

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 2014 (Unaudited)

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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 7 November 2014.

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 (26.2% shareholding), which is incorporated in Thailand and Kitaphanich family (20.1% 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 2014 and 31 December 2013 are given in notes to financial statements 3 and 6.

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			30 September 2014	31 December 2013
<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 Co., Ltd.	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

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 2012) *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 2013. 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 2013.

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 2013 except that the Group/Company has adopted all the new and revised TFRS that are effective for annual periods beginning on or after 1 January 2014. The adoption of these new and revised TFRS did not have any material effect on the accounting policies, methods of computation, financial performance or position of the Group or the Company.

(b) *Presentation currency*

The interim financial statements are prepared and presented in Thai Baht, which is the Company's functional currency. 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/Company'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 2013.

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 11.

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 12.

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3 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group/Company if the Group/Company 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/Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with subsidiaries are described in notes 6. Relationship with associates, key management and other related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Somboon Holding Company Limited	Thailand	Major shareholders, 26.2% shareholding
Somboon Malleable Iron Industrial Company Limited	Thailand	Subsidiary, 100% shareholding
Bangkok Spring Industrial Company Limited	Thailand	Subsidiary, 100% shareholding
International Casting Products Co., Ltd.	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 Co., Ltd.	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 2014 and 2013 with related parties were as follows:

Three-month period ended 30 September	Pricing policies	Consolidated financial statements	
		2014	2013
<i>(in million Baht)</i>			
Other related parties			
Purchases of goods	Approximates market price	5.8	7.0
Key management personnel			
Key management personnel compensation			
Short-term benefits		20.4	13.9
Long-term benefits		0.5	0.8
Total key management personnel compensation		20.9	14.7

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		Separate	
		financial statements	
		2014	2013
		<i>(in million Baht)</i>	
Three-month period ended 30 September			
		Pricing policies	
Subsidiaries			
Sales of goods	Approximates market price	33.0	12.1
Interest income	Contractually agreed price	3.0	3.8
Management fee income	Contractually agreed price	42.6	50.2
Facilities income	Approximates cost	4.1	4.7
Rental income	Contractually agreed price	1.4	-
Sales of scraps	Approximates market price	4.7	0.5
Rental expense	Contractually agreed price	0.5	-
Facilities expense	Approximates cost	0.4	0.3
Other expense	Approximates market price	2.2	-
Key management personnel			
Key management personnel compensation			
Short-term benefits		10.5	10.4
Long-term benefits		0.5	0.8
Total key management personnel compensation		11.0	11.2
Nine-month period ended 30 September			
		Consolidated	
		financial statements	
		2014	2013
		<i>(in million Baht)</i>	
Other related parties			
Purchases of goods	Approximates market price	18.3	29.3
Key management personnel			
Key management personnel compensation			
Short-term benefits		55.4	42.2
Long-term benefits		1.5	2.4
Expenses for employee stock option plan		-	4.8
Total key management personnel compensation		56.9	49.4
Nine-month period ended 30 September			
		Separate	
		financial statements	
		2014	2013
Subsidiaries			
Sales of goods	Approximates market price	82.9	35.6
Dividend income		71.8	54.1
Interest income	Contractually agreed price	9.7	11.5
Management fee income	Contractually agreed price	118.3	150.7
Facilities income	Approximates cost	12.4	16.0
Rental income	Contractually agreed price	4.1	-
Sales of scraps	Approximates market price	7.7	5.0

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<i>Nine-month period ended 30 September</i>	Pricing policies	Separate financial statements	
		2014	2013
		<i>(in million Baht)</i>	
Subsidiaries			
Purchases of goods	Approximates market price	0.3	-
Rental expense	Contractually agreed price	1.5	-
Facilities expense	Approximates cost	1.1	1.1
Other expense	Approximates market price	3.8	-
Key management personnel			
Key management personnel compensation			
Short-term benefits		41.6	31.2
Long-term benefits		1.5	2.4
Expenses for employee stock option plan		-	4.8
Total key management personnel compensation		<u>43.1</u>	<u>38.4</u>

Balances as at 30 September 2014 and 31 December 2013 with related parties were as follows:

<i>Trade accounts receivable-related party</i>	Consolidated financial statements		Separate financial statements	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
	<i>(in thousand Baht)</i>			
Subsidiary				
Somboon Malleable Iron Industrial Company Limited	-	-	23,566	13,508
Total	<u>-</u>	<u>-</u>	<u>23,566</u>	<u>13,508</u>

<i>Other receivables-related parties</i>	Consolidated financial statements		Separate financial statements	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
	<i>(in thousand Baht)</i>			
Subsidiaries				
Somboon Malleable Iron Industrial Company Limited	-	-	28,862	17,560
Bangkok Spring Industrial Company Limited	-	-	22,499	13,057
International Casting Products Co., Ltd.	-	-	24,669	13,013
SBG International Japan Company Limited	-	-	670	438
Somboon Forging Technology Company Limited	-	-	55	56
Total	<u>-</u>	<u>-</u>	<u>76,755</u>	<u>44,124</u>

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<i>Short-term loans to subsidiaries</i>	Separate financial statements	
	30 September 2014	31 December 2013
	<i>(in thousand Baht)</i>	
Subsidiaries		
Somboon Malleable Iron Industrial Company Limited	60,000	-
International Casting Products Co., Ltd.	200,000	200,000
SBG International Japan Company Limited	40,000	40,000
Total	300,000	240,000

Movements for nine-month periods ended 30 September 2014 and 2013 of loans to subsidiaries were as follows:

<i>Short-term loans to subsidiaries</i>	Separate financial statements	
	2014	2013
<i>Nine-month period ended 30 September</i>	<i>(in thousand Baht)</i>	
Short-term loans		
At 1 January	240,000	340,000
Increase	950,000	420,000
Decrease	(890,000)	(370,000)
At 30 September	300,000	390,000

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

<i>Trade account payable - related party</i>	Consolidated financial statements		Separate financial statements	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
	<i>(in thousand Baht)</i>			
Associate				
Tsuyoshi Somboon Coated Sand Co., Ltd.	7,640	7,114	-	-
Total	7,640	7,114	-	-

<i>Other payables to related parties</i>	Consolidated financial statements		Separate financial statements	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
	<i>(in thousand Baht)</i>			
Subsidiaries				
Somboon Malleable Iron Industrial Company Limited	-	-	4	3
Bangkok Spring Industrial Company Limited	-	-	270	3,315
International Casting Products Co., Ltd.	-	-	49	-
SBG International Japan Company Limited	-	-	772	1,863
Total	-	-	1,095	5,181

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4 Trade accounts receivable

		Consolidated financial statements		Separate financial statements	
		30 September 2014	31 December 2013	30 September 2014	31 December 2013
	<i>Note</i>	<i>(in thousand Baht)</i>			
Related parties	3	-	-	23,566	13,508
Other parties		<u>1,259,631</u>	<u>1,220,131</u>	<u>421,341</u>	<u>452,180</u>
Total		<u>1,259,631</u>	<u>1,220,131</u>	<u>444,907</u>	<u>465,688</u>
Less allowance for doubtful accounts		<u>(68)</u>	<u>(68)</u>	<u>-</u>	<u>-</u>
Net		<u>1,259,563</u>	<u>1,220,063</u>	<u>444,907</u>	<u>465,688</u>
Bad debts and doubtful debts expense for the period		<u>-</u>	<u>68</u>	<u>-</u>	<u>-</u>

Aging analyses for trade accounts receivable were as follows:

		Consolidated financial statements		Separate financial statements	
		30 September 2014	31 December 2013	30 September 2014	31 December 2013
		<i>(in thousand Baht)</i>			
Related parties					
Within credit terms		-	-	23,566	13,508
Overdue:					
Less than 3 months		-	-	-	-
3-12 months		-	-	-	-
Over 12 months		-	-	-	-
		<u>-</u>	<u>-</u>	<u>23,566</u>	<u>13,508</u>
Less allowance for doubtful accounts		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>	<u>23,566</u>	<u>13,508</u>
Other parties					
Within credit terms		1,257,897	1,213,664	421,341	448,931
Overdue:					
Less than 3 months		1,632	6,399	-	3,249
3-12 months		34	-	-	-
Over 12 months		68	68	-	-
		<u>1,259,631</u>	<u>1,220,131</u>	<u>421,341</u>	<u>452,180</u>
Less allowance for doubtful accounts		<u>(68)</u>	<u>(68)</u>	<u>-</u>	<u>-</u>
		<u>1,259,563</u>	<u>1,220,063</u>	<u>421,341</u>	<u>452,180</u>
Total		<u>1,259,563</u>	<u>1,220,063</u>	<u>444,907</u>	<u>465,688</u>

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

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5 Inventories

	Consolidated financial statements		Separate financial statements	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
	<i>(in thousand Baht)</i>			
Finished goods	257,233	221,848	67,888	53,720
Work in process	86,980	98,329	9,572	8,105
Raw materials	129,028	146,660	15,326	18,549
Factory supplies	132,309	121,132	27,339	35,208
Goods in transit	34,762	25,679	125	110
Total	640,312	613,648	120,250	115,692
<i>Less allowance for decline in value</i>	<i>(37,064)</i>	<i>(33,349)</i>	<i>(9,148)</i>	<i>(8,902)</i>
Net	603,248	580,299	111,102	106,790

6 Investments in subsidiaries

	Separate financial statements	
	2014	2013
<i>Nine-month period ended 30 September</i>	<i>(in thousand Baht)</i>	
At 1 January	2,451,555	2,301,555
Acquisitions	10,336	150,000
At 30 September	2,461,891	2,451,555

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Investments in subsidiaries as at 30 September 2014 and 31 December 2013, and dividend income from those investments for the nine-month periods ended 30 September 2014 and 2013 were as follows:

	Separate financial statements									
	Ownership Interest		Paid-up capital		Cost method		Dividend income for nine months ended			
	30 September 2014	31 December 2013	30 September 2014	31 December 2013	30 September 2014	31 December 2013	30 September 2014	30 September 2013		
	(%)		(in thousand Baht)							
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	71,758	54,079		
International Casting Products Co., Ltd.	100	100	785,000	785,000	796,034	796,034	-	-		
SBG International Japan Company Limited	100	100	19,879	9,543	19,879	9,543	-	-		
Somboon Forging Technology Company Limited	100	100	250,000	250,000	250,000	250,000	-	-		
Total					2,461,891	2,451,555	71,758	54,079		

At the Board of Directors' meeting No. 3/2013 held on 29 March 2013, the Board of Directors 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 subsidiary had registered the increase of share capital with the Ministry of Commerce on 29 April 2013.

At the Board of Directors' meeting No. 9/2013 held on 13 December 2013, the Board of Directors approved to increase the authorised share capital of Somboon International Japan Company Limited from Yen 25 million to Yen 57 million by issuing 320,000 new ordinary shares at Yen 100 par value. The subsidiary had registered the increase of share capital on 28 January 2014.

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7 Property, plant and equipment

Acquisitions, disposals and transfers of property, plant and equipment during the nine-month periods ended 30 September 2014 and 2013 were as follows:

<i>Nine-month period ended 30 September</i>	Consolidated financial statements	Separate financial statements
	<i>(in thousand Baht)</i>	
Cost		
At 1 January 2013	10,852,665	2,872,363
Additions	986,287	412,728
Disposals / written-off	(130,315)	(7,551)
At 30 September 2013(Restated)	11,708,637	3,277,540
At 1 January 2014	11,480,599	3,400,459
Additions	445,047	50,664
Disposals / written-off	(98,503)	(47,941)
At 30 September 2014	11,827,143	3,403,182
Depreciation		
At 1 January 2013	4,461,255	1,486,290
Depreciation charge for the period	582,012	178,374
Depreciation for disposals / written-off	(113,629)	(5,302)
At 30 September 2013(Restated)	4,929,638	1,659,362
At 1 January 2014	5,088,828	1,708,235
Depreciation charge for the period	611,761	190,262
Depreciation for disposals / written-off	(85,551)	(47,937)
At 30 September 2014	5,615,038	1,850,560
Net book value		
At 31 December 2013 and 1 January 2014	6,391,771	1,692,224
At 30 September 2014	6,212,105	1,552,622

As at 30 September 2014, land of a subsidiary valued at Baht 47.0 million (*31 December 2013: 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.

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.

In the fourth quarter of 2013, the Group/Company has changed the accounting policy for property, plant and equipment to the cost model, which has been applied retrospectively, including the reversal of any amount held in revaluation surplus for the property, plant and equipment, recorded in equity and deferred tax liabilities to present the value of property, plant and equipment at cost.

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The impact on the financial statements was 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>			
Statement of financial position				
Decrease in property, plant and equipment	<u>(499,456)</u>	<u>(594,332)</u>	<u>(51,886)</u>	<u>(56,418)</u>
Decrease in revaluation surplus	(499,456)	(594,332)	(51,886)	(56,418)
Decrease in retained earnings	<u>(112,622)</u>	<u>(106,630)</u>	<u>(36,976)</u>	<u>(34,554)</u>
Decrease in total equity	<u><u>(612,078)</u></u>	<u><u>(700,962)</u></u>	<u><u>(88,862)</u></u>	<u><u>(90,972)</u></u>

Statement of income

For the three-month period ended 30 September 2013

	Consolidated financial statements	Separate financial statements
	<i>(in thousand Baht)</i>	
Increase in depreciation expense	<u>449</u>	<u>715</u>
Decrease in profit for the period	<u><u>449</u></u>	<u><u>715</u></u>
Decrease in earnings per share - Basic earnings per share <i>(in Baht)</i>	<u><u>0.00</u></u>	<u><u>0.00</u></u>

Statement of income

For the nine-month period ended 30 September 2013

	Consolidated financial statements	Separate financial statements
Increase in depreciation expense	<u>5,992</u>	<u>2,422</u>
Decrease in profit for the period	<u><u>5,992</u></u>	<u><u>2,422</u></u>
Decrease in earnings per share - Basic earnings per share <i>(in Baht)</i>	<u><u>0.01</u></u>	<u><u>0.01</u></u>

8 Deferred tax

Deferred tax assets and liabilities as at 30 September 2014 and 31 December 2013 were as follows:

	Consolidated Financial statements		Separate Financial statements	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
	<i>(in thousand Baht)</i>			
Deferred tax assets	<u>20,005</u>	<u>25,185</u>	<u>4,838</u>	<u>3,099</u>
Net	<u>20,005</u>	<u>25,185</u>	<u>4,838</u>	<u>3,099</u>

Movements in total deferred tax assets and liabilities during the nine-month periods ended 30 September 2014 and 2013 were as follows:

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	Consolidated Financial statements		
	At 1	(Charged) / Credited to	At 30
	January	profit or loss	September
	2014	(Note 15)	2014
		<i>(in thousand Baht)</i>	
Deferred tax assets			
Inventories	6,292	(1,333)	4,959
Rights for employee stock option plan	131	(131)	-
Employee benefit obligations	18,762	(3,716)	15,046
Total	25,185	(5,180)	20,005

	Consolidated Financial statements		
	At 1	(Charged) / Credited to	At 30
	January	profit or loss	September
	2013	(Note 15)	2013
		<i>(in thousand Baht)</i>	
Deferred tax assets			
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

	Separate financial statements		
	At 1	(Charged) / Credited to	At 30
	January	profit or loss	September
	2014	(Note 15)	2014
		<i>(in thousand Baht)</i>	
Deferred tax assets			
Inventories	470	242	712
Rights for employee stock option plan	131	(131)	-
Employee benefit obligations	2,498	1,628	4,126
Total	3,099	1,739	4,838

	Separate financial statements		
	At 1	(Charged) / Credited to	At 30
	January	profit or loss	September
	2013	(Note 15)	2013
		<i>(in thousand Baht)</i>	
Deferred tax assets			
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

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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.

9 Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
	<i>(in thousand Baht)</i>			
Current				
Bank overdrafts	-	12	-	-
Short-term loans from financial institutions - trust receipts, unsecured	-	2,131	-	-
Current portion of long-term loans from financial institutions, secured	615,776	572,079	251,159	226,463
Current portion of finance lease liabilities	736	2,644	90	354
Total current liabilities	616,512	576,866	251,249	226,817
Non-current				
Long-term loans from financial institutions, secured	2,432,709	2,700,731	807,517	978,703
Financial lease	1,985	-	-	-
Total non-current liabilities	2,434,694	2,700,731	807,517	978,703
Total	3,051,206	3,277,597	1,058,766	1,205,520

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

	Consolidated financial statements		Separate financial statements	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
	<i>(in thousand Baht)</i>			
Within one year	615,776	574,222	251,159	226,463
After one year but within five years	2,266,008	2,489,365	777,168	909,049
After five years	166,701	211,366	30,349	69,654
Total	3,048,485	3,274,953	1,058,676	1,205,166

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

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As at 30 September 2014 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 1,817 million. The objective of these loans is to use in the Company's operation. As at 30 September 2014 the Company had outstanding long-term loans amounted to Baht 1,059 million (*31 December 2013: Baht 1,205 million*) are repayable within 2017 to 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 2.00% - 2.25% per annum.

Subsidiaries

The subsidiaries had long-term credit facilities totalling Baht 2,934 million. The objective of these loans is to use in the subsidiaries' operation. As at 30 September 2014 the subsidiaries had outstanding long-term loans amounted to Baht 1,989 million (*31 December 2013: Baht 2,070 million*) are repayable within 2016 and 2021. These loans are subject to interest at fixed rates of 4.60% - 5.00% per annum and at floating rates of fixed deposit rates, plus 2.00% - 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 2014, the long-term credit facilities of the Company and its subsidiaries which have not yet been drawn down amount to Baht 80.6 million (*31 December 2013: Baht 79 million*).

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 2014 and 31 December 2013 were payable as follows:

Consolidated financial statements						
30 September 2014			31 December 2013			
	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	875	(139)	736	2,682	(38)	2,644
After one year but within five years	2,155	(170)	1,985	-	-	-
Total	3,030	(309)	2,721	2,682	(38)	2,644

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	Separate financial statements					
	30 September 2014			31 December 2013		
	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	91	(1)	90	365	(11)	354
After one year but within five years	-	-	-	-	-	-
Total	91	(1)	90	365	(11)	354

Besides the machines under sales and financial lease-back agreements, the Company and one subsidiary 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 2014 and 31 December 2013 were denominated entirely in Thai Baht.

10 Trade accounts payable

		Consolidated financial statements		Separate financial statements	
		30 September 2014	31 December 2013	30 September 2014	31 December 2013
	<i>Note</i>	<i>(in thousand Baht)</i>			
Related parties	3	7,640	7,114	-	-
Other parties		1,097,578	1,097,674	349,046	370,903
Total		1,105,218	1,104,788	349,046	370,903

11 Employee benefit obligations

	Consolidated financial statements		Separate financial statements	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
	<i>(in thousand Baht)</i>			
Statement of financial position				
Obligations for:				
Post-employment benefits	139,183	138,613	49,112	43,528
Other long-term employee benefits	25,723	15,792	3,914	3,820
Total	164,906	154,405	53,026	47,348

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<i>Three-month period ended 30 September</i>	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Statement of income:				
Recognised in profit or loss:				
Post-employment benefits	5,033	3,275	2,052	1,710
Other long-term employee benefits	565	545	135	130
Total	5,598	3,820	2,187	1,840

<i>Nine-month period ended 30 September</i>	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Statement of income:				
Recognised in profit or loss:				
Post-employment benefits	15,099	10,371	6,156	5,261
Other long-term employee benefits	1,696	1,091	407	260
Total	16,795	11,462	6,563	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.

Movement in the present value of the defined benefit obligations:

<i>Nine-month period ended 30 September</i>	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Defined benefit obligations at 1 January	154,405	143,311	47,348	51,552
Benefits paid by the plan	(6,294)	(9,158)	(885)	(9,158)
Current service costs and interest	16,795	11,462	6,563	5,521
Defined benefit obligations at 30 September	164,906	145,615	53,026	47,915

Expense recognised in statement of income:

<i>Three-month period ended 30 September</i>	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Current service costs	4,117	2,457	1,632	1,212
Interest on obligation	1,481	1,363	555	628
Total	5,598	3,820	2,187	1,840

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	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<i>Nine-month period ended 30 September</i>				
Current service costs	12,352	7,372	4,897	3,635
Interest on obligation	4,443	4,090	1,666	1,886
Total	16,795	11,462	6,563	5,521

(in thousand Baht)

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

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<i>Three-month period ended 30 September</i>				
Cost of sales and services	3,939	2,311	711	463
Administrative expenses	1,659	1,509	1,476	1,377
Total	5,598	3,820	2,187	1,840

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<i>Nine-month period ended 30 September</i>				
Cost of sales and services	11,817	6,933	2,133	1,388
Administrative expenses	4,978	4,529	4,430	4,133
Total	16,795	11,462	6,563	5,521

(in thousand Baht)

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

	Consolidated financial statements		Separate financial statements	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
Discount rate	3.50	3.50	3.50	3.50
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.

12 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.

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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 pervious 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 2014 have been determined on the performance assessments from the Group performance and the individual performance for the performance throughout the year ended 31 December 2014.

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 2013, 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 2013 of Baht 9.91 million and other current liabilities of Baht 2.29 million and rights for employee stock option of Baht 6.87 million in the consolidated and separate financial statements.

During the period ended 30 September 2014, the management considered the performance of the Group for the nine-month period ended 30 September 2014, and expected that the result of 2014 will not meet the criteria of offering the employee stock option plan. The Company did not record the expenses from the scheme.

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13 Share capital

	Par value per share (in Baht)	2014		2013	
		Number	Baht	Number	Baht
		<i>(thousand shares / thousand Baht)</i>			
<i>Authorised</i>					
At 1 January					
- Ordinary shares	1	426,712	426,712	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	426,712	426,712
<i>Issued and paid-up</i>					
At 1 January					
- Ordinary shares	1	424,946	424,946	339,923	339,923
Ordinary shares increased	1	248	248	85,023	85,023
At 30 September					
- Ordinary shares	1	425,194	425,194	424,946	424,946

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.

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.

The Company has registered the issued and paid-up share capital of 247,900 shares at the par value of Baht 1 per share, totalling of Baht 247,900 with the Ministry of Commerce on 28 February 2014 for the Employee Stock Option Plan.

Share premium

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

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14 Segment information

<i>Nine-month period ended 30 September</i>	Pick-up axles and truck trunnion shafts		Other auto parts		Total		Elimination		Net	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	<i>(in million Baht)</i>									
External revenue from sale of goods and rendering of services	1,907	2,244	4,084	4,721	5,991	6,965	-	-	5,991	6,965
Inter-segment revenue from sale of goods and rendering of services	83	36	1,263	1,569	1,346	1,605	(1,346)	(1,605)	-	-
Total	1,990	2,280	5,347	6,290	7,337	8,570	(1,346)	(1,605)	5,991	6,965
Interest income	14	12	1	1	15	13	(10)	(12)	5	1
Financial costs	(42)	(41)	(80)	(89)	(122)	(130)	10	12	(112)	(118)
Depreciation and amortisation	(194)	(183)	(429)	(409)	(623)	(592)	3	-	(620)	(592)
Segment profit (loss) before income tax	421	445	140	209	561	654	(75)	(50)	486	604
Segment assets as at 30 September / 31 December	5,501	5,574	7,488	7,384	12,989	12,958	(3,162)	(3,035)	9,827	9,923

The Group is managed and operates principally in Thailand. There are no material revenues derived from, or assets located in, foreign countries.

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15 Income tax expense

Income tax recognised in profit or loss

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<i>Three-month period ended 30 September</i>	<i>(in thousand Baht)</i>			
Current tax expense				
Current year	15,970	15,670	9,177	5,202
	<u>15,970</u>	<u>15,670</u>	<u>9,177</u>	<u>5,202</u>
Deferred tax income				
Movement in temporary differences	(389)	(482)	(127)	(140)
	<u>(389)</u>	<u>(482)</u>	<u>(127)</u>	<u>(140)</u>
Total	<u>15,581</u>	<u>15,188</u>	<u>9,050</u>	<u>5,062</u>
<i>Nine-month period ended 30 September</i>				
	<i>Note</i>	<i>(in thousand Baht)</i>		
Current tax expense				
Current year		42,297	57,633	26,420
		<u>42,297</u>	<u>57,633</u>	<u>26,420</u>
Deferred tax income				
Movement in temporary differences	8	5,180	(4,095)	(1,739)
		<u>5,180</u>	<u>(4,095)</u>	<u>(1,739)</u>
Total		<u>47,477</u>	<u>53,538</u>	<u>24,681</u>
		<u>20,377</u>		<u>20,377</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.

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16 Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the nine-month periods ended 30 September 2014 and 2013 were based on the profit for the periods attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the period. The basic earnings per share for the nine-month period ended 30 September 2013 was recalculated by adjusting the number of ordinary share to reflect the stock dividend distributed in 2013, as if the stock dividend was distributed since the beginning of reporting period as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013 (Restated)	2014	2013 (Restated)
<i>Three-month period ended 30 September</i>				
	<i>(in thousand Baht / thousand shares)</i>			
Profit attributable to ordinary shareholders of the Company (basic)	142,528	169,501	105,322	101,899
Number of ordinary shares outstanding at 1 July	425,194	424,946	425,194	424,946
Effect of stock dividend	-	-	-	-
Number of ordinary shares outstanding	425,194	424,946	425,194	424,946
Earnings per share (basic) (in Baht)	0.34	0.40	0.25	0.24
<i>Nine-month period ended 30 September</i>				
Profit attributable to ordinary shareholders of the Company (basic)	439,015	550,652	396,655	425,146
Number of ordinary shares outstanding at 1 January	424,946	339,923	424,946	339,923
Effect of shares issued on 12 March	-	25	-	25
Effect of shares issued on 28 February	195	-	195	-
Effect of stock dividend	-	84,989	-	84,989
Number of ordinary shares outstanding	425,141	424,937	425,141	424,937
Earnings per share (basic) (in Baht)	0.99	1.30	0.99	1.00

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 the employees of the Group would not be material.

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17 Dividends

The Company

At the Board of Directors' Meeting of the Company held on 8 August 2014, the Board of Directors approved an appropriation of interim dividend for the operation from the first half of year 2014 at the rate of Baht 0.22 per share, totalling of Baht 93.5 million from the promoted business (BOI). The dividend was paid to the shareholders on 3 September 2014.

At the Annual General Meeting of the Company held on 23 April 2014, the shareholders approved an appropriation of cash dividend for the operation for the year 2013 at the rate of Baht 0.75 per share, totalling of Baht 0.75 per share, totalling of Baht 318.7 million from the promoted business (BOI). The interim cash dividend was paid to shareholders on 9 August 2013 at Baht 0.25 per share, totalling Baht 106.2 million. The remaining cash dividend of Baht 0.50 per share, totalling Baht 212.6 million was paid to the shareholders on 9 May 2014.

At the Board of Directors' meeting of the Company held on 9 August 2013, the Board of Directors approved annual appropriation 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.

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 102.0 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.

Subsidiaries

At the Annual General Meeting of Shareholders of a subsidiary held on 25 April 2014, the shareholders approved an appropriation of cash dividend for the operation for the year 2013 at the rate of Baht 138 per share, totalling of Baht 71.8 million from the promoted business (BOI), which paid to the shareholders on 25 April 2014.

At the Annual General Meeting of shareholders of a subsidiary held on 5 April 2013, the shareholders approved the payment of cash dividend at the rate of Baht 104 per share, totalling Baht 54 million. The dividend was paid to shareholders on 25 April 2013.

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18 Commitments with non-related parties

	Consolidated		Separate	
	financial statements		financial statements	
	30	31	30	31
	September	December	September	December
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
<i>Capital commitments</i>				
Contracted but not provided for:				
Land	4.2	4.2	4.2	4.2
Machineries and equipment	28.0	319.6	-	-
Building constructions	-	12.5	-	12.5
Total	32.2	336.3	4.2	16.7
<i>Non-cancellable operating lease commitments</i>				
Within one year	88.4	52.0	15.9	15.7
After one year but within five years	23.6	48.2	14.2	19.6
Total	112.0	100.2	30.1	35.3
<i>Other commitments</i>				
Bank guarantees	74.9	75.7	20.3	20.3
Total	74.9	75.7	20.3	20.3

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 within July 2016 which complied with the agreement.

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 2% 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 end of year 2014, and is renewable for a further 5 years.

