
At 30 September 2012	4,292,838	1,441,135
At 1 January 2013	4,461,255	1,486,290
Depreciation charge for the period	576,022	175,952
Depreciation on revaluation surplus	7,054	1,642
Depreciation for disposals / written-off	(113,629)	(5,302)
At 30 September 2013	4,930,702	1,658,582
<i>Net book value</i>		
At 31 December 2012 and 1 January 2013	6,391,410	1,386,073
At 30 September 2013	6,777,935	1,618,958

As at 30 September 2013, land of subsidiaries valued at Baht 47.0 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 2013, the Group have machines under sales and financial lease-back agreements with net book values totalling Baht 46.2 million (*31 December 2012: Baht 50.3 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 nine-month period ended 30 September 2013, the subsidiaries capitalised interest amounting to Baht 5.1 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 4.65% - 5.09% per annum.

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 2013 (Unaudited)

12 Deferred tax

Deferred tax assets and liabilities as at 30 September 2013 and 31 December 2012 were as follows:

	Consolidated Financial statements		Separate Financial statements	
	30 September 2013	31 December 2012	30 September 2013	31 December 2012
	(in thousand Baht)			
Deferred tax assets	22,915	18,820	3,012	3,082
Deferred tax liabilities	(87,314)	(87,634)	(2,890)	(2,977)
Net	(64,399)	(68,814)	122	105

Movements in total deferred tax assets and liabilities during the nine-month periods ended 30 September 2013 and 2012 were as follows:

	Consolidated financial statements			
	(Charged) / Credited to:			
	At 1 January 2013	Profit or loss (Note 19)	comprehensive income	At 30 September 2013
<i>(in thousand Baht)</i>				
<i>Deferred tax assets</i>				
Inventories	5,457	551	-	6,008
Rights for employee stock option plan	13	50	-	63
Employee benefit obligations	13,350	3,494	-	16,844
Total	18,820	4,095	-	22,915

	Consolidated financial statements			
	(Charged) / Credited to:			
	At 1 January 2013	Profit or loss (Note 19)	comprehensive income	At 30 September 2013
<i>(in thousand Baht)</i>				
<i>Deferred tax liabilities</i>				
Revaluation surplus on assets	(87,634)	-	320	(87,314)
Total	(87,634)	-	320	(87,314)
Net	(68,814)	4,095	320	(64,399)

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 2013 (Unaudited)

Consolidated financial statements (Charged) / Credited to:				
	At 1 January 2012	Profit or loss (Note 19)	comprehensive income	At 30 September 2012
			<i>(in thousand Baht)</i>	
<i>Deferred tax assets</i>				
Inventories	4,350	765	-	5,115
Employee benefit obligations	12,365	1,041	-	13,406
Rights for employee stock option plan	-	62	-	62
Provision	29	(29)	-	-
Total	16,744	1,839	-	18,583
<i>Deferred tax liabilities</i>				
Revaluation surplus on assets	(88,836)	-	900	(87,936)
Total	(88,836)	-	900	(87,936)
Net	(72,092)	1,839	900	(69,353)
Separate financial statements (Charged) / Credited to:				
	At 1 January 2013	Profit or loss (Note 19)	comprehensive income	At 30 September 2013
			<i>(in thousand Baht)</i>	
<i>Deferred tax assets</i>				
Inventories	348	73	-	421
Rights for employee stock option plan	13	50	-	63
Employee benefit obligations	2,721	(193)	-	2,528
Total	3,082	(70)	-	3,012

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 2013 (Unaudited)

Separate financial statements (Charged) / Credited to:				
At 1 January 2013	Profit or loss <i>(Note 19)</i>	comprehensive income	Other	At 30 September 2013
			<i>(in thousand Baht)</i>	
<i>Deferred tax liabilities</i>				
Revaluation surplus on assets	(2,977)	-	87	(2,890)
Total	(2,977)	-	87	(2,890)
Net	105	(70)	87	122

Separate financial statements (Charged) / Credited to:				
At 1 January 2012	Profit or loss <i>(Note 19)</i>	comprehensive income	Other	At 30 September 2012
			<i>(in thousand Baht)</i>	
<i>Deferred tax assets</i>				
Inventories	336	10	-	346
Employee benefit obligations	2,830	159	-	2,989
Rights for employee stock option plan	-	62	-	62
Provision	29	(29)	-	-
Total	3,195	202	-	3,397

Separate financial statements (Charged) / Credited to:				
At 1 January 2012	Profit or loss <i>(Note 19)</i>	comprehensive income	Other	At 30 September 2012
			<i>(in thousand Baht)</i>	
<i>Deferred tax liabilities</i>				
Revaluation surplus on assets	(3,093)	-	87	(3,006)
Total	(3,093)	-	87	(3,006)
Net	102	202	87	391

The tax losses expire in 2017. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit against which a subsidiary can utilise the benefits therefrom.

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 2013 (Unaudited)

13 Trade accounts payable

Note	Consolidated financial statements		Separate financial statements	
	30 September 2013	31 December 2012	30 September 2013	31 December 2012
	(in thousand Baht)			
Related parties	4	7,668	14,179	-
Other parties		1,107,175	1,441,204	388,524
Total		1,114,843	1,455,383	388,524
				482,473

14 Employee benefit obligations

	Consolidated financial statements		Separate financial statements					
	30 September 2013	31 December 2012	30 September 2013	31 December 2012				
	(in thousand Baht)							
Statement of financial position								
Obligations for:								
Post-employment benefits	145,615	143,311	47,915	51,552				
<i>Three-month period ended 30 September</i>								
Statement of income:								
Recognised in profit or loss:								
Post-employment benefits	3,820	3,805	1,840	1,840				
<i>Nine-month period ended 30 September</i>								
Statement of income:								
Recognised in profit or loss:								
Post-employment benefits	11,462	11,431	5,521	5,521				

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.

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 2013 (Unaudited)

Movement in the present value of the defined benefit obligations:

<i>Nine-month period ended 30 September</i>	Consolidated financial statements		Separate financial statements	
	2013	2012 (in thousand Baht)	2013	2012
Defined benefit obligations at 1 January	143,311	116,066	51,552	53,625
Benefits paid by the plan	(9,158)	(2,504)	(9,158)	(2,488)
Current service costs and interest	11,462	11,431	5,521	5,521
Defined benefit obligations at 30 September	145,615	124,993	47,915	56,658

Expense recognised in statement of income:

<i>Three-month period ended 30 September</i>	Consolidated financial statements		Separate financial statements	
	2013	2012 (in thousand Baht)	2013	2012
Current service costs	2,457	2,441	1,212	1,212
Interest on obligation	1,363	1,364	628	628
Total	3,820	3,805	1,840	1,840

<i>Nine-month period ended 30 September</i>	Consolidated financial statements		Separate financial statements	
	2013	2012 (in thousand Baht)	2013	2012
Current service costs	7,372	7,341	3,635	3,635
Interest on obligation	4,090	4,090	1,886	1,886
Total	11,462	11,431	5,521	5,521

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

<i>Three-month period ended 30 September</i>	Consolidated financial statements		Separate financial statements	
	2013	2012 (in thousand Baht)	2013	2012
Cost of sales	2,311	2,294	463	463
Administrative expenses	1,509	1,511	1,377	1,377
Total	3,820	3,805	1,840	1,840

<i>Nine-month period ended 30 September</i>	Consolidated financial statements		Separate financial statements	
	2013	2012 (in thousand Baht)	2013	2012
Cost of sales	6,933	6,896	1,388	1,388
Administrative expenses	4,529	4,535	4,133	4,133
Total	11,462	11,431	5,521	5,521

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 2013 (Unaudited)

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

	Consolidated financial statements		Separate financial statements	
	30 September 2013	31 December 2012	30 September 2013	31 December 2012
	%			
Discount rate	4.75	4.00	4.75	4.00
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.

15 Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	30 September 2013	31 December 2012	30 September 2013	31 December 2012
	(in thousand Baht)			
<i>Current</i>				
Short-term loans from financial institutions				
- trust receipts, unsecured	116,606	25,293	-	-
Current portion of long-term loans from financial institutions, secured	565,509	531,058	210,443	170,103
Current portion of finance lease liabilities	5,421	23,069	349	333
Total current liabilities	<u>687,536</u>	<u>579,420</u>	<u>210,792</u>	<u>170,436</u>
<i>Non-current</i>				
Long-term loans from financial institutions, secured	2,633,667	2,574,133	933,938	862,821
Finance lease liabilities	90	2,644	90	354
Total non-current liabilities	<u>2,633,757</u>	<u>2,576,777</u>	<u>934,028</u>	<u>863,175</u>
Total	<u>3,321,293</u>	<u>3,156,197</u>	<u>1,144,820</u>	<u>1,033,611</u>

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 2013 (Unaudited)

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

	Consolidated financial statements		Separate financial statements	
	30 September 2013	31 December 2012	30 September 2013	31 December 2012
	<i>(in thousand Baht)</i>			
Within one year	682,115	556,351	210,443	170,103
After one year but within five years	2,486,667	2,232,241	868,459	753,684
After five years	147,000	341,892	65,479	109,137
Total	<u>3,315,782</u>	<u>3,130,484</u>	<u>1,144,381</u>	<u>1,032,924</u>

Short-term loans from financial institutions carry interest at rates of MMR (Money Market Rate) per annum.

As at 30 September 2013 the Company and its subsidiaries had several long-term loans agreements with local financial institutions as follows:

The Company

The Company had long-term credit facilities totalling Baht 1,677 million. The objective of these loans is to use in the Company's operation. As at 30 September 2013 the Company had outstanding long-term loans amounted to Baht 1,144 million (*31 December 2012: Baht 1,033 million*) are repayable within 2018 and 2020. These loans are subject to interest at fixed rates of 4.65% - 4.80% per annum and at floating rates of fixed deposit rates, plus 2.0% - 2.75% per annum.

Subsidiaries

The subsidiaries had long-term credit facilities totalling Baht 3,149 million. The objective of these loans is to use in the subsidiaries' operation. As at 30 September 2013 the subsidiaries had outstanding long-term loans amounted to Baht 2,055 million (*31 December 2012: Baht 2,072 million*) are repayable within 2013 and 2021. These loans are subject to interest at fixed rates of 4.60% - 4.75% per annum and at floating rates of fixed deposit rates, plus 2.0% - 2.75% per annum.

Long-term credit facility of a subsidiary 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.

The Company hedges most of their interest rate risk by entering into interest swap agreements with foreign banks, whereby the Company will repay the interest in other interest rates as specified in the agreements. These agreements will be effective until September 2018.

As at 30 September 2013, the long-term credit facilities of the Company and its subsidiaries which have not yet been drawn down amounted to Baht 259.7 million. (*31 December 2012: Baht 678.6 million*)

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 2013 (Unaudited)

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

Finance lease liabilities

Finance lease liabilities as at 30 September 2013 and 31 December 2012 were payable as follows:

	Consolidated financial statements					
	30 September 2013			31 December 2012		
	Future minimum lease payments	Interest	Present value of minimum lease payments (in thousand Baht)	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	5,512	(91)	5,421	23,691	(622)	23,069
After one year but within five years	91	(1)	90	2,682	(38)	2,644
Total	5,603	(92)	5,511	26,373	(660)	25,713

	Separate financial statements					
	30 September 2013			31 December 2012		
	Future minimum lease payments	Interest	Present value of minimum lease payments (in thousand Baht)	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	366	(17)	349	365	(32)	333
After one year but within five years	91	(1)	90	365	(11)	354
Total	457	(18)	439	730	(43)	687

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 2013 and 31 December 2012 were denominated entirely in Thai Baht.

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 2013 (Unaudited)

16 Rights for employee stock option plan

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 which is incorporated 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 shares of each offering within 1 year from the date of which they have rights in the shares (Lock up period).

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

The compensation of “ESOP” was determined by Key Performance Indicators (KPIs) for the year 2013 have been determined on the performance assessments from the Group performance and the individual performance for the performance throughout the year ended 31 December 2013.

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 2013 (Unaudited)

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	Market price

Based on the performance of the Group for 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 year ended 31 December 2012 of Baht 1.7 million in the consolidated and the separate financial statements.

Based on the performance of the Group for the nine-month period ended 30 September 2013, 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 2013 of Baht 4.8 million and other current liabilities of Baht 1.2 million and rights for employee stock option of Baht 3.6 million in the consolidated and separate financial statements.

17 Share capital

	Par value per share (in Baht)	2013 Number (thousand shares)	2013 Baht (thousand Baht)	2012 Number (thousand shares / thousand Baht)	2012 Baht (thousand Baht)
<i>Authorised</i>					
At 1 January					
- Ordinary shares	1	341,723	341,723	341,723	341,723
Reduction of shares	1	(1,766)	(1,766)	-	-
Issue of ordinary shares	1	86,755	86,755	-	-
At 30 September					
- Ordinary shares	1	426,712	426,712	341,723	341,723
<i>Issued and paid-up</i>					
At 1 January					
- Ordinary shares	1	339,923	339,923	339,923	339,923
Ordinary shares increased	1	85,023	85,023	-	-
At 30 September					
- Ordinary shares	1	424,946	424,946	339,923	339,923

The Company has registered the issued and paid-up share capital of 33,800 shares at the par value of Baht 1 per share, totalling of Baht 33,800 with the Ministry of Commerce on 12 March 2013 for the Employee Stock Option Plan.

The Annual General Meeting of Shareholders held on 19 April 2013, approved to decrease the authorised share capital from Baht 341,723,287 to Baht 339,957,087; comprised of the ordinary shares at the par value of Baht 1 per share, totalling of Baht 1,766,200 in order to reduce the authorised share capital that have not been issued or sold under Employee Stock Option Plan. The Company has registered to reduce the share capital with the Ministry of Commerce on 8 May 2013.

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 2013 (Unaudited)

The Annual General Meeting of Shareholders held on 19 April 2013, approved to increase the authorised share capital from Baht 339,957,087 to Baht 426,711,809; comprised of the ordinary shares at the par value of Baht 1 per share, totalling of Baht 86,754,722 for stock dividends for 84,989,522 shares and the Employee Stock Option Plan for 1,765,200 shares. The Company has registered the new shares with the Ministry of Commerce on 9 May 2013.

The Company has registered the issued and paid-up share capital of 84,988,907 shares at the par value of Baht 1 per share, totalling of Baht 84,988,907 with the Ministry of Commerce on 15 May 2013 for stock dividends.

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 2013 (Unaudited)

18 Segment information

<i>Nine-month period ended 30 September</i>	Pick-up axles and truck trunnion shafts										<i>Net 2013 2012</i>	
			Other auto parts		Total		Elimination					
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012		
<i>(in million Baht)</i>												
External revenue from sale of goods and rendering of services	2,244	2,357	4,721	4,526	6,965	6,883	-	-	6,965	6,883		
Inter-segment revenue from sale of goods and rendering of services	36	-	1,569	1,420	1,605	1,420	(1,605)	(1,420)	-	-		
Total	<u>2,280</u>	<u>2,357</u>	<u>6,290</u>	<u>5,946</u>	<u>8,570</u>	<u>8,303</u>	<u>(1,605)</u>	<u>(1,420)</u>	<u>6,965</u>	<u>6,883</u>		
Segment profit (loss) before income tax	<u>448</u>	<u>572</u>	<u>212</u>	<u>211</u>	<u>660</u>	<u>783</u>	<u>(50)</u>	<u>(103)</u>	<u>610</u>	<u>680</u>		
Segment assets as at 30 September / 31 December	<u>5,520</u>	<u>5,226</u>	<u>8,106</u>	<u>7,976</u>	<u>13,626</u>	<u>13,202</u>	<u>(3,193)</u>	<u>(3,099)</u>	<u>10,433</u>	<u>10,103</u>		

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 2013 (Unaudited)

Reconciliation of reportable segment profit or loss and assets

<i>Nine-month period ended 30 September</i>	2013 (in million Baht)	2012
Profit or loss		
Total profit (loss) for reportable segments	610	680
Other profit (loss)	-	-
	<u>610</u>	<u>680</u>
Elimination of inter-segment profits		
Unallocated amounts:		
- Other corporate expenses	-	-
Consolidated profit (loss) before income tax	<u>610</u>	<u>680</u>
	30 September 2013	31 December 2012
Assets		
Total assets for reportable segments	10,433	10,103
Other assets	-	-
Consolidated total assets	<u>10,433</u>	<u>10,103</u>
	(in million Baht)	

As disclosed in Note 3(c), following the adoption of TFRS 8 - Operating Segments from 1 January 2013, the Group has changed its policy for reporting information on operating segments.

19 Income tax expense

<i>Three-month period ended 30 September</i>	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
<i>(in thousand Baht)</i>					
Current tax expense					
Current year		15,670	16,152	5,202	3,117
		<u>15,670</u>	<u>16,152</u>	<u>5,202</u>	<u>3,117</u>
Deferred tax income					
Movement in temporary differences	12	(482)	(651)	(140)	(85)
		<u>(482)</u>	<u>(651)</u>	<u>(140)</u>	<u>(85)</u>
Total		<u>15,188</u>	<u>15,501</u>	<u>5,062</u>	<u>3,032</u>

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 2013 (Unaudited)

<i>Nine-month period ended 30 September</i>	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2013	2012 (in thousand Baht)	2013	2012
<i>Current tax expense</i>					
Current year		57,633	54,292	20,307	19,133
		<u>57,633</u>	<u>54,292</u>	<u>20,307</u>	<u>19,133</u>
<i>Deferred tax income</i>					
Movement in temporary differences	12	(4,095)	(1,839)	70	(202)
		<u>(4,095)</u>	<u>(1,839)</u>	<u>70</u>	<u>(202)</u>
Total		<u>53,538</u>	<u>52,453</u>	<u>20,377</u>	<u>18,931</u>

The current tax expense in the consolidated and separate statements of 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 Group's profit was derived from promoted activities.
- (b) unutilised tax losses of a subsidiary brought forward from the previous year have been utilised during the year to set-off against the current year's tax charge.

Income tax reduction

Royal Decree No. 530 B.E. 2554 dated 21 December 2011 grants a reduction in the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014, respectively.

It is understood that the Government will proceed to amend the law in order to maintain the corporate income tax rate at not higher than 20% for the accounting period 2015 which begins on or after 1 January 2015 and onwards in order to give full effect to the Cabinet resolution dated 11 October 2011 to increase Thailand's tax competitiveness.

20 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 2013 and 2012 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, after adjusting the number of ordinary share to reflect the stock dividend as reported in note 17. The prior period's basic earnings per share was recalculated retrospectively, as if the stock dividend was distributed since the beginning of reporting period as follows:

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 2013 (Unaudited)

<i>Three-month period ended 30 September</i>	Consolidated financial statements		Separate financial statements	
	2013	2012 (Restated)	2013	2012 (Restated)
<i>(in thousand Baht / thousand shares)</i>				
Profit attributable to ordinary shareholders of the Company (basic)	169,949	258,212	102,615	146,728
Number of ordinary shares outstanding at 1 July	424,946	339,923	424,946	339,923
Effect of stock dividend	-	84,989	-	84,989
Number of ordinary shares outstanding	424,946	424,912	424,946	424,912
Earnings per share (basic) (in Baht)	0.40	0.61	0.24	0.35
<i>Nine-month period ended 30 September</i>				
Profit attributable to ordinary shareholders of the Company (basic)	556,652	627,632	427,568	552,787
Number of ordinary shares outstanding at 1 January	339,923	339,923	339,923	339,923
Effect of shares issued on 12 March	25	-	25	-
Effect of stock dividend	84,989	84,989	84,989	84,989
Number of ordinary shares outstanding	424,937	424,912	424,937	424,912
Earnings per share (basic) (in Baht)	1.31	1.48	1.01	1.30

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.

21 Dividends

The Company

At the Board of Directors' meeting of the Company held on 9 August 2013, the Board of Directors approved the payment of interim dividend for the operation from the first half of year 2013 at the rate of Baht 0.25 per share, totalling Baht 106 million from the promoted business (BOI). The dividend was paid to shareholder on 6 September 2013.

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 2013 (Unaudited)

At the annual general meeting of the shareholders of the Company held on 19 April 2013, the shareholders approved the appropriation of dividend for the operation of year 2012 of Baht 0.97 per share, totalling Baht 329.8 million from the promoted business (BOI). The interim dividend was paid to shareholders on 9 August 2012 at Baht 0.30 per share, totalling Baht 102 million. The remaining dividend of Baht 0.67 per share, consists of the stock dividend to pay as ordinary shares to the shareholders at the rate of 4 existing shares per 1 share at par value of Baht 1 and cash dividend of Baht 0.42 per share, totalling Baht 227.8 million. The dividend was paid to shareholders on 15 May 2013.

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 shareholders of the Company held on 20 April 2012, the shareholders approved the payment of dividend for the operation from the second half of year 2011 at the rate of Baht 0.10 per share, totalling Baht 34 million from the promoted business (BOI). The dividend was paid to shareholders on 14 May 2012.

Subsidiaries

At the annual general meeting of shareholders of the subsidiary held on 5 April 2013, the shareholders approved the payment of dividend at the rate of Baht 104 per share, totalling Baht 54 million. The dividend was paid to shareholders on 25 April 2013.

At the Board of Directors' meeting of the subsidiary held on 12 March 2012, the Board of Directors approved the payment of interim dividend at the rate of Baht 193 per share, totalling Baht 100 million. The dividend was paid to shareholders on 27 March 2012.

22 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	30 September 2013	31 December 2012	30 September 2013	31 December 2012
	<i>(in million Baht)</i>			
<i>Capital commitments</i>				
Contracted but not provided for:				
Land	18.2	23.8	4.2	9.8
Machineries and equipment	13.0	187.9	-	-
Intangible assets	-	0.3	-	0.3
Building constructions	52.4	67.2	44.5	1.6
Total	<u>83.6</u>	<u>279.2</u>	<u>48.7</u>	<u>11.7</u>

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 2013 (Unaudited)

	Consolidated financial statements		Separate financial statements	
	30 September 2013	31 December 2012	30 September 2013	31 December 2012
	<i>(in million Baht)</i>			
	<i>(in million Baht)</i>			
<i>Non-cancellable operating lease commitments</i>				
Within one year	69.5	69.9	13.9	9.2
After one year but within five years	51.3	66.7	14.9	12.5
Total	120.8	136.6	28.8	21.7
<i>Other commitments</i>				
Bank guarantees	74.3	72.5	18.9	18.3
Total	74.3	72.5	18.9	18.3

The Company and its 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.

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 2013, the Company had an interest rate swap agreement to maintain interest rate of long term loan amounting to Baht 432.5 million (31 December 2012: Baht 372 million) from floating rate to fixed rate as stipulated by the agreement.

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 2013 (Unaudited)

23 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 2013, the outcome of this arbitration has not been concluded yet. However, the Company expected that the Company would not be affected from the lawsuit. Therefore, the Company has not set up provision for damages from this case.

24 Thai Financial Reporting Standards (TFRS) not yet adopted

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

TFRS	Topic	Year effective
TAS 12 (revised 2012)	Income Taxes	2014
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2014
TFRIC 4	Determining whether an Arrangement contains a Lease	2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	2014
TFRIC 7	Applying the Restatement Approach under TAS 29	2014
	Financial Reporting in Hyperinflationary Economies	
TFRIC 10	Interim Financial Reporting and Impairment	2014
TFRIC 17	Distributions of Non-cash Assets to Owners	2014
TFRIC 18	Transfers of Assets from Customers	2014
TIC 15	Operating Leases-Incentives	2014
TIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	2014
TIC 32	Intangible Assets-Web Site Costs	2014

Management expects to adopt and apply these new and revised TFRS in accordance with the FAP's announcement and has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

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 2013 (Unaudited)

25 Reclassification of accounts

Certain accounts in the 2012 financial statements have been reclassified to conform to the presentation in the 2013 financial statements as follows:

	2012					
	Consolidated financial statements			Separate financial statements		
	Before reclass.	Reclass.	After reclass.	Before reclass. (in thousand Baht)	Reclass.	After reclass.
<i>Statement of financial position</i>						
Current assets						
Other receivables	66,371	(35,727)	30,644	12,901	(2,567)	10,334
Other current assets	36,287	35,727	72,014	3,784	2,567	6,351
Current liabilities						
Other current liabilities	357,294	(46,485)	310,809	-	-	-
Accounts payable - purchase of assets	141,482	<u>46,485</u>	187,967	-	<u>-</u>	<u>-</u>
	<u>-</u>		<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.