

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2016 (Unaudited)

Note	Contents
1	General information
2	Basis of preparation of the interim financial statements
3	Related parties
4	Trade accounts receivable
5	Investments in associates
6	Investments in subsidiaries
7	Property, plant and equipment
8	Interest-bearing liabilities
9	Segment information
10	Earnings per share
11	Commitments with non-related parties
12	Events after the reporting period

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2016 (Unaudited)

These notes form an integral part of the interim financial statements.

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 13 May 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 period were Somboon Holding Company Limited (28% shareholding), which incorporated in Thailand and Kitaphanich family (17.7% shareholding).

The principal businesses of the Company are manufacture of pick-up axles and truck trunnion shafts. Details of the Company’s subsidiaries as at 31 March 2016 and 31 December 2015 are given in notes to financial statements 6.

2 Basis of preparation of the interim financial statements

(a) Statement of compliance

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard (TAS) No. 34 (revised 2015) *Interim Financial Reporting*; guidelines promulgated by the Federation of Accounting Professions (FAP); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The interim financial statements are prepared to provide an update on the financial statements for the year ended 31 December 2015. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2015.

The accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the financial statements for the year ended 31 December 2015 except that the Group has adopted all the new and revised TFRS that are effective for annual periods beginning on or after 1 January 2016. The adoption of these new and revised TFRS did not have any material effect on the accounting policies, methods of computation, financial performance or position of the Group or the Company.

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2016 (Unaudited)

(b) Functional and presentation currency

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

(c) Use of judgements and estimates

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

The preparing of interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2015.

3 Related parties

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

Relationships with associates and subsidiaries are described in notes 5 and 6. 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, 28% 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/Company.

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2016 (Unaudited)

Significant transactions for the three-month ended 31 March 2016 and 2015 with related parties were as follows:

<i>Three-month period ended 31 March</i>	Pricing policies	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
		<i>(in million Baht)</i>			
Subsidiaries					
Sales of goods	Approximates market prices	-	-	27	35
Interest income	Contractually agreed price	-	-	1	2
Management fee income	Contractually agreed price	-	-	32	35
Facilities income	Approximates cost	-	-	2	4
Rental income	Contractually agreed price	-	-	2	1
Sales of scraps	Approximates market prices	-	-	1	1
Rental expense	Contractually agreed price	-	-	-	1
Facilities Expense	Approximates cost	-	-	1	-
Other expense	Approximates market price	-	-	1	6
Associate					
Purchases of goods	Approximates market price	11	8	-	-
Key management personnel					
Key management personnel compensation					
Short-term benefits		21	19	19	18
Other long-term benefits		1	1	1	1
Total key management personnel compensation		22	20	20	19

Balances as at 31 March 2016 and 31 December 2015 with related parties were as follows:

<i>Trade accounts receivable</i>	Consolidated financial statements		Separate financial statements	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
	<i>(in thousand Baht)</i>			
Subsidiary				
Somboon Malleable Iron Industrial Company Limited	-	-	19,690	18,953

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2016 (Unaudited)

<i>Other receivables</i>	Consolidated		Separate	
	financial statements		financial statements	
	31	31	31	31
	March	December	March	December
	2016	2015	2016	2015

(in thousand Baht)

Subsidiaries

Somboon Malleable Iron Industrial Company Limited	-	-	12,497	25,812
Bangkok Spring Industrial Company Limited	-	-	9,871	22,569
International Casting Products Co., Ltd	-	-	9,171	19,335
SBG International Japan Company Limited	-	-	751	406
Somboon Forging Technology Company Limited	-	-	5,465	7,482
Total	-	-	37,755	75,604

Short-term loans to subsidiaries

Separate	
financial statements	
31	31
March	December
2016	2015

(in thousand Baht)

Subsidiaries

International Casting Products Co., Ltd	30,000	30,000
SBG International Japan Company Limited	40,000	40,000
Somboon Forging Technology Company Limited	80,000	80,000
Total	150,000	150,000

Movements for three-month periods ended 31 March 2016 and 2015 of loans to subsidiaries were as follows:

Short-term loans to subsidiaries

Three-month period ended 31 March

	Separate	
	financial statements	
	2016	2015
	<i>(in thousand Baht)</i>	
At 1 January	150,000	260,000
Increase	150,000	230,000
Decrease	(150,000)	(260,000)
At 31 March	150,000	230,000

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

Trade account payable

	Consolidated		Separate	
	financial statements		financial statements	
	31	31	31	31
	March	December	March	December
	2016	2015	2016	2015

(in thousand Baht)

Associate				
Tsuchiyoshi Somboon Coated Sand Co., Ltd.	12,131	13,269	-	-

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2016 (Unaudited)

Other payables

	Consolidated financial statements		Separate financial statements	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
	<i>(in thousand Baht)</i>			
Subsidiaries				
Somboon Malleable Iron Industrial Company Limited	-	-	9	7
Bangkok Spring Industrial Company Limited	-	-	744	827
International Casting Products Co., Ltd	-	-	11	-
SBG International Japan Company Limited	-	-	147	157
Total	-	-	911	991

4 Trade accounts receivable

		Consolidated financial statements		Separate financial statements	
		31 March 2016	31 December 2015	31 March 2016	31 December 2015
		<i>(in thousand Baht)</i>			
Related parties	3	-	-	19,690	18,953
Other parties		1,476,520	1,310,736	431,997	366,150
Total		1,476,520	1,310,736	451,687	385,103
Less allowance for doubtful accounts		(68)	(68)	-	-
Net		1,476,452	1,310,668	451,687	385,103

Aging analyses for trade accounts receivable were as follows:

		Consolidated financial statements		Separate financial statements	
		31 March 2016	31 December 2015	31 March 2016	31 December 2015
		<i>(in thousand Baht)</i>			
Related parties					
Within credit terms	3	-	-	19,690	18,953
Other parties					
Within credit terms		1,474,709	1,308,227	431,353	366,150
Overdue:					
Less than 3 months		744	2,089	644	-
3-12 months		999	352	-	-
Over 12 months		68	68	-	-
		1,476,520	1,310,736	431,997	366,150
Less allowance for doubtful accounts		(68)	(68)	-	-
Net		1,476,452	1,310,668	431,997	366,150
		1,476,452	1,310,668	451,687	385,103

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

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2016 (Unaudited)

5 Investments in associates

<i>Three-month period ended 31 March</i>	Consolidated financial statements	
	2016	2015
	<i>(in thousand Baht)</i>	
At 1 January	279,695	233,463
Share of net profit of investments - equity method	<u>22,715</u>	<u>9,873</u>
At 31 March	<u>302,410</u>	<u>243,336</u>

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2016 (Unaudited)

Investments in associates as at 31 March 2016 and 31 December 2015 were as follows:

		Consolidated financial statements									
		Ownership Interest		Paid-up capital		Cost method		Equity method			
		31	31	31	31	31	31	31	31	31	31
		March	December	March	December	March	December	March	December	March	December
		2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Type of business	Country of incorporation	(%)				(in thousand Baht)					
<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	53,707	48,040	
Yamada Somboon Company Limited	Manufacture and sale of auto parts	Thailand	20.00	20.00	150,000	150,000	30,807	30,807	248,703	231,655	
Total							<u>46,107</u>	<u>46,107</u>	<u>302,410</u>	<u>279,695</u>	

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2016 (Unaudited)

6 Investments in subsidiaries

<i>Three-month period ended 31 March</i>	Separate financial statements	
	2016	2015
At 1 January	<u>2,461,891</u>	<u>2,461,891</u>
At 31 March	<u>2,461,891</u>	<u>2,461,891</u>

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2016 (Unaudited)

Investments in subsidiaries as at 31 March 2016 and 31 December 2015, and dividend income from those investments for the three-month periods ended 31 March 2016 and 2015 were as follows:

		Separate financial statements							Dividend income for the three-month period ended	
		Ownership interest		Paid-up capital		Cost method		31	31	
		31	31	31	31	31	31	31	31	
		March	December	March	December	March	December	March	March	
Type of business	Country of incorporation	2016	2015	2016	2015	2016	2015	2016	2015	
		(%)				(in thousand Baht)				
<i>Subsidiaries</i>										
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	-	-
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	-	-
Total							<u>2,461,891</u>	<u>2,461,891</u>	<u>-</u>	<u>-</u>

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2016 (Unaudited)

7 Property, plant and equipment

Acquisitions, disposals and transfers of property, plant and equipment during the three-month periods ended 31 March 2016 was follows:

	Consolidated financial statements				
	Net book value as at 1 January 2016	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value <i>(in thousand Baht)</i>	Depreciation charge for the period	Net book value as at 31 March 2016
Land	622,727	-	-	-	622,727
Buildings and other construction	1,156,915	4,136	(23)	(24,748)	1,136,280
Machinery and factory equipment	3,600,754	32,066	(1,064)	(177,200)	3,454,556
Furniture, fixtures and office equipment	24,543	741	-	(2,687)	22,597
Vehicles	4,439	3	-	(291)	4,151
Assets under construction and installation	218,487	269,478	(20,631)	-	467,334
Spare parts for machinery	76,700	2,465	(1,663)	-	77,502
Total	5,704,565	308,889	(23,381)	(204,926)	5,785,147

	Separate financial statements				
	Net book value as at 1 January 2016	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value <i>(in thousand Baht)</i>	Depreciation charge for the period	Net book value as at 31 March 2016
Land	91,781	-	-	-	91,781
Buildings and other construction	285,521	742	-	(7,180)	279,083
Machinery and factory equipment	886,315	2,913	-	(48,539)	840,689
Furniture, fixtures and office equipment	7,363	75	-	(767)	6,671
Vehicles	3,519	3	-	(227)	3,295
Assets under construction and installation	112,110	234,610	-	-	346,720
Spare parts for machinery	11,232	-	-	-	11,232
Total	1,397,841	238,343	-	(56,713)	1,579,471

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2016 (Unaudited)

8 Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
	<i>(in thousand Baht)</i>			
Current				
Current portion of long-term loans from financial institutions - secured	734,992	739,326	251,430	251,385
Current portion of finance lease liabilities	938	925	126	124
Total current liabilities	735,930	740,251	251,556	251,509
Non-current				
Long-term loans from financial institutions - secured	1,319,668	1,502,353	385,440	448,314
Finance lease liabilities	1,282	1,522	185	218
Total non-current liabilities	1,320,950	1,503,875	385,625	448,532
Total	2,056,880	2,244,126	637,181	700,041

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

	Consolidated financial statements		Separate financial statements	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
	<i>(in thousand Baht)</i>			
Within one year	734,992	739,326	251,430	251,385
After one year but within five years	1,258,368	1,424,753	385,440	448,314
After five years	61,300	77,600	-	-
Total	2,054,660	2,241,679	636,870	699,699

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

As at 31 March 2016, the long-term credit facilities of the Group which have not yet been draw down were nil (*31 December 2015: nil*).

The long-term credit facilities are mortgaged by a majority of the land with premises and machinery of the Group.

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2016 (Unaudited)

9 Segment information

<i>For the three-month period ended 31 March</i>	Pick-up axles and truck trunnion shafts		Other auto parts		Total		Elimination		Net	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	<i>(in million Baht)</i>									
External revenue from sale of goods and rendering of services	580	671	1,614	1,758	2,194	2,429	-	-	2,194	2,429
Inter-segment revenue from sale of goods and rendering of services	27	34	443	496	470	530	(470)	(530)	-	-
Total	607	705	2,057	2,254	2,664	2,959	(470)	(530)	2,194	2,429
Segment profit before income tax	91	128	74	83	165	211	(4)	(5)	161	206
Reportable segment assets as at As at 31 March / 31 December	5,414	5,293	7,314	7,381	12,728	12,674	(2,996)	(3,040)	9,732	9,634
Reportable segment liabilities as at As at 31 March / 31 December	1,239	1,198	3,396	3,533	4,635	4,731	(583)	(628)	4,052	4,103

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

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2016 (Unaudited)

10 Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the three-month periods ended 31 March 2016 and 2015 were based on the profit for the periods attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the periods as follows:

<i>Three-month period ended 31 March</i>	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht /thousand shares)</i>			
Profit attributable to ordinary shareholders of the Company	150,777	193,714	79,611	121,066
Number of ordinary shares outstanding	425,194	425,194	425,194	425,194
Basic earnings per share (in Baht)	0.35	0.46	0.19	0.28

11 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
	<i>(in million Baht)</i>			
Capital commitments				
<i>Contracted but not provided for</i>				
Building constructions, machineries and equipment	6	6	-	-
Future minimum lease payments under non-cancellable operating leases				
Within one year	29	30	12	13
After one year but within five years	24	27	9	10
Total	53	57	21	23
Other commitments				
Bank guarantees	72	72	19	19

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 March 2016, the Company had an interest rate swap agreement to maintain interest rate of long-term loan amounting to Baht 337 million (2015: Baht 372 million) by swapping from floating rate to fixed rate as stipulated by the agreement.

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2016 (Unaudited)

12 Events after the reporting period

At the general shareholders' meeting of the Company held on 19 April 2016, the shareholders approved

- a) 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. The decrease in authorised share capital was registered with the Ministry of Commerce on 3 May 2016.
- b) 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 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.