

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

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# **Somboon Advance Technology Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 18 February 2016.

### **1 General information**

Somboon Advance Technology Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at

Head Office : 129 Moo 2, Bangna-Trad Road, Tambon Bangchalong, Amphur Bangplee, Samutprakarn 10540.

Branch : 300/10 Moo 1, Tambon Tasit, Amphur Pluak Daeng, Rayong 21140.

Branch : 7/389 Moo 6, Tambon Mapyangporn, Amphur Pluak Daeng, Rayong 21140.

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

The major shareholders during the financial year were Somboon Holding Company Limited (26.2% shareholding), which incorporated in Thailand and Kitaphanich family (16.5% shareholding).

The principal businesses of the Company are the manufacture of pick-up axles and truck trunnion shafts. Details of the Company’s subsidiaries as at 31 December 2015 and 2014 are given in notes 4 and 11.

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

#### **(a) Statement of compliance**

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

The FAP has issued new and revised TFRS effective for accounting periods beginning on or after 1 January 2015. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP had issued a number of other new and revised TFRS which are effective for financial statements beginning on or after 1 January 2016 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 33.

# Somboon Advance Technology Public Company Limited and its Subsidiaries

## Notes to the financial statements

### (b) *Basis of measurement*

The financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

<i>Items</i>	<i>Measurement bases</i>
Net defined benefit liability	Present value of the defined benefit obligation, limited as explained in Note 3 (n)

### (c) *Functional and presentation currency*

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

### (d) *Use of estimates and judgements*

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

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

Information about significant areas of estimation uncertainties that have a significant risk of resulting in a material adjustments to the amounts recognised in the financial statements is included in the following notes:

Note 4 (s)	Current and deferred taxation
Note 16	Utilisation of tax losses
Note 20	Measurement of defined benefit obligations

#### *Measurement of fair values*

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the CFO.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group Audit Committee.

# **Somboon Advance Technology Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

### **3 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### **(a) Basis of consolidation**

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

##### *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

##### *Associates*

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence.

##### *Transactions eliminated on consolidation*

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

## **Somboon Advance Technology Public Company Limited and its Subsidiaries**

### **Notes to the financial statements**

#### **(b) Foreign currencies**

##### *Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rates ruling at that date.

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

Foreign currency differences are generally recognised in profit or loss.

##### *Foreign operations*

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

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

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

#### **(c) Derivative financial instruments**

Derivative financial instruments are used to manage exposure to foreign exchange, interest rate arising from operational, financing and investment activities. Derivative financial instruments are not used for trading purposes.

The Group is party to financial instruments that reduce exposure to fluctuations in foreign currency exchange and interest rate. These financial instruments, which mainly comprise forward foreign exchange contracts and interest swap contract are not recognised in the financial statements on inception but deferred and accounted for on a settlement basis.

#### **(d) Cash and cash equivalents**

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

#### **(e) Trade and other accounts receivable**

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

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

## **Somboon Advance Technology Public Company Limited and its Subsidiaries**

### **Notes to the financial statements**

#### **(f) Inventories**

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

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

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

#### **(g) Investments**

##### *Investments in subsidiaries and associates*

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

##### *Investments in other debt and equity securities*

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

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

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

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

##### *Disposal of investments*

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

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

# Somboon Advance Technology Public Company Limited and its Subsidiaries

## Notes to the financial statements

### *(h) Investment properties*

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

Investment properties are measured at cost less impairment losses.

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

### *(i) Property, plant and equipment*

#### *Recognition and measurement*

##### *Owned asset*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

##### *Leased assets*

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

##### *Subsequent costs*

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

# Somboon Advance Technology Public Company Limited and its Subsidiaries

## Notes to the financial statements

### *Depreciation*

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

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

Buildings and other constructions	5 - 40 years
Machinery and equipment	1.5 - 30 years
Furniture, fixtures and office equipment	3 - 5 years
Vehicle	5 years

No depreciation is provided on freehold land, assets under construction and spare parts for machinery.

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

### **(j) Intangible assets**

#### *Goodwill*

Goodwill is measured as the excess of the cost of acquisition over the fair value of the identifiable assets acquired.

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment as described in note 3 (k). Negative goodwill is recognised immediately in the statement of income.

#### *Other intangible assets*

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

#### *Subsequent expenditure*

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

#### *Amortisation*

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

## Somboon Advance Technology Public Company Limited and its Subsidiaries

### Notes to the financial statements

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

Software licences	3 - 10 years
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Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

#### (k) *Impairment*

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

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

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

#### *Calculation of recoverable amount*

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

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

#### *Reversals of impairment*

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

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

# Somboon Advance Technology Public Company Limited and its Subsidiaries

## Notes to the financial statements

### (l) *Interest-bearing liabilities*

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

### (m) *Trade and other accounts payable*

Trade and other accounts payable are stated at cost.

### (n) *Employee benefits*

#### *Defined contribution plans*

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

#### *Defined benefit plans*

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any application minimum funding requirements.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognized immediately in other comprehensive income ("OCI"). The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

#### *Other long-term employee benefits*

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

#### *Termination benefits*

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

# Somboon Advance Technology Public Company Limited and its Subsidiaries

## Notes to the financial statements

### *Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### **(o) Provisions**

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

### **(p) Revenue**

Revenue excludes value added taxes and is arrived at after deduction of trade discounts and volume rebate.

### *Sale of goods and services rendered*

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

### *Rental income*

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

### *Dividend income*

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

### *Interest income*

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

### **(q) Finance costs**

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

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

# **Somboon Advance Technology Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

### **(r) Lease payments**

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

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

#### *Determining whether an arrangement contains a lease*

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

### **(s) Income tax**

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

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

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 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 is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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

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.

# Somboon Advance Technology Public Company Limited and its Subsidiaries

## Notes to the financial statements

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.

### (t) *Earnings per share*

The Group presents basic data for its ordinary shares. Basic earning per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

### (u) *Segment reporting*

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

## 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, associates, relationship with 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

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
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Significant transactions for the years ended 31 December 2015 and 2014 with related parties were as follows:

<i>Year ended</i> <i>31 December</i>	<b>Pricing policies</b>	<b>Consolidated</b> <b>financial statements</b>		<b>Separate</b> <b>financial statements</b>	
		2015	2014	2015	2014
		<i>(in million Baht)</i>			
<b>Subsidiaries</b>					
Sales of goods	Approximates market prices	-	-	134	122
Dividend income	Right to receive	-	-	-	72
Interest income	Contractually agreed price	-	-	8	13
Management fee income	Contractually agreed price	-	-	133	130
Facilities income	Approximates cost	-	-	12	17
Rental income	Contractually agreed price	-	-	6	5
Sales of scraps	Approximates market prices	-	-	8	8
Rental expense	Contractually agreed price	-	-	2	2
Facilities Expense	Approximates cost	-	-	1	2
Other expense	Approximates market price	-	-	12	3
<b>Associate</b>					
Purchases of goods	Approximates market price	37	25	-	-
<b>Key management personnel</b>					
Key management personnel compensation					
		63	63	55	55
		2	2	2	2
<b>Total key management personnel compensation</b>		<b>65</b>	<b>65</b>	<b>57</b>	<b>57</b>

Balances as at 31 December 2015 and 2014 with related parties were as follows:

<i>Trade accounts receivable</i>	<b>Consolidated</b> <b>financial statements</b>		<b>Separate</b> <b>financial statements</b>	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
<b>Subsidiary</b>				
Somboon Malleable Iron Industrial Company Limited	-	-	18,953	26,341
<b>Other receivables</b>				
	<b>Consolidated</b> <b>financial statements</b>		<b>Separate</b> <b>financial statements</b>	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Somboon Malleable Iron Industrial Company Limited	-	-	25,812	34,086
Bangkok Spring Industrial Company Limited	-	-	22,569	29,076
International Casting Products Co., Ltd	-	-	19,335	26,913
SBG International Japan Company Limited	-	-	406	468
Somboon Forging Technology Company Limited	-	-	7,482	303
<b>Total</b>	<b>-</b>	<b>-</b>	<b>75,604</b>	<b>90,846</b>

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

*Short-term loans to subsidiaries*

	<b>Separate financial statements</b>	
	2015	2014
	<i>(in thousand Baht)</i>	
<b>Subsidiaries</b>		
International Casting Products Co., Ltd	30,000	200,000
SBG International Japan Company Limited	40,000	40,000
Somboon Forging Technology Company Limited	80,000	20,000
<b>Total</b>	<b><u>150,000</u></b>	<b><u>260,000</u></b>

Movements during the years ended 31 December 2015 and 2014 of loans to subsidiaries were as follows:

	<b>Separate financial statements</b>	
	2015	2014
	<i>(in thousand Baht)</i>	
<i>Short-term loans to subsidiaries</i>		
At 1 January	260,000	240,000
Increase	760,000	1,230,000
Decrease	(870,000)	(1,210,000)
<b>At 31 December</b>	<b><u>150,000</u></b>	<b><u>260,000</u></b>

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

*Trade account payable*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
<b>Associate</b>				
Tsuchiyoshi Somboon Coated Sand Co., Ltd.	<b><u>13,269</u></b>	<b><u>7,826</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

*Other payables*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Somboon Malleable Iron Industrial Company Limited	-	-	7	92
Bangkok Spring Industrial Company Limited	-	-	827	253
International Casting Products Co., Ltd.	-	-	-	26
SBG International Japan Company Limited	-	-	157	813
<b>Total</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>991</u></b>	<b><u>1,184</u></b>

**5 Cash and cash equivalents**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Cash on hand	325	358	90	90
Cash at banks - current accounts	3,368	3,672	2,777	2,972
Cash at banks - savings accounts	996,318	916,973	380,461	331,877
Highly liquid short-term investments	-	54,358	-	40,296
<b>Total</b>	<b><u>1,000,011</u></b>	<b><u>975,361</u></b>	<b><u>383,328</u></b>	<b><u>375,235</u></b>

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Thai Baht (THB)	992,326	968,802	383,328	375,235
Yen (JPY)	7,685	6,559	-	-
<b>Total</b>	<b><u>1,000,011</u></b>	<b><u>975,361</u></b>	<b><u>383,328</u></b>	<b><u>375,235</u></b>

**6 Current investments**

Current investments of the Group and the Company represents short-term deposits at financial institutions which had annual interest rates of 1.70% as at 31 December 2015 (2014: 2.65%) and were denominated entirely in Thai Baht.

**7 Trade accounts receivable**

	<i>Note</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2015	2014	2015	2014
		<i>(in thousand Baht)</i>			
Related parties	4	-	-	18,953	26,341
Other parties		<u>1,310,736</u>	<u>1,295,727</u>	<u>366,150</u>	<u>415,714</u>
<b>Total</b>		<b><u>1,310,736</u></b>	<b><u>1,295,727</u></b>	<b><u>385,103</u></b>	<b><u>442,055</u></b>
<i>Less</i> allowance for doubtful accounts		(68)	(68)	-	-
<b>Net</b>		<b><u>1,310,668</u></b>	<b><u>1,295,659</u></b>	<b><u>385,103</u></b>	<b><u>442,055</u></b>

Aging analyses for trade accounts receivable were as follows:

	<i>Note</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2015	2014	2015	2014
		<i>(in thousand Baht)</i>			
<b>Related parties</b>					
Within credit terms	4	-	-	18,953	26,341
<b>Other parties</b>					
Within credit terms		1,308,227	1,294,337	366,150	415,714
Overdue:					
Less than 3 months		2,089	864	-	-
3-12 months		352	458	-	-
Over 12 months		68	68	-	-
		<u>1,310,736</u>	<u>1,295,727</u>	<u>366,150</u>	<u>415,714</u>
<i>Less</i> allowance for doubtful accounts		(68)	(68)	-	-
<b>Net</b>		<b><u>1,310,668</u></b>	<b><u>1,295,659</u></b>	<b><u>385,103</u></b>	<b><u>442,055</u></b>

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

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Thai Baht (THB)	1,285,816	1,258,116	376,738	427,565
United States Dollars (USD)	12,004	15,317	8,365	14,490
Yen (JPY)	12,848	22,226	-	-
<b>Total</b>	<b><u>1,310,668</u></b>	<b><u>1,295,659</u></b>	<b><u>385,103</u></b>	<b><u>442,055</u></b>

**8 Other receivables**

	<i>Note</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2015	2014	2015	2014
		<i>(in thousand Baht)</i>			
<b>Related parties</b>	4	-	-	75,604	90,846
<b>Other parties</b>					
Revenue department receivable		83,497	42,917	1,949	1,486
Prepaid expenses		7,982	5,631	3,257	2,550
Accrued incomes		5,918	7,774	3,836	3,058
Others		12,940	19,855	1,626	525
<b>Total</b>		<b><u>110,337</u></b>	<b><u>76,177</u></b>	<b><u>86,272</u></b>	<b><u>98,465</u></b>

The currency denomination of other receivables as at 31 December was as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Thai Baht (THB)	107,510	76,177	86,272	98,465
Yen (JPY)	2,827	-	-	-
<b>Total</b>	<b><u>110,337</u></b>	<b><u>76,177</u></b>	<b><u>86,272</u></b>	<b><u>98,461</u></b>

**9 Inventories**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Finished goods	246,609	246,634	60,643	58,838
Work in process	115,149	80,154	6,564	4,711
Raw materials	129,273	110,276	9,737	11,057
Factory supplies	168,712	143,014	27,878	28,264
Spare parts	111,210	74,750	43,097	46,792
Goods in transit	19,980	46,398	125	389
<b>Total</b>	<b><u>790,933</u></b>	<b><u>701,226</u></b>	<b><u>148,044</u></b>	<b><u>150,051</u></b>
<i>Less allowance for decline in value</i>	<i>(53,190)</i>	<i>(40,953)</i>	<i>(9,474)</i>	<i>(9,119)</i>
<b>Net</b>	<b><u>737,743</u></b>	<b><u>660,273</u></b>	<b><u>138,570</u></b>	<b><u>140,932</u></b>

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

**10 Investments in associates**

	<b>Consolidated financial statements</b>	
	2015	2014
	<i>(in thousand Baht)</i>	
At 1 January	233,463	180,867
Share of net profit of investments - equity method	56,459	59,259
Dividend income	<u>(10,227)</u>	<u>(6,663)</u>
<b>At 31 December</b>	<b><u>279,695</u></b>	<b><u>233,463</u></b>

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

Investments in associates as at 31 December 2015 and 2014, and dividend income for the years then ended were as follows:

		<b>Consolidated financial statements</b>										
Type of business	Country of incorporation	Ownership Interest		Paid-up capital		Cost method		Equity method		Dividend income		
		2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	
<i>Associates</i>												
Tsuchiyoshi Somboon Coated Sand Co., Ltd	Manufacture and sale of plastic-coated sand and dry sand	Thailand	21.25	21.25	72,000	72,000	15,300	15,300	48,040	44,514	1,530	1,530
Yamada Somboon Company Limited	Manufacture and sale of auto parts	Thailand	20.00	20.00	150,000	150,000	30,807	30,807	231,655	188,949	8,697	5,133
<b>Total</b>							<u>46,107</u>	<u>46,107</u>	<u>279,695</u>	<u>233,463</u>	<u>10,227</u>	<u>6,663</u>

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

**11 Investments in subsidiaries**

	<b>Separate financial statements</b>	
	2015	2014
	<i>(in thousand Baht)</i>	
At 1 January	2,461,891	2,451,555
Acquisitions	-	10,336
<b>At 31 December</b>	<b><u>2,461,891</u></b>	<b><u>2,461,891</u></b>

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 registered the increase of shares capital on 28 January 2014.

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

Investments in subsidiaries as at 31 December 2015 and 2014, and dividend income for the years then ended were as follows:

	Type of business	Country of incorporation	Ownership interest		Paid-up capital		Cost method		Dividend income	
			2015	2014	2015	2014	2015	2014	2015	2014
			(%)				<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>										
Somboon Malleable Iron Industrial Company Limited	Manufacture and sale of auto parts	Thailand	100	100	500,000	500,000	875,989	875,989	-	-
Bangkok Spring Industrial Company Limited	Manufacture and sale of auto parts	Thailand	100	100	130,000	130,000	519,989	519,989	-	71,758
International Casting Products Co., Ltd	Manufacture and sale of auto parts	Thailand	100	100	785,000	785,000	796,034	796,034	-	-
SBG International Japan Company Limited	Provide marketing Information support	Japan	100	100	19,879	19,879	19,879	19,879	-	-
Somboon Forging Technology Company Limited	Manufacture and sale of auto parts	Thailand	100	100	250,000	250,000	250,000	250,000	-	-
<b>Total</b>							<u>2,461,891</u>	<u>2,461,891</u>	<u>-</u>	<u>71,758</u>

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

**12 Other long-term investments**

Name of the entity	Type of business	Paid-up capital	Consolidated financial statements			
			Ownership Interest		Cost	
			2015	2014	2015	2014
			(%)		(in thousand Baht)	
Nisshinbo Somboon Automotive Company Limited	Manufacture and sale of auto parts and brake systems	732,600	2.90	2.90	21,250	21,250
Somboon Somic Manufacturing Company Limited	Manufacture and sale of auto parts	300,000	1.80	1.80	5,401	5,401
<b>Total</b>					<b>26,651</b>	<b>26,651</b>

**13 Investment properties**

Investment properties are land not used in its operation of a subsidiary and were revalued by First Star Consultant Co., Ltd., a firm of independent professional valuers in October 2013, at open market values on an existing use basis. The appraised value was Baht 78 million.

*Fair value hierarchy*

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's investment property portfolio.

The fair value for investment property of Baht 78 million has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

The part of investment properties are mortgaged as collateral for the loan of the subsidiary.

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

**14 Property, plant and equipment**

**Consolidated financial statements**

	Land	Buildings and other constructions	Machinery and factory equipment	Office furniture, fixtures and equipment (in thousand Baht)	Vehicles	Assets under construction and installation	Spare parts for machinery	Total
<b>Cost</b>								
<b>At 1 January 2014</b>	599,136	1,734,043	8,151,954	154,840	19,343	821,283	63,261	11,543,860
Additions	17,309	1,660	53,272	7,610	1,311	494,709	20,880	596,751
Transfers	1,678	105,474	856,271	76	-	(963,499)	-	-
Disposals	(1)	-	(118,442)	(2,383)	(8,435)	(95)	-	(129,356)
<b>At 31 December 2014 and 1 January 2015</b>	<b>618,122</b>	<b>1,841,177</b>	<b>8,943,055</b>	<b>160,143</b>	<b>12,219</b>	<b>352,398</b>	<b>84,141</b>	<b>12,011,255</b>
Additions	4,605	244	64,381	7,164	3,612	274,342	5,400	359,748
Transfers	-	23,670	393,592	3,832	-	(408,253)	(12,841)	-
Disposals	-	(2,529)	(124,247)	(747)	(705)	-	-	(128,228)
<b>At 31 December 2015</b>	<b>622,727</b>	<b>1,862,562</b>	<b>9,276,781</b>	<b>170,392</b>	<b>15,126</b>	<b>218,487</b>	<b>76,700</b>	<b>12,242,775</b>
<b>Depreciation</b>								
<b>At 1 January 2014</b>	-	512,409	4,433,715	125,165	17,539	-	-	5,088,828
Depreciation charge for the year	-	96,367	713,656	12,277	811	-	-	823,111
Disposals	-	-	(99,728)	(2,370)	(7,918)	-	-	(110,016)
<b>At 31 December 2014 and 1 January 2015</b>	<b>-</b>	<b>608,776</b>	<b>5,047,643</b>	<b>135,072</b>	<b>10,432</b>	<b>-</b>	<b>-</b>	<b>5,801,923</b>
Depreciation charge for the year	-	99,090	733,723	11,485	960	-	-	845,257
Disposals	-	(2,219)	(105,339)	(708)	(705)	-	-	(108,970)
<b>At 31 December 2015</b>	<b>-</b>	<b>705,647</b>	<b>5,676,027</b>	<b>145,849</b>	<b>10,687</b>	<b>-</b>	<b>-</b>	<b>6,538,210</b>

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

**Consolidated financial statements**

	Land	Buildings and other constructions	Machinery and factory equipment	Office furniture, fixtures and equipment (in thousand Baht)	Vehicles	Assets under construction and installation	Spare parts for machinery	Total
<b>Net book value</b>								
<b>At 1 January 2014</b>								
Owned assets	599,136	1,221,634	3,712,895	29,675	1,065	821,283	63,261	6,448,949
Assets under finance leases	-	-	5,344	-	739	-	-	6,083
	<b>599,136</b>	<b>1,221,634</b>	<b>3,718,239</b>	<b>29,675</b>	<b>1,804</b>	<b>821,283</b>	<b>63,261</b>	<b>6,455,032</b>
<b>At 31 December 2014 and 1 January 2015</b>								
Owned assets	618,122	1,232,401	3,895,412	25,071	1,787	349,597	84,141	6,206,531
Assets under finance leases	-	-	-	-	-	2,801	-	2,801
	<b>618,122</b>	<b>1,232,401</b>	<b>3,895,412</b>	<b>25,071</b>	<b>1,787</b>	<b>352,398</b>	<b>84,141</b>	<b>6,209,332</b>
<b>At 31 December 2015</b>								
Owned assets	622,727	1,156,915	3,598,199	24,323	4,439	218,487	76,700	5,701,790
Assets under finance leases	-	-	2,555	220	-	-	-	2,775
	<b>622,727</b>	<b>1,156,915</b>	<b>3,600,754</b>	<b>24,543</b>	<b>4,439</b>	<b>218,487</b>	<b>76,700</b>	<b>5,704,565</b>

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

**Separate financial statements**

	Land	Buildings and other constructions	Machinery and factory equipment	Office furniture, fixtures and equipment (in thousand Baht)	Vehicles	Assets under construction and installation	Spare parts for machinery	Total
<b>Cost</b>								
At 1 January 2014	78,068	371,241	2,604,165	59,657	9,649	277,679	13,334	3,413,793
Additions	13,713	463	6,104	3,454	13	68,436	72	92,255
Transfers	-	76,299	31,509	-	-	(107,808)	-	-
Disposals	-	-	(60,948)	(21)	(3,993)	(94)	-	(65,056)
<b>At 31 December 2014 and 1 January 2015</b>	<b>91,781</b>	<b>448,003</b>	<b>2,580,830</b>	<b>63,090</b>	<b>5,669</b>	<b>238,213</b>	<b>13,406</b>	<b>3,440,992</b>
Additions	-	-	12,895	2,136	3,612	82,544	-	101,187
Transfers	-	832	209,850	139	-	(208,647)	(2,174)	-
Disposals	-	-	(5,199)	(75)	-	-	-	(5,274)
<b>At 31 December 2015</b>	<b>91,781</b>	<b>448,835</b>	<b>2,798,376</b>	<b>65,290</b>	<b>9,281</b>	<b>112,110</b>	<b>11,232</b>	<b>3,536,905</b>
<b>Depreciation</b>								
At 1 January 2014	-	106,368	1,543,112	50,197	8,558	-	-	1,708,235
Depreciation charge for the year	-	28,012	221,103	4,237	516	-	-	253,868
Disposals	-	-	(60,943)	(21)	(3,993)	-	-	(64,957)
<b>At 31 December 2014 and 1 January 2015</b>	<b>-</b>	<b>134,380</b>	<b>1,703,272</b>	<b>54,413</b>	<b>5,081</b>	<b>-</b>	<b>-</b>	<b>1,897,146</b>
Depreciation charge for the year	-	28,934	213,988	3,589	681	-	-	247,192
Disposals	-	-	(5,199)	(75)	-	-	-	(5,274)
<b>At 31 December 2015</b>	<b>-</b>	<b>163,314</b>	<b>1,912,061</b>	<b>57,927</b>	<b>5,762</b>	<b>-</b>	<b>-</b>	<b>2,139,064</b>

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

**Separate financial statements**

	Land	Buildings and other constructions	Machinery and factory equipment	Office furniture, fixtures and equipment (in thousand Baht)	Vehicles	Assets under construction and installation	Spare parts for machinery	Total
<b>Net book value</b>								
<b>At 1 January 2014</b>								
Owned assets	78,068	264,873	1,061,053	9,460	352	277,679	13,334	1,704,819
Assets under finance leases	-	-	-	-	739	-	-	739
	<b>78,068</b>	<b>264,873</b>	<b>1,061,053</b>	<b>9,460</b>	<b>1,091</b>	<b>277,679</b>	<b>13,334</b>	<b>1,705,558</b>
<b>At 31 December 2014 and 1 January 2015</b>								
Owned assets	91,781	313,623	877,558	8,677	588	238,213	13,406	1,543,846
Assets under finance leases	-	-	-	-	-	-	-	-
	<b>91,781</b>	<b>313,623</b>	<b>877,558</b>	<b>8,677</b>	<b>588</b>	<b>238,213</b>	<b>13,406</b>	<b>1,543,846</b>
<b>At 31 December 2015</b>								
Owned assets	91,781	285,521	886,315	7,243	3,519	112,110	11,232	1,397,721
Assets under finance leases	-	-	-	120	-	-	-	120
	<b>91,781</b>	<b>285,521</b>	<b>886,315</b>	<b>7,363</b>	<b>3,519</b>	<b>112,110</b>	<b>11,232</b>	<b>1,397,841</b>

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

The gross amount of the Company's fully depreciated plant and equipment that was still in use as at 31 December 2015 amounting to Baht 2,739 million (2014: Baht 2,091 million).

As at 31 December 2015, land of the Company valued at Baht 2.3 million comprises land for which the legal ownership has yet to be transferred 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 machineries as collateral for credit facilities granted by commercial banks.

During 2014, the subsidiaries capitalised interest amounting to Baht 1 million to the costs of plant construction and machinery installation. The capitalised interests were borrowing costs of loans obtained for general purposes but utilised for this specific project. The weighted average rates used to determine the amount of borrowing costs eligible for capitalisation were 3.48% per annum.

**15 Intangible assets**

	<b>Consolidated financial statements</b>		
	Software licences	Software under installation	Total
	<i>(in thousand Baht)</i>		
<b>Cost</b>			
At 1 January 2014	114,885	740	115,625
Additions	3,423	4,433	7,856
Transfers	2,945	(2,945)	-
<b>At 31 December 2014 and 1 January 2015</b>	<b>121,253</b>	<b>2,228</b>	<b>123,481</b>
Additions	2,740	4,183	6,923
Disposals	(6,230)	-	(6,230)
<b>At 31 December 2015</b>	<b>117,763</b>	<b>6,411</b>	<b>124,174</b>
<b>Amortisation</b>			
At 1 January 2014	59,347	-	59,347
Amortisation charge for the year	15,797	-	15,797
<b>At 31 December 2014 and 1 January 2015</b>	<b>75,144</b>	<b>-</b>	<b>75,144</b>
Amortisation charge for the year	12,848	-	12,848
Disposals	(6,230)	-	(6,230)
<b>At 31 December 2015</b>	<b>81,762</b>	<b>-</b>	<b>81,762</b>
<b>Net book value</b>			
At 1 January 2014	55,538	740	56,278
<b>At 31 December 2014 and 1 January 2015</b>	<b>46,109</b>	<b>2,228</b>	<b>48,337</b>
<b>At 31 December 2015</b>	<b>36,001</b>	<b>6,411</b>	<b>42,412</b>

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

	<b>Separate financial statements</b>		
	Software licences	Software under installation <i>(in thousand Baht)</i>	Total
<b>Cost</b>			
At 1 January 2014	43,241	740	43,981
Additions	41	4,433	4,474
Transfers	2,945	(2,945)	-
<b>At 31 December 2014 and 1 January 2015</b>	<b>46,227</b>	<b>2,228</b>	<b>48,455</b>
Additions	-	4,183	4,183
<b>At 31 December 2015</b>	<b>46,227</b>	<b>6,411</b>	<b>52,638</b>
<b>Amortisation</b>			
At 1 January 2014	24,372	-	24,372
Amortisation charge for the year	4,894	-	4,894
<b>At 31 December 2014 and 1 January 2015</b>	<b>29,266</b>	<b>-</b>	<b>29,266</b>
Amortisation charge for the year	4,315	-	4,315
<b>At 31 December 2015</b>	<b>33,581</b>	<b>-</b>	<b>33,581</b>
<b>Net book value</b>			
At 1 January 2014	<b>18,869</b>	<b>740</b>	<b>19,609</b>
<b>At 31 December 2014 and 1 January 2015</b>	<b>16,961</b>	<b>2,228</b>	<b>19,189</b>
<b>At 31 December 2015</b>	<b>12,646</b>	<b>6,411</b>	<b>19,057</b>

**16 Deferred tax**

Deferred tax assets as at 31 December were as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>Financial statements</b>		<b>Financial statements</b>	
	31	31	31	31
	December	December	December	December
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Deferred tax assets	35,044	19,922	11,506	4,655
<b>Net deferred tax assets</b>	<b>35,044</b>	<b>19,922</b>	<b>11,506</b>	<b>4,655</b>

Movements in total deferred tax assets during the year ended 31 December 2015 and 2014 were as follows:

	<b>Consolidated financial statements</b>			
	<b>(Charged) / Credited to:</b>			
	At 1	Profit or	Other	At 31
	January	loss	comprehensive	December
	2015	(Note 26)	income	2015
	<i>(in thousand Baht)</i>			
<b>Deferred tax assets</b>				
Inventories	5,115	(2,339)	-	2,776
Employee benefit obligations	14,807	8,883	8,578	32,268
<b>Total</b>	<b>19,922</b>	<b>6,544</b>	<b>8,578</b>	<b>35,044</b>

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

	<b>Consolidated financial statements</b>			<b>At 31 December 2014</b>
	(Charged) / Credited to:			
<b>At 1 January 2014</b>	Profit or loss <i>(Note 26)</i> <i>(in thousand Baht)</i>	Other comprehensive income		
<i>Deferred tax assets</i>				
Inventories	6,292	(1,177)	-	5,115
Rights for employee stock option plan	131	(131)	-	-
Employee benefit obligations	18,762	(3,955)	-	14,807
<b>Total</b>	<b>25,185</b>	<b>(5,263)</b>	<b>-</b>	<b>19,922</b>

	<b>Separate financial statements</b>			<b>At 31 December 2015</b>
	(Charged) / Credited to:			
<b>At 1 January 2015</b>	Profit or loss <i>(Note 26)</i> <i>(in thousand Baht)</i>	Other comprehensive income		
<i>Deferred tax assets</i>				
Inventories	712	290	-	1,002
Employee benefit obligations	3,943	3,194	3,367	10,504
<b>Total</b>	<b>4,655</b>	<b>3,484</b>	<b>3,367</b>	<b>11,506</b>

	<b>Consolidated financial statements</b>			<b>At 31 December 2014</b>
	(Charged) / Credited to:			
<b>At 1 January 2014</b>	Profit or loss <i>(Note 26)</i> <i>(in thousand Baht)</i>	Other comprehensive income		
<i>Deferred tax assets</i>				
Inventories	470	242	-	712
Rights for employee stock option plan	131	(131)	-	-
Employee benefit obligations	2,498	1,445	-	3,943
<b>Total</b>	<b>3,099</b>	<b>1,556</b>	<b>-</b>	<b>4,655</b>

Deferred tax assets have not been recognised in respect of the following items:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Temporary difference				
- Difference in rate of depreciation	4,737	5,661	4,022	3,870
Tax losses	180,167	204,449	-	-
<b>Total</b>	<b>184,904</b>	<b>210,110</b>	<b>4,022</b>	<b>3,870</b>

The tax losses expire during 2016 to 2023. 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 there will be sufficient future taxable profit against which subsidiaries can utilise the benefits therefrom.

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

**17 Interest-bearing liabilities**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
<b>Current</b>				
Current portion of long-term loans from financial institutions - secured	739,326	665,240	251,385	251,204
Current portion of finance lease liabilities	925	655	124	-
<b>Total current liabilities</b>	<b>740,251</b>	<b>665,895</b>	<b>251,509</b>	<b>251,204</b>
<b>Non-current</b>				
Long-term loans from financial institutions - secured	1,502,353	2,245,779	448,314	749,699
Finance lease liabilities	1,522	1,817	218	-
<b>Total non-current liabilities</b>	<b>1,503,815</b>	<b>2,247,596</b>	<b>448,532</b>	<b>749,699</b>
<b>Total</b>	<b>2,244,126</b>	<b>2,913,491</b>	<b>700,041</b>	<b>1,000,903</b>

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Within one year	739,326	665,240	251,385	251,204
After one year but within five years	1,424,753	2,114,365	448,314	717,185
After five years	77,600	131,414	-	32,514
<b>Total</b>	<b>2,241,679</b>	<b>2,911,019</b>	<b>699,699</b>	<b>1,000,903</b>

As at 31 December 2015, the Group and the Company had outstanding long-term loans with financial restitutions which are repayable within 2020 and 2022, respectively. These loans are subject to interest at fixed rates of 4.60% - 4.80% per annum and at floating rates of fixed deposit rates, plus 2.0% - 2.75% per annum.

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

The Company hedges most of their interest rate risk by entering into interest rate swap agreements with a bank, 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 31 December 2015, the long-term credit facilities of the Group and the Company which have not yet been drawn down were nil. (31 December 2014: Baht 45.9 million)

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

Interest-bearing liabilities of the Group and the Company as at 31 December 2015 and 2014 were denominated entirely in Thai Baht.

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

**18 Trade accounts payable**

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
		<i>(in thousand Baht)</i>			
Related parties	4	13,269	7,826	-	-
Other parties		1,220,059	1,113,632	316,238	334,039
<b>Total</b>		<b><u>1,233,328</u></b>	<b><u>1,121,458</u></b>	<b><u>316,238</u></b>	<b><u>334,039</u></b>

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

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Thai Baht (THB)	1,131,181	1,009,356	308,425	327,354
United States Dollars (USD)	80,713	91,437	-	-
Yen (JPY)	21,434	20,665	7,813	6,685
<b>Total</b>	<b><u>1,233,328</u></b>	<b><u>1,121,458</u></b>	<b><u>316,238</u></b>	<b><u>334,039</u></b>

**19 Other payables**

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
		<i>(in thousand Baht)</i>			
<b>Related parties</b>	4	-	-	992	1,184
<b>Others</b>					
Accrued operating expenses		111,252	137,674	48,836	71,589
Deposits and advances received		49,907	21,144	503	422
Revenue department payable		27,265	29,876	9,086	15,402
Others		111,646	108,999	6,903	7,870
<b>Total</b>		<b><u>300,070</u></b>	<b><u>297,693</u></b>	<b><u>66,320</u></b>	<b><u>96,467</u></b>

The currency denomination of other payables as at 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Thai Baht (THB)	283,870	285,696	66,320	96,397
United States Dollars (USD)	91	141	-	70
Yen (JPY)	15,197	11,856	-	-
Euro (EUR)	912	-	-	-
<b>Total</b>	<b><u>300,070</u></b>	<b><u>297,693</u></b>	<b><u>66,320</u></b>	<b><u>96,467</u></b>

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

**20 Employee benefit obligations**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
<b>Statement of financial position</b>				
<b>Obligations for:</b>				
Post-employment benefits	242,369	144,251	83,999	47,004
Other long-term employee benefit	22,182	17,494	4,812	3,671
<b>Total</b>	<b>264,551</b>	<b>161,745</b>	<b>88,811</b>	<b>50,675</b>
<b>For the year ended 31 December</b>				
<b>Statement of income:</b>				
<b>Recognised in profit or loss:</b>				
Post-employment benefits	21,419	16,470	8,125	6,530
Other long-term employee benefits	7,839	5,923	2,442	2,220
<b>Total</b>	<b>29,258</b>	<b>22,393</b>	<b>10,567</b>	<b>8,750</b>
<b>Recognised in other comprehensive income:</b>				
Actuarial losses recognised in the year	87,235	-	31,825	-
Cumulative actuarial losses recognised	100,448	23,213	28,950	(2,875)

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

Movement in the present value of the defined benefit obligations:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Defined benefit obligations at 1 January	161,745	154,405	50,675	47,348
<b>Include in profit or loss:</b>				
Current service cost	19,214	16,469	7,378	6,530
Past service credit	3,484	-	745	-
Interest on obligation	6,560	5,924	2,444	2,220
<b>Included in other comprehensive income</b>				
Actuarial loss	87,235	-	31,825	-
<b>Others</b>				
Benefit paid	(13,687)	(15,053)	(4,256)	(5,423)
<b>Defined benefit obligations at 31 December</b>	<b>264,551</b>	<b>161,745</b>	<b>88,811</b>	<b>50,675</b>

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

Actuarial losses recognised in other comprehensive income arising from:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Financial assumptions	21,373	-	6,528	-
Experience adjustment	65,862	-	25,297	-
<b>Total</b>	<b>87,235</b>	<b>-</b>	<b>31,825</b>	<b>-</b>

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

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2015	2014	2015	2014
	(%)			
Discount rate	2.50	3.50	2.50	3.50
Future salary increases	5.00	5.00	5.00	5.00

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2015, the weighted-average duration of the defined benefit obligation was 8 years (2014 : 10 years)

***Sensitivity analysis***

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<i>(in thousand Baht)</i>			
<b>Defined benefit obligation 31 December 2015</b>	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(11,282)	12,127	(3,394)	3,633
Future salary growth (1% movement)	25,441	(22,359)	7,831	(6,948)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

**21 Share capital**

	Par value per share (in Baht)	2015 Number Baht (thousand shares / thousand Baht)		2014 Number Baht	
<i>Authorised</i>					
At 1 January					
- Ordinary shares	1	<u>426,712</u>	<u>426,712</u>	<u>426,712</u>	<u>426,712</u>
<b>At 31 December</b>					
- <b>Ordinary shares</b>	1	<b><u>426,712</u></b>	<b><u>426,712</u></b>	<b><u>426,712</u></b>	<b><u>426,712</u></b>
<i>Issued and paid-up</i>					
At 1 January					
- Ordinary shares	1	425,194	425,194	424,946	424,946
Issue of new shares	1	<u>-</u>	<u>-</u>	<u>248</u>	<u>248</u>
<b>At 31 December</b>					
- <b>Ordinary shares</b>	1	<b><u>425,194</u></b>	<b><u>425,194</u></b>	<b><u>425,194</u></b>	<b><u>425,194</u></b>

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.

**22 Reserves**

**Legal reserve**

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

***Other components of equity***

**Currency translation differences**

The currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

# Somboon Advance Technology Public Company Limited and its Subsidiaries

## Notes to the financial statements

### 23 Segment information

The Group has two reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

- *Segment 1* Pick-up axles and truck trunnion shafts.
- *Segment 2* Other auto parts

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2015**

*Information about reportable segments*

<i>For the year ended 31 December</i>	<b>Pick-up axles and truck trunnion shafts</b>		<b>Other auto parts</b>		<b>Total</b>		<b>Elimination</b>		<b>Net</b>	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	<i>(in million Baht)</i>									
External revenue from sale of goods and rendering of services	2,338	2,501	6,306	5,583	8,644	8,084	-	-	8,644	8,084
Inter-segment revenue from sale of goods and rendering of services	134	122	1,801	1,746	1,935	1,868	(1,935)	(1,868)	-	-
<b>Total</b>	<b>2,472</b>	<b>2,623</b>	<b>8,107</b>	<b>7,329</b>	<b>10,579</b>	<b>9,952</b>	<b>(1,935)</b>	<b>(1,868)</b>	<b>8,644</b>	<b>8,084</b>
Profit before income tax	425	512	265	283	690	795	(5)	(76)	685	719
Reportable segment assets as at 31 December	5,293	5,489	7,381	7,506	12,674	12,995	(3,040)	(3,181)	9,634	9,814
Reportable segment liabilities as at 31 December	1,198	1,506	3,533	3,862	4,731	5,368	(628)	(772)	4,103	4,596

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

*Major customer*

Revenues from certain customers of the Group's 1 and 2 segments represents approximately Baht 5,951 million (2014: Baht 5,726 million) of the Group's total revenues.

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

**24 Provident fund**

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

**25 Expenses by nature**

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Employee benefit expenses	1,369,873	1,349,566	395,612	392,358
Depreciation and amortisation expense	858,105	838,908	251,506	258,762
Raw materials and consumables used	4,229,790	3,724,570	1,185,647	1,284,293
Changes in inventories of finished goods and work in process	(34,970)	(6,611)	(3,658)	1,724
Utilities expense	571,952	564,536	119,636	125,245
Finance costs	115,772	146,679	40,426	54,353
Others	1,078,219	901,009	275,081	272,329
<b>Total expenses</b>	<b><u>8,188,741</u></b>	<b><u>7,518,657</u></b>	<b><u>2,264,250</u></b>	<b><u>2,389,064</u></b>

**26 Income tax expense**

*Income tax recognised in profit or loss*

	<i>Note</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2015	2014	2015	2014
		<i>(in thousand Baht)</i>			
<b>Current tax expense</b>					
Current year		45,094	59,093	41,874	36,861
Adjustment for prior years		4,783	5,070	-	-
		<b><u>49,877</u></b>	<b><u>64,163</u></b>	<b><u>41,874</u></b>	<b><u>36,861</u></b>
<b>Deferred tax expense</b>					
Movements in temporary differences	16	(6,544)	5,263	(3,484)	(1,556)
<b>Total income tax expense</b>		<b><u>43,333</u></b>	<b><u>69,426</u></b>	<b><u>38,390</u></b>	<b><u>35,305</u></b>

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

*Income tax recognised in other comprehensive income*

	<b>Consolidated financial statements</b>					
	Before tax	2015 Tax benefit	Net of tax <i>(in thousand Baht)</i>	Before tax	2014 Tax benefit	Net of tax
Defined benefit plan actuarial losses	<b>87,235</b>	<b>(8,578)</b>	<b>78,687</b>	-	-	-

  

	<b>Separate financial statements</b>					
	Before tax	2015 Tax benefit	Net of tax <i>(in thousand Baht)</i>	Before tax	2014 Tax benefit	Net of tax
Defined benefit plan actuarial losses	<b>31,825</b>	<b>(3,367)</b>	<b>28,458</b>	-	-	-

*Reconciliation of effective tax rate*

	<b>Consolidated financial statements</b>			
	Rate (%)	2015 <i>(in thousand Baht)</i>	Rate (%)	2014 <i>(in thousand Baht)</i>
Profit before income tax expense		684,871		719,261
Income tax using the Thai corporation tax rate	20	136,974	20	143,852
Income not subject to tax		(67,286)		(33,859)
Expenses can be additionally deductible for tax purposes		(4,367)		(39,598)
Recognition of previously unrecognised tax losses		(29,756)		(13,958)
Current year losses for which no deferred tax asset was recognised		5,474		-
Under provided in prior years		4,783		5,070
Expenses not deductible for tax purposes and others		(2,489)		7,919
<b>Total tax expense</b>	<b>6</b>	<b>43,333</b>	<b>10</b>	<b>69,426</b>

  

	<b>Separate financial statements</b>			
	Rate (%)	2015 <i>(in thousand Baht)</i>	Rate (%)	2014 <i>(in thousand Baht)</i>
Profit before income tax expense		425,035		512,301
Income tax using the Thai corporation tax rate	20	85,007	20	102,460
Income not subject to tax		(42,951)		(47,889)
Expenses can be deductible for tax purposes		(3,023)		(21,706)
Expenses not deductible for tax purposes and others		(643)		2,440
<b>Total tax expense</b>	<b>9</b>	<b>38,390</b>	<b>7</b>	<b>35,305</b>

# Somboon Advance Technology Public Company Limited and its Subsidiaries

## Notes to the financial statements

### *Income tax reduction*

Royal Decree No. 577 B.E. 2557 dated 10 November 2014 grants the reduction to 20% of net taxable profit for the accounting period 2015 which begins on or after 1 January 2015.

On 22 January 2016, The National Legislative Assembly has approved a reduction of the corporate income tax rate from 30% to 20% of net taxable profit for the accounting period which begins on or after 1 January 2016.

The Group has applied the tax rate of 20% in measuring deferred tax assets and liabilities as at 31 December 2015 and 2014 in accordance with the clarification issued by the FAP in 2012.

## 27 Promotional privileges

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

- (a) exemption from payment of import duty on machinery approved by the Board;
- (b) exemption from payment of income tax for certain operations for a period of eight years from the date on which the income is first derived from such operations, to the extent that the amount of tax exemptions do not exceed investment capital exclusive of land and working capital;
- (c) a 50% reduction in the normal income tax rate on the net profit derived from certain operations for a period of five years, commencing from the expiry date in (b) above.

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

Summary of revenue from promoted and non-promoted businesses:

	<b>Consolidated financial statements</b>					
	2015			2014		
	Promoted businesses	Non- promoted businesses	Total	Promoted businesses	Non- promoted businesses	Total
	<i>(in thousand Baht)</i>					
Export sales	42,932	240,038	282,970	50,851	248,256	299,107
Local sales	6,583,845	3,712,393	10,296,238	5,097,178	4,556,055	9,653,233
Eliminate	<u>(1,062,390)</u>	<u>(872,359)</u>	<u>(1,934,749)</u>	<u>(1,151,929)</u>	<u>(716,426)</u>	<u>(1,868,355)</u>
<b>Total</b>	<b><u>5,564,387</u></b>	<b><u>3,080,072</u></b>	<b><u>8,644,459</u></b>	<b><u>3,996,100</u></b>	<b><u>4,087,885</u></b>	<b><u>8,083,985</u></b>
	<b>Separate financial statements</b>					
	2015			2014		
	Promoted businesses	Non- promoted businesses	Total	Promoted businesses	Non- promoted businesses	Total
	<i>(in thousand Baht)</i>					
Export sales	42,833	44,266	87,099	50,742	40,424	91,166
Local sales	<u>1,746,208</u>	<u>639,148</u>	<u>2,358,356</u>	<u>1,108,528</u>	<u>1,423,242</u>	<u>2,531,770</u>
<b>Total</b>	<b><u>1,789,041</u></b>	<b><u>683,414</u></b>	<b><u>2,472,455</u></b>	<b><u>1,159,270</u></b>	<b><u>1,463,666</u></b>	<b><u>2,622,936</u></b>

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

**28 Earnings per share**

*Basic earnings per share*

The calculations of basic earnings per share for the years then ended 31 December 2015 and 2014 were based on the profit for the years attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
	<i>(in thousand Baht / thousand shares)</i>			
<b>Profit attributable to ordinary shareholders of the Company</b>	<b><u>641,538</u></b>	<b><u>649,835</u></b>	<b><u>386,645</u></b>	<b><u>476,997</u></b>
Number of ordinary shares outstanding at 1 January	425,194	424,946	425,194	424,946
Issue of ordinary shares 28 February	-	209	-	209
<b>Weighted average number of ordinary shares outstanding</b>	<b><u>425,194</u></b>	<b><u>425,155</u></b>	<b><u>425,194</u></b>	<b><u>425,155</u></b>
<b>Earnings per share (basic) (in Baht)</b>	<b><u>1.51</u></b>	<b><u>1.53</u></b>	<b><u>0.91</u></b>	<b><u>1.12</u></b>

**29 Dividends**

Dividends from:	By	Approved Date	Dividends		Payment date
			Per share (Baht)	Total (in million Baht)	
<b>2015</b>					
2015 Interim	Board of director	11 August 2015	0.20	85	3 September 2015
2014 Final	Shareholders	22 April 2015	0.38	<u>162</u>	13 May 2015
				<b><u>247</u></b>	
<b>2014</b>					
2014 Interim	Board of director	8 August 2014	0.22	93	8 August 2014
2013 Final	Shareholders	23 April 2014	0.50	<u>213</u>	9 May 2014
				<b><u>306</u></b>	

All dividends were paid from the promoted business (BOI).

# Somboon Advance Technology Public Company Limited and its Subsidiaries

## Notes to the financial statements

### 30 Financial instruments

#### *Financial risk management policies*

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

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

#### *Capital management*

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

#### *Interest rate risk*

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because loan interest rates are mainly floating rate. The Group is primarily exposed to interest rate risk from its borrowings (Note 17). The Group mitigates this risk by ensuring that the majority of its borrowings are at fixed interest rates and uses derivative financial instruments, principally interest rate swaps, to manage exposure to fluctuations in interest rates on specific debt securities and borrowings.

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

	Interest rate (% per annum)	Within 1 year	Separate financial statements		Total
			After 1 year but within 5 years (in thousand Baht)	After 5 years	
<b>2015</b>					
<b>Current</b>					
Short-term loans to subsidiaries	MMR	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>150,000</u>
<b>2014</b>					
<b>Current</b>					
Short-term loans to subsidiaries	MMR	<u>260,000</u>	<u>-</u>	<u>-</u>	<u>260,000</u>

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

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

<b>Consolidated financial statements</b>					
	Interest rate (% per annum)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	Total
<b>2015</b>					
<b>Current</b>					
Loans from financial institutions	FDR.3M + fixed	739,326	-	-	739,326
<b>Non-current</b>					
Loans from financial institutions	FDR.3M + fixed	-	1,424,753	77,600	1,502,353
<b>Total</b>		<u>739,326</u>	<u>1,424,753</u>	<u>77,600</u>	<u>2,241,679</u>
<b>2014</b>					
<b>Current</b>					
Loans from financial institutions	FDR.3M + fixed	665,240	-	-	665,240
<b>Non-current</b>					
Loans from financial institutions	FDR.3M + fixed	-	2,114,365	131,414	2,245,779
<b>Total</b>		<u>665,240</u>	<u>2,114,365</u>	<u>131,414</u>	<u>2,911,019</u>
<b>Separate financial statements</b>					
	Interest rate (% per annum)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	Total
<b>2015</b>					
<b>Current</b>					
Loans from financial institutions	FDR.3M + fixed	251,385	-	-	251,385
<b>Non-current</b>					
Loans from financial institutions	FDR.3M + fixed	-	448,314	-	448,314
<b>Total</b>		<u>251,385</u>	<u>448,314</u>	<u>-</u>	<u>699,699</u>
<b>2014</b>					
<b>Current</b>					
Loans from financial institutions	FDR.3M + fixed	251,204	-	-	251,204
<b>Non-current</b>					
Loans from financial institutions	FDR.3M + fixed	-	717,185	32,514	749,699
<b>Total</b>		<u>251,204</u>	<u>717,185</u>	<u>32,514</u>	<u>1,000,903</u>

## Somboon Advance Technology Public Company Limited and its Subsidiaries

### Notes to the financial statements

#### *Foreign currency risk*

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

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

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2015	2014	2015	2014
		<i>(in thousand Baht)</i>			
<b>United States Dollars</b>					
Trade accounts receivable	7	12,004	15,317	8,365	14,490
Trade accounts payable	18	(80,713)	(91,437)	-	-
Other payable	19	(91)	(141)	-	(70)
Accounts payable					
- purchase of assets		(45)	-	-	-
<b>Net exposure</b>		<b><u>(68,845)</u></b>	<b><u>(76,261)</u></b>	<b><u>8,365</u></b>	<b><u>14,420</u></b>
<b>Yen</b>					
Cash and cash equivalents	5	7,685	6,559	-	-
Trade accounts receivable	7	12,848	22,226	-	-
Other receivable	8	2,827	-	-	-
Trade accounts payable	18	(21,434)	(20,665)	(7,813)	(6,685)
Other payable	19	(15,197)	(11,856)	-	-
Accounts payable					
- purchase of assets		(3,480)	-	-	-
<b>Net exposure</b>		<b><u>(16,751)</u></b>	<b><u>(3,736)</u></b>	<b><u>(7,813)</u></b>	<b><u>(6,685)</u></b>
<b>Euro</b>					
Other payables	19	(912)	-	-	-
<b>Net exposure</b>		<b><u>(912)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

#### *Credit risk*

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

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

#### *Liquidity risk*

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

# Somboon Advance Technology Public Company Limited and its Subsidiaries

## Notes to the financial statements

### *Determination of fair values*

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Since the majority of financial assets and liabilities of the Group were short-term, interest rates of loans and borrowings are approximate to market rate. The fair value of financial assets and liabilities is taken to approximate the carrying value as determined in the statement of financial position.

Fair value of interest swap contract as at 31 December 2015 has net value of Baht 372.2 million. (2014: Baht 509.6 million)

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

### 31 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2015	2015	2015	2014
	<i>(in million Baht)</i>			
<b><i>Capital commitments</i></b>				
<i>Contracted but not provided for</i>				
Building constructions, machineries and equipment	<u>6</u>	<u>8</u>	<u>-</u>	<u>-</u>
<b><i>Non-cancellable operating lease commitments</i></b>				
Within one year	52	60	13	17
After one year but within five years	<u>27</u>	<u>27</u>	<u>10</u>	<u>13</u>
<b>Total</b>	<u><b>79</b></u>	<u><b>87</b></u>	<u><b>23</b></u>	<u><b>30</b></u>
<b><i>Other commitments</i></b>				
Bank guarantees	<u>72</u>	<u>75</u>	<u>19</u>	<u>20</u>
<b>Total</b>	<u><b>72</b></u>	<u><b>75</b></u>	<u><b>19</b></u>	<u><b>20</b></u>

The Group have technical assistance agreements with several foreign companies covering assistance of the production processes, whereby the Group is to pay fees at the rate as specified in the agreement. The agreements were for 5 years, expiring in various periods up to 2020, and are renewable for a further 5 years.

As at 31 December 2015, the Company had an interest rate swap agreement to maintain interest rate of long term loan amounting to Baht 372 million (2014: Baht 515 million) by swapping from floating rate to fixed rate as stipulated by the agreement.

### 32 Events after the reporting period

At the Board of Directors' meeting of the Company held on 21 January 2016, the Board of Directors approved to decrease the authorised share capital from Baht 426,711,809 to Baht 425,193,894; comprised of the 1,517,915 ordinary shares at the par value of Baht 1 per share, totalling of Baht 1,517,915 in order to reduce the authorised share capital that have not been issued or sold under Employee Stock Option Plan was expired in 2015.

## Somboon Advance Technology Public Company Limited and its Subsidiaries

### Notes to the financial statements

At the Board of Directors' meeting of the Company held on 18 February 2016, the Board of Directors approved as the appropriation of dividend for the operation for the year 2015 from the promoted business (BOI) by cash dividend at the rate of Baht 0.60 per share, totalling Baht 255.12 million. The interim dividend was paid to shareholders on 3 September 2015 of Baht 0.20 per share, totalling Baht 85 million. The remaining dividend of Baht 0.40 per share, totalling to Baht 170 million will be paid to shareholders in May 2016.

### 33 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS have been issued but are not yet effective and have not been applied in preparing these financial statements. Those new and revised TFRS that may be relevant to the Group's operations, which become effective for annual financial periods beginning on or after 1 January 2016, are set out below. The Group does not plan to adopt these TFRS early.

<b>TFRS</b>	<b>Topic</b>
TAS 1 (revised 2015)	Presentation of Financial Statements
TAS 2 (revised 2015)	Inventories
TAS 7 (revised 2015)	Statement of Cash Flows
TAS 8 (revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2015)	Events After the Reporting Period
TAS 12 (revised 2015)	Income Taxes
TAS 16 (revised 2015)	Property, Plant and Equipment
TAS 17 (revised 2015)	Leases
TAS 18 (revised 2015)	Revenue
TAS 19 (revised 2015)	Employee Benefits
TAS 21 (revised 2015)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2015)	Borrowing Costs
TAS 24 (revised 2015)	Related Party Disclosures
TAS 26 (revised 2015)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2015)	Separate Financial Statements
TAS 28 (revised 2015)	Investments in Associates and Joint Ventures
TAS 33 (revised 2015)	Earnings Per Share
TAS 34 (revised 2015)	Interim Financial Reporting
TAS 36 (revised 2015)	Impairment of Assets
TAS 37 (revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2015)	Intangible Assets
TAS 40 (revised 2015)	Investment Property
TFRS 2 (revised 2015)	Share-based Payment
TFRS 3 (revised 2015)	Business Combinations
TFRS 5 (revised 2015)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2015)	Operating Segments
TFRS 10 (revised 2015)	Consolidated Financial Statements
TFRS 11 (revised 2015)	Joint Arrangements
TFRS 12 (revised 2015)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2015)	Fair Value Measurement
TSIC 15 (revised 2015)	Operating Leases – Incentives
TFRIC 1 (revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 10 (revised 2015)	Interim Financial Reporting and Impairment
TFRIC 18 (revised 2015)	Transfers of Assets from Customers
TFRIC 21	Levies

The Group 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 in the period of initial application there will be no material impact on the financial statements.

**Somboon Advance Technology Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

**34 Reclassification of accounts**

Certain accounts in the 2014 financial statements have been reclassified to conform to the presentation in the 2015 financial statements as follows:

	<b>2014</b>					
	<b>Consolidated financial statements</b>			<b>Separate financial statements</b>		
	<i>(in thousand Baht)</i>					
	Before reclass.	Reclass.	After reclass.	Before reclass.	Reclass.	After reclass.
<b>Statement of financial position</b>						
<b>Current assets</b>						
Other receivables	18,719	57,458	76,177	96,816	1,649	98,465
Inventories	585,523	74,750	660,273	94,139	46,793	140,932
Spare supplies for machinery	39,566	(39,566)	-	8,076	(8,076)	-
Other current assets	57,458	(57,458)	-	1,649	(1,649)	-
Property, plant and equipment	6,125,191	84,141	6,209,332	1,530,440	13,405	1,543,845
Spare parts for machinery	120,047	(120,047)	-	52,122	(52,122)	-
Other non-current assets	49,187	722	49,909	5,603	-	5,603
		<u>-</u>			<u>-</u>	
<b>Current liabilities</b>						
Other payables - related parties	-	-	-	1,185	(1,185)	-
Other current liabilities	297,693	(297,693)	-	95,282	(95,282)	-
Other payables	-	297,693	297,693	-	96,467	96,467
		<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.