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## Vision

To be the leader in automotive parts manufacturing in ASEAN by providing end-to-end service, and leading a progressing growth in our customer

## Mission

- Focusing on increasing shareholders and stakeholders' value by providing value-added products to our customers
- Improving QCDEM progressively to meet our customers' needs
- Enhancing our competitiveness and expertises in product design and process in area of forging, casting, machining, and spring business to supplying in the automotive industry
- Increasing our efficiency by reducing our production cost via process improvement and innovation synergizing across every department
- Creating a better end-to-end work process along the Supply Chain (from our business partners to our customers)
- Crafting a friendly work environment which promotes employees quality of life and encouraging creativity
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# Financial Highlight

For the Fiscal year ended December 31	Consolidated Financial Statements			Separate Financial Statements		
	2007	2006	2005 (Restated)	2007	2006 (Restated)	2005 (Restated)
<b>Stock Data</b>						
Par value (Baht)	1.00	1.00	1.00	1.00	1.00	1.00
Book value (Baht)	7.51	6.32	5.44	5.75	5.45	5.44
Earning per share (Baht)	1.97	1.48	1.50	0.94	0.91	1.50
<b>Operating</b>						
Sales revenue	4,979,278	4,252,052	3,868,406	1,803,486	1,562,245	1,480,828
Total income	5,092,657	4,389,253	4,025,382	2,003,416	1,816,411	1,947,065
Net profit	591,140	442,601	442,766	281,135	272,929	442,766
<b>Balance Sheet (Thousand Baht)</b>						
Current assets	1,676,919	1,474,292	1,490,886	849,875	912,883	858,353
Total assets	5,461,118	4,661,129	4,541,157	3,791,239	3,782,987	3,995,504
Current liabilities	1,509,963	1,194,269	1,132,866	679,015	575,964	589,249
Total liabilities	3,207,028	2,766,096	2,908,579	2,065,305	2,146,848	2,362,926
Paid-up capital	300,000	300,000	300,000	300,000	300,000	300,000
Shareholders' equity	2,254,090	1,895,033	1,632,578	1,725,934	1,636,139	1,632,578
<b>Financial Ratio</b>						
Returns on shareholders' equity (%)	28.49%	25.09%	44.66%	13.31%	16.70%	44.66%
Returns on fixed assets (%)	28.24%	24.23%	24.82%	34.59%	71.68%	62.34%
Returns on assets (%)	11.68%	9.62%	10.91%	5.91%	7.02%	5.91%
Gross profit (%)	22.03%	18.98%	20.45%	26.25%	21.29%	12.76%
Current assets ratio to items of current liabilities (times)	1.11	1.23	1.32	1.25	1.58	1.46
Liquidity ratio to liabilities (times)	0.75	0.81	0.92	1.00	1.27	1.24
Debt ratio to shareholders' equity (times)	1.42	1.46	1.78	1.20	1.31	1.45

Note:

\* In year 2007 the use of the weighting average ordinary share numbers of 300 million shares  
 In year 2006 the use of the weighting average ordinary share numbers of 300 million shares  
 In year 2005 the use of the weighting average ordinary share numbers of 295 million shares

# Board of Directors' Report

Year 2007 was Somboon Advance Technology's another year of operational success. The operation was very impressive due to cooperation and dedication of all employees, despite several negative factors in the country and overseas such as the economic decline in the United States, one of Thailand's key trading partners, world-market oil prices remaining high, and appreciation of Baht currency, which resulted in Thailand's economic growth rate averaged at about 4.5% and in domestic automobile sale figure at 631,251 units, or a 7.46% reduction from last year.

However, as Thailand is the center of automobile manufacture, especially for 1-tonne-sized pickup truck, for exporting worldwide, the quantity of cars manufactured for export rises to 690,100 units, or a 28.04% increase from last year. The negative factors mentioned before did not affect the manufacture for export purpose. With its strong point of having increasing market shares and growing with those customers with high production volume for export, the Company ended up with expanded total sales in 2007 at the rate of 17% which was higher than the automotive industry expanding at 8.36%.

In 2007, the Company had net profit equal to Baht 591 million, accounting for 11.87% of the sale revenue and increasing from that of last year as high as 33.41%. Its success stemmed from the expansion of revenue, control of the production costs and selling and administrative expenses, more use of BOI's tax incentive, and effective financial management for financial cost reduction.

In addition to making its operational results attaining the goals, the structure of shareholding was in 2007 changed as a result of the Company's acquisition of International Casting Products Co., Ltd. (ICP), rendering group companies having production capacity of 24,000 tons per year, totaling 36,000 tons per year, or the third rank of the nation.

According to the overall operation and financial position of the Company, the Board of Directors resolved to propose to the General Meeting of Shareholders on 24 April 2008 to approve the whole-year dividend payment at the rate of 0.70 Baht per share, accounting to 35.52% of the net profit of SAT, or a 1.7% increase from last year, with interim dividend payment previously made at the rate of 0.30 Baht per share on 20 September 2007 and the last dividend payment made at the rate of 0.40 Baht on May 15, 2008.

In the name of the Board of Directors, our patrons, shareholders, trading partners, concerned people, as well as employees and management are all thanked for your supports and confidence in the Company throughout the past. You can rest assured that the Board of Directors will supervise the growth of the Company with long-term stability, as well as ensuring that the Company's management continuously implements the plans set, in order for the Company's successful operation, adherence to good corporate governance, and corporate social responsibility.

Somboon Advance Technology Public Co., Ltd. (“Company” or “SAT”) was established on September 14, 1995 with the registered capital of 80 million baht by members of Kitaphanich Family and Bangkok Spring Industrial Co., Ltd., for the engagement of the motor vehicle part manufacturing business. The major product is Axle shaft. The factory and office located at the address of 129 Moo. 2, Bangna – Trad Road, Bangchalong Sub-district, Bangplee District, Samutprakan Province. In the year 2004 the Company was increased the registered capital from Baht 80 Million to Baht 226 Million with the subscription proposal to the original shareholders and became listed company in the Stock Exchange of Thailand on 31 January 2005 with the registered capital of Baht 300 Million, 300 ordinary shares and 1 Baht par value.

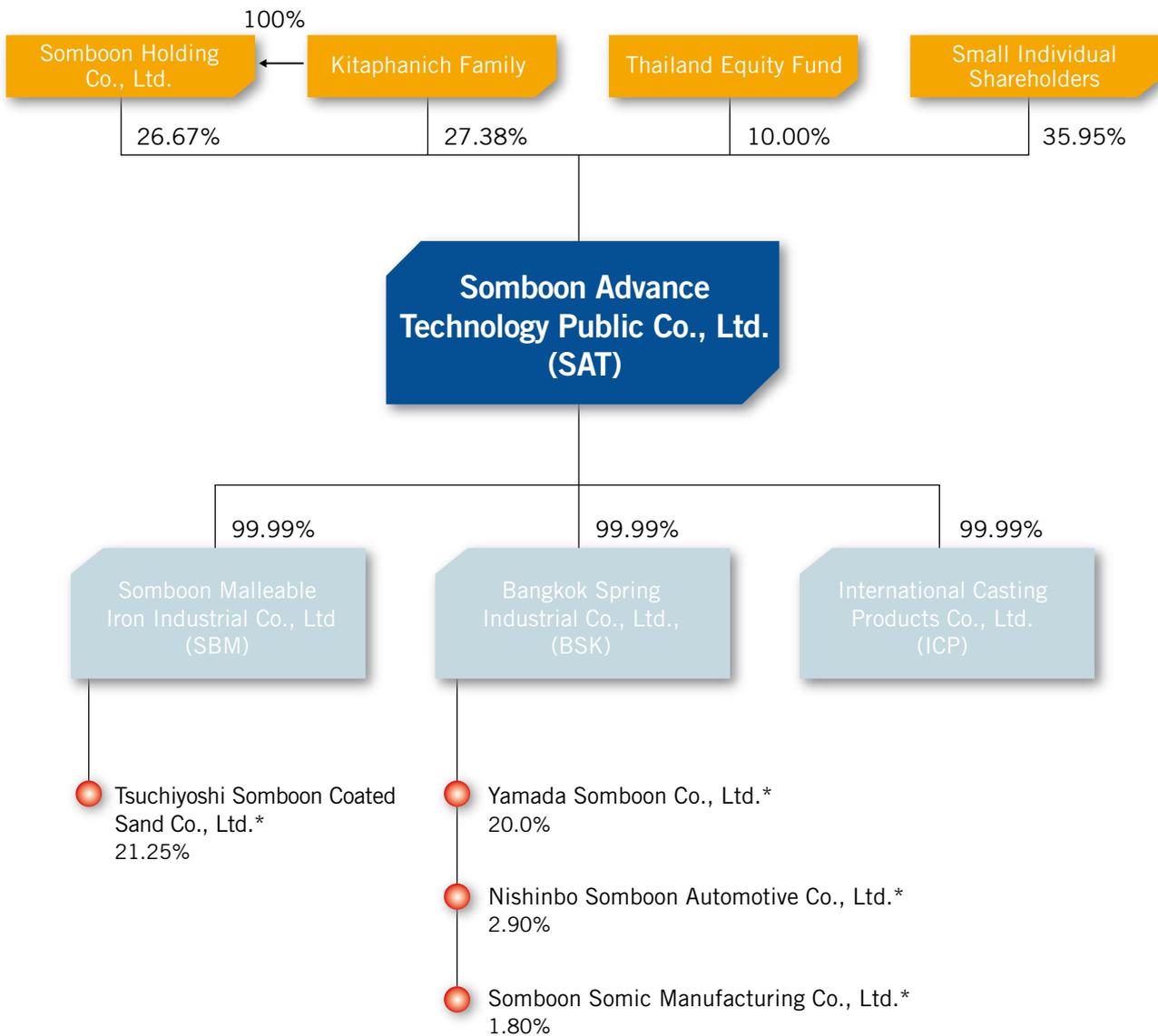
In the past, the subsidiary companies consist of 1) Somboon Malleable Iron Industrial Co., Ltd. (“SBM”), 2) Bangkok Spring Industrial Co., Ltd. (“BSK”) and 3) SAT Axle Technology (“SATAT”) which the Company holds 99.99% of shares. In year 2006 the Company had accept transfer of business including all assets and liabilities of SATAT since of the same in producing of Axle Shaft product and in year 2007 the Company had purchased the shares of International Casting Products (ICP) and holds 99.99% of shares, therefore at present there are 3 subsidiary companies.

The Company and subsidiaries has been engaging in the manufacturing of the parts for motor vehicle industry such as automobiles, pick-up trucks, trucks and electric appliances industry. The major customers are the original equipment manufacturer (“OEM”) with the long term purchase contract and the replacement equipment manufacturer (“REM”).

The operation of each company in the Group has the policy to make the highest Profit with differential products. In term of operation, each company shall operate its business like the business unit (“BU”) of the organization. The Company’s Directors shall act to set up the overall policy to enable each company in the Group, meaning to SAT, SBM, BSK and ICP companies to follow suit and the management factory of the subsidiaries must submit the report on their performances to the vice president operations who supervise and responsible for the operation of 3 subsidiaries company and other management level by reporting to the president target, strategy of business and together follow up the performances through the joint regular meetings of the Executive Committee.

## The shareholding structure of Somboon Advance Technology Public Co., Ltd.

as at December 31, 2007



\* No interest persons are holding shares in the related companies exceeding 10%

## Products of Somboon Group

Company	Major Products	Customer Type	Major Customer
<b>SAT</b>	Axle Shaft Trunnion Shaft	Pick-up Ten-wheeled truck	Mitsubishi Motors (Thailand) Co., Ltd. Toyota Motors (Thailand) Co., Ltd. Auto Alliance Thailand Co., Ltd. Isuzu Motors (Thailand) Co., Ltd. Mitsubishi Motors Corporation (Japan)
<b>SBM</b>	Disc Brake Drum Brake Exhaust Manifold Fly Wheel Comp & Fly Wheel Bracket	Pick-up & Passenger Car Pick-up & Passenger Car Pick-up & Passenger Car Pick-up & Passenger Car Pick-up & Passenger Car	Mitsubishi Motors (Thailand) Co., Ltd. Honda Automobile (Thailand) Co., Ltd. Thai Honda Manufacturing Co., Ltd. Auto Alliance Thailand Co., Ltd., Hino Motors Manufacturing Co., Ltd. Isuzu Motors (Thailand) Co., Ltd.
<b>BSK</b>	Leaf Spring Stabilizer Bar Hot Coil Spring Valve & Push Rod Tooling, Jig Fixture & Mold	Pick-up & Truck Pick-up & Passenger Car Pick-up & Passenger Car All purpose engine Motorcycle and all purpose engine Utilize within the Somboon Group	Mitsubishi Motors (Thailand) Co., Ltd. Toyota Motors (Thailand) Co., Ltd. Honda Automobile (Thailand) Co., Ltd. Siam Nissan Automobile Co., Ltd. Yongkee Co., Ltd. (1995) Mitsubishi Steel Manufacturing Co., Ltd.
<b>ICP</b>	Disc Brake Drum Brake Camshaft Fly Wheel Exhaust Manifold Gear Box Housing Fly Wheel	Passenger Car Pick-up & Passenger Car Pick-up Pick-up & Passenger Car Pick-up Tractor Tractor	Honda Automobile (Thailand) Co., Ltd. Isuzu Motors (Thailand) Co., Ltd. Mitsubishi Motors (Thailand) Co., Ltd. Siam Kubota Industrial Co., Ltd. Siam Kubota Tractors Co., Ltd. Hino Motors Manufacturing Co., Ltd.

Note: ICP's Major Products has been sold through SBM

Besides from the 3 subsidiaries company as mentioned. Somboon Group has invested in other companies with business related to Automotive part manufacturing that SBM and BSK invested in it as at December 31, 2007 as pursuant in detailed as follows:

Related Companies	Paid-up Capital (Million Baht)	% of Investment	Nature of major business engagement
Yamada Somboon Co., Ltd.	150.00	20.00	Manufacturing & Sale of motor vehicle and steering wheel (Axle), water pump
Nishinbo Somboon Automotive Co., Ltd.	732.60	2.90	Manufacturing & Sale of motor vehicle for brake parts
Somboon Somic Manufacturing Co., Ltd.	300.00	1.80	Manufacturing & Sale of motor vehicle such as ball joint, tie rod end, etc.
Tsuchiyoshi Somboon Coated Sand Co., Ltd.	72.00	21.25	Manufacturing & Sale of products for resin coated sand for casting

## Income structure divided in accordance with products

The income structures of the Company and subsidiaries divided into major products in 2006 and 2007 can be classified as follows:

Products	Operated by	% of shareholding	2007 Financial Statement		2006 Finance Statement	
			income	%	income	%
Axle Shaft	SAT		1,729	34	1,518	35
Leaf Spring	BSK	99.99	705	14	635	14
Disc & Drum Brake	SBM	99.99	531	10	413	9
Stabilizer bar	BSK	99.99	274	5	245	6
Coil Spring	BSK	99.99	266	5	207	5
Exhaust Manifold	SBM	99.99	244	5	195	4
Fly wheel and Comp & Fly wheel	SBM	99.99	198	4	165	4
Others*			1,032	20	874	20
Total Income from sales			4,979	98	4,252	97
Other income			114	2	137	3
Total income			5,093	100	4,389	100

Note:

\* Other products such as trunnion shaft, valve, push rod, brackets and other products for the total of more than 20 items

## Business Operations Target

The Company has a goal to be a leading automobile part maker in the ASEAN region that provides integrated service and growth with its customers, by production of goods with high value. It has developed the production process to have quality, competitive pricing, and punctual delivery in response to the demand of the customers aggressively, and it has given priority to safety of its personnel, including responsibility to the society.

The Company has focused on increasing capability on product design, increasing production efficiency, reducing cost by improving the process, and developing personnel by promoting creativity for building innovation within the organization.

Nevertheless, the Company still seeks new opportunities by expanding into the domestic and international markets, using its existing expertise in the current production process to extend to other value-added products. It has a policy on investment to expand its production capacity, invest in modern technology, and purchase of shares or other businesses, considering from the trend on business expansion and increase of competitiveness. It also has built confidence for customers, constituting value addition as well as economic effectiveness.

## Future Projects

The Company has a goal to become the leading manufacturer of auto-parts in ASEAN with a focus on manufacturing component parts and hot-formed small finished parts, iron casting, lathe forming, hardening and spring work by expanding both domestic and international markets and making the products more diversified with added values, emphasizing quality parts, competitive prices and on-time delivery.

The Company will build a new factory at Amata City Industrial Park, Rayong, in 2008, to accommodate purchase orders of coil springs as the current production line cannot support orders of existing and new customers in the near future. This project uses up the budget of about Baht 230 million, resulting in production capacity boosted from 1,200,000 to 3,000,000 units per year. In addition to earning more revenue for the Company, this project well keeps customer confidence and creates customer satisfaction.

In order to secure future competition, the Company, paying importance to product research and development, have been during its feasibility study of several concepts for uplifting design technology, creating product added values, and responding to customer requirements.

In addition, the Company have been during its feasibility study of expanding its production capacity of axle shaft, the major product from which the Company earns revenue most, so as to accommodate the increasing production of 1-tonne-sized pickup truck by automotive assemblers for export and to maintain its topmost leading position of making axle shafts in ASEAN.

## SBG and Social Development in 2007

The main goal of social activities that Somboon Advance Technology Public Company Limited have carried out along with its business conduct was its commitment to nurture accountability in its employees, making them givers for public benefits both physically and intellectually and promoting all walks of life in the Thai society to live happily and sustainable. Therefore, a variety of opportunities were opened for all of its personnel to do good deeds for concurrent self-, community and social developments. As year 2007 especially was the auspicious year of the King's 80<sup>th</sup> birthday anniversary, the Company conducted a campaign called **"8,000 Good Deeds, SBG offers the King for his 80 Years Old"** in order to pledge allegiance to the King by following his royal guidance.

Inspired by the **"80 Ways of Doing Good Deeds"** of the Royal Father publicized by the Ministry of Culture, the campaign **"8,000 Good Deeds, SBG offers the King for his 80 Years Old"** was divided into 5 channels of doing good deeds i.e. social contribution, almsgiving, money donation, thing donation, and good behavior. Throughout 2007, the Company's personnel and their families, including its business allies, people from both public and private sectors, and civil society sector at a total of 2,687 persons joined the campaign.

From the date of campaign launch on 3 May 2007 to its closing date on 4 December 2007, 9,480 good deeds were recorded.

As for the social contribution, Company personnel were brought to do development activities for schools, communities and underprivileged on weekends.



### Social Contribution Activity No. 1 on 5 May 2007

The management and employees of Bangkok Spring Industrial Co., Ltd., in conjunction with its business allies and the Social Activity Network, conducted such social activities as improving school building, sanitary system, clean potable water system, and playground for Deva Klongtrong School in Samutprakarn.



### Social Contribution Activity No. 2 on 7 July 2007

Those people in the factory located in Rayong (Somboon Advance Technology Plc. And Somboon Malleable Iron Industrial Co., Ltd. in conjunction with its business allies and the Social Activity Network, built a health park, renovated the place, and held a recreational activity for children and HIV-affected people at the Camillion Social Center in Rayong.



### Social Contribution Activity No. 3 on 18 August 2007

The management and employees of Somboon Malleable Iron Industrial Co., Ltd., in conjunction with Tambon Administrative Organization (TAO) of Tambon Bang Chalong built 2 royal-honored houses for poor disabled people in Tambon Bang Chalong area and a lawn for the Child Development Center under the responsibility of Bang Chalong TAO and in conjunction with Tambon Bang Chalong Health Station, sewing pipes for flood protection nearby.



### Social Contribution Activity No. 4 on 2-4 November 2007

The Somboon Group Club voluntarily built a kitchen building and playground, got rid of termites around the learning building, built a clean potable water system, and held a recreational activity for young students at Bupram Arun Anusorn School in Prachinburi.



### Social Contribution Activity No. 5 on 1 December 2007

The management and employees of SAT renovated Wat Kotharam School in Samutprakarn by repairing and improving its food building, sanitary and clean potable water systems.

### Local Traditions Conservation Activity

Companies in Somboon Group have paid importance to local traditions conservation by joining tradition conservation activities held by Samutprakarn province i.e. Rub Bua (Lotus Receiving) traditional activity on 25 October 2007, co-hosting a kathina ceremony at Wat Bang Chalongnai on 18 November 2007, and cleaning toilets, the place, and almshouse for attendants.



## Sub-activities for Promotion of Doing Good Deeds



### • SBG Relationship Strengthening for Adored Children

In 2007, in addition to providing employees' children with field trips, they were encouraged to do social activities. In the field trip to Bangpoo Nature Education Center on 28 March 2007, they helped plant a mangrove forest and collect garbage at Bangpoo Resort. At a field trip to the Bangkok National Museum on 19 October 2007, they donated their toys, books and learning equipment to children in needy school. The Somboon Group Club offered them to Bupram Arun Anusorn School in Prachinburi.



### • Members of Somboon Group Club volunteered to be caregivers in the volunteer development camp for the outstanding youths from The National Council on Social Welfare of Thailand under His Patronage

on 31 August – 2 September 2007 at Ban Nong Dokkia Huana Prachasan School in Khon Kaen.



### • Donation of shoes for rural Children in need

Company employees donated more than 1,200 shoes, used and new, to rural children through the Social Activity Department who forwarded them to a volunteer development camp of a customer and activity students to offer to needy schools in areas in Samuthsongkram, Kampaengpetch, Pitsanulok and Prachinburi.

All above-mentioned social contribution activities were supported by the Company in terms of adequate budget and by higher management who joined them in person, resulting in motivation and moral support to every employee.

## Other Activities

### • Scholarship for "Father's Children"

According to the intention of the Company founder to promote education for those hard-working in study, having good behavior and being Company employees, their children or needy adolescents in surrounding areas



in order to promote their growth to become knowledgeable and competent people with good jobs and morality who would care for their parents in the future, 2007 was the 9<sup>th</sup> year of the Company's consecutive conferment of scholarships to "father's children", with 94 scholarship holders at the total amount of 512,000 Baht this year.

## Auto - part Industrial Market Trend

In the economic conditions during 2007, Thailand encountered economic problems in many areas i.e. domestic factor – people’s lack of confidence due to political situation, and external factors – varying exchange rate according to the world financial market, consistently soaring oil prices in the world market, and world economy recession, including economic problems of the United States, one of Thailand’s key trading partners. All of these resulted in Thailand’s economic growth at about 4.5% in 2007.

The economic conditions in 2007 and several factors resulted in domestic sales of automobiles at 631,251 units, or a 7.46% reduction from last year, while the quantity manufactured for export was at 690,100 units, or a 28.04% increase from last year, resulting in 1,287,346 units manufactured overall, or an 8.36% increase. Thailand’s automobile assembly statistics is shown in Table 1.

It is expected that Thailand’s automotive industry in 2008 has a relatively high growth rate at 1,370,000 - 1,430,000 units manufactured, increasing about 7 – 11% from 2007. It can be divided into 650,000 – 660,000 units for domestic sale and 770,000 units for export. The growth rate should be seen in foreign markets, coupled with entrepreneurs foreseeing export markets, especially such emerging ones as South Africa, Middle America and Africa. As for the domestic market situation, we have to wait and see the direction of the economic and political factors influential to people’s buying decisions for automobiles.

**Table 1: The Statistics of car assembling in Thailand**

Year	Passenger Car (Units)	1 Ton Pick-up (Units)	Other Commercial Cars (Units)	Total Commercial Cars (Units)	Total Cars (Units)	Growth Rate (%)
2547	304,349	597,914	25,818	623,732	928,081	23.66
2548	277,603	822,867	24,846	847,713	1,125,316	21.25
2549	298,819	866,990	22,235	889,225	1,188,044	5.57
2550	315,444	948,388	23,514	971,902	1,287,346	8.36

Source: The Thai Automotive Industry Association

In the next 2-3 years, Thailand's automotive industry will grow one step further as supported by the fact that the government's Eco-Car initiative with its investment promotion policy has been joined by several automotive parties such as Honda, Nissan, Toyota, Mitsubishi, Suzuki, Tata, and Volkswagen. As a result, manufacture of automobiles in Thailand would grow because of the investment promotion rule stipulating the making of not less than 100,000 units during 5 years, hence the growth of automotive-part industry as well.

In addition to the Eco-Car initiative, another opportunity for automotive-part industry is the Japan-Thailand Economic Partnership Agreement or JTEPA signed on 3 April 2007 and effective on 1 November 2007. This Agreement resulted in the import tax of non-domestic irons reduced from 5-10% to zero, which benefited Thai automotive-part industry because of reduced costs of iron raw materials and increased competitiveness.

Although the automotive and automotive-part industries benefit from the opportunities derived from several government supporting policies, at the same time the competitions in the automotive-part industry rise in higher direction due to such policies because of more investments of foreign part manufacturers as a result of FTAs made with several countries, supported by the fact that it is automobile manufacturers' policy to globally source from around the world suppliers with quality products at suitable prices. Therefore, automotive-part manufacturers have to compete domestically and internationally and to expedite their development of potentials in all areas, be it personnel, machinery, technology, research and development etc., in order to increase their all-area competitiveness on a continual basis.

## Risk Management

The Company paid importance to systematic risk management across the organization under the management of the Risk Management Committee responsible for managing Company risks by considering appropriate risk management in all areas and assigning for the monitoring and analysis of risk management at every level, i.e. strategic and operating levels, through Risk Champion and linking risk management with business planning, requiring all risk aspects to be managed, to ensure that the Company operation would attain the objectives and goals set. Moreover, the risk management must be reported to the Audit Committee and Board of Directors every quarter to ensure that the risk management process was still effective.

## Risk Factors

The Company paid importance to making its risk management system consistent with the international standard. According to the unique characteristic of auto-part manufacturing industry, however, it was impossible to avoid certain risks that, if occurring, could significantly affect the attainment of goals or business operation of group companies.

Risk factors in the business operation of Somboon Advance Technology Public Co., Ltd. and its subsidiaries are summarized below:

### 1. Financial Risk

#### 1.1 Exchange Rate Risk

Due to its importation of machinery, equipment and raw materials (iron) ordered through local representatives or directly from overseas, the Company had a policy to reduce impact from the exchange rate risk by balancing its assets and liabilities in foreign currency.

In 2007, the amount of imported machinery, equipment and irons accounted for 90% and 60.26% of the whole amount of purchase. Therefore, in order to reduce the impact and balance the assets and liabilities in foreign currency, the Company had a policy for managing the exchange rate risk by buying a forward contract, resulting in cost reduction and exchange rate gain of Bt 6.21 million.

In addition, the Company had a policy to increase its sale by exporting overseas which could reduce the exchange rate risk. The currencies used in purchasing raw materials and importation were US Dollar and Japanese Yen.

## 1.2 Interest Rate Risk

Since 27 April 2007, the interest rates of most long-term debts of group companies have changed from MLR-referenced floating interest rate to MLR-referenced floating interest rate minus 1.75% per annum until expiration of the contract or 31 March 2007.

However, the Company still had an interest rate risk protection policy by continuously monitoring the domestic financial environment to support its consideration of using additional other financial instrument, such as interest rate swap, in order to reduce the interest rate proportion to the appropriate level.

## 2. Pricing and Material-Source Risk

The Company's main raw material is iron which accounted for 35% of the total costs of goods sold. About 95% of the irons purchased were all imported because of inability to produce them domestically. In 2007, raw material prices in the world market adjusted 5-15% higher compared with that in 2006 because the demands were more than the production capacity. Upstream raw materials like ore and coal – raw materials for steel mills, adjusted prices high constantly since second quarter of 2007. All of these affected the production costs of the Company.

However, the Company was able to manage and control risks from the events above by monitoring the movement of iron prices in the world market continuously and closely, including demands and production capacity of the market in each period from information of customers and both domestic and international manufacturing allies of it, and the analysis of marketing information of Singaporean iron industry as a database for more accurate analysis and prediction of iron prices in each source at certain period. As a result, the Company was able to purchase and procure irons in each period appropriately at the budgets transacted and agreed with customers. Furthermore, the Company had a plan to search for sources of replacement raw materials with standard quality and low costs continuously to reduce its costs.

## 3. Warranty Claim Risk

As at end of 2007, all outstanding claims from customers accounted for 0.053% compared with the sales in the same year. Such claims were not the main factor on which customers based for making a decision on buying from the Company and did not significantly affect the financial position of it and its subsidiaries. Nevertheless, group companies were backed by ISO/TS 16949 certification, a quality standard specifically designed for auto-part products, which was recognized by customers being world-class automotive assemblers.

The Company had regular and strict audit and monitoring processes by in-house and external auditors. These ensured that the operating procedures and steps and product quality supervision had been followed at all times, by which the Company was confident to maintain customer satisfaction in terms of product quality from good to very good level.

#### **4. Revenue Loss Risk from Emerging New Competitors**

The Company might risk from new competitors relocating their production bases from overseas to Thailand. They were equipped with funds, technologies and good relationships with foreign entrepreneurs whose production bases had been in Thailand. However, the crucial factors that helped keep the Company's competitiveness in the market were product quality, customer-accepted pricing, on-time delivery, management which had always maintained customer confidence, as well as the economy of scale which had helped reduce costs to the competitive level, including R&D investment plan to increase product values consistently with customer requirements, all of which had well created customer confidence and satisfaction. In addition, the Company studied and established a plan to expand its market bases regionally to reduce domestic market risks.

#### **5. Safety, Environmental and Community Risk**

Auto-part manufacturing business might pose a threat to the Company in terms of hazards and losses. Realizing its essentiality, the Company had a clear policy about safety, environment and communities with a view to carry out consistently with, or at higher standards than, legal requirements and regulations by paying importance to the production infrastructure design process, production system, production control system, surveillance control system, updated working procedures, and regularly held safety and environmental training for staff to know how to prevent accidents, work safely, and well resolve any emergency circumstances. Furthermore, the Company consistently promoted such activity for preventing safety and environmental risk as the risk assessment and hazard identification and eradication activity by encouraging employees' involvement in such identification and assessment,

including continuous improvement of the working conditions for safety, compliance activities for strict adherence to laws, rules, ordinances and other applicable requirements, activities promoting accountability in safety and occupational health during work and off-work, and activities for preparedness in response to emergency circumstances such as fire extinguishing and fire evacuation drills etc.

For environmental, community and social activities, the Company measured and monitored air quality and wastewater within the Company and surrounding climatic air quality regularly and continuously, including doing R&D for environmental and pollution management technology which has been used in improving departmental operating effectiveness, such as energy conservation technology, installation of dust management system, and installation of production wastewater treatment system, and activity for reducing wastes from production processes and general usage etc. For such carrying out, the Company produced clear operating manuals indicating duties and responsibilities of units concerned, including operating procedures relating to the environment and safety required to be followed by all areas. Moreover, the management team joined the evaluation of factories (Management Shop Floor) regularly every month to give suggestions about operation improvement and ensure that the operations of all units conform to the standard set.

## Major Changes and Developments in the Past Year

- **March 2007**  
SBM was granted investment promotion for the business of producing metal machine parts, Type 4.3: Business of Producing Metal Products and Parts, with production capacity of about 222,000 units per year.
- **April 2007**  
SBM relocated all of its machines from the rented factory to the new factory at Amata City Industrial Park, Rayong.
- **May 2007**  
SBM in Amata City Industrial Park received an ISO 14001:2004 environmental management certification from the ISO Certification Institute.
- **May 2007**  
The Company in the Eastern Seaboard received an ISO/TS 16949:2002 certification from TUVNORD.
- **May 2007**  
The Board of Directors resolved to acquire ICP business from existing shareholders, with 99.99% shareholding by the Company, at the total paid amount of Bt165 million, and more Bt35 million of fundraising. ICP produced cast-iron parts and had production capacity of 24,000 tonne per year which, when combined with SBM's at 12,000 tonne per year, totaled to 36,000 tonne per year.
- **May 2007**  
SBM was granted investment promotion to relocate its establishment to Amata City Industrial Park in Rayong to produce metal machine parts, Type 4.3: Business of Producing Metal Products and Parts, with production capacity of about 1,114,800 units.
- **July 2007**  
In the Extraordinary Meeting of Shareholders No. 1/2550, the shareholders resolved to approve the acquisition of ICP business as proposed by the Board of Directors.
- **July 2007**  
SBM was granted investment promotion for hardening business, Type 4.12: Hardening Business, with production capacity of about 316,800 units.
- **July 2007**  
SBM in Amata City Industrial Park received an ISO/TS 16949:2002 quality system certification from TUVNORD.
- **December 2007**  
The Board of Directors resolved to approve BSK to expand its production capacity of coil spring on the land of Amata City Industrial Park, Rayong, in the amount of Bt230 million for buying land, machinery, equipment and factory construction, with production capacity of 1,800,000 units per year which, when combined with 1,200,000 tonne per year, totaled to 3,000,000 units per year.

## Major Shareholders

The top ten list of shareholders as shown in the registration book as at December 31, 2007 and as follows:

Shareholders	No. of shares owned	%
1. Kitaphanich Family	82,142,100	27.38
2. Somboon Holding Co., Ltd.	79,999,200	26.67
3. Thailand Equity Fund*	30,000,000	10.00
4. Pathara Securities Plc.	15,789,700	5.26
5. Morgan Stanley & Co International Limited	14,315,100	4.77
6. Thai NVDR Co., Ltd.	12,254,100	4.09
7. GOLDMAN SACHS INTERNATIONAL	7,527,300	2.51
8. American International Assurance Company, Limited-Apex	6,607,000	2.20
9. City Bank Nominees Singapore PTE Ltd - CTSL A/C 9301-OAM	4,500,000	1.50
10. Ayudhaya Alliance C.P. Life Insurance Plc.	2,589,367	0.86
11. Small individual shareholders`	44,276,133	14.76
<b>Total</b>	<b>300,000,000</b>	<b>100.00</b>

*Remarks:*

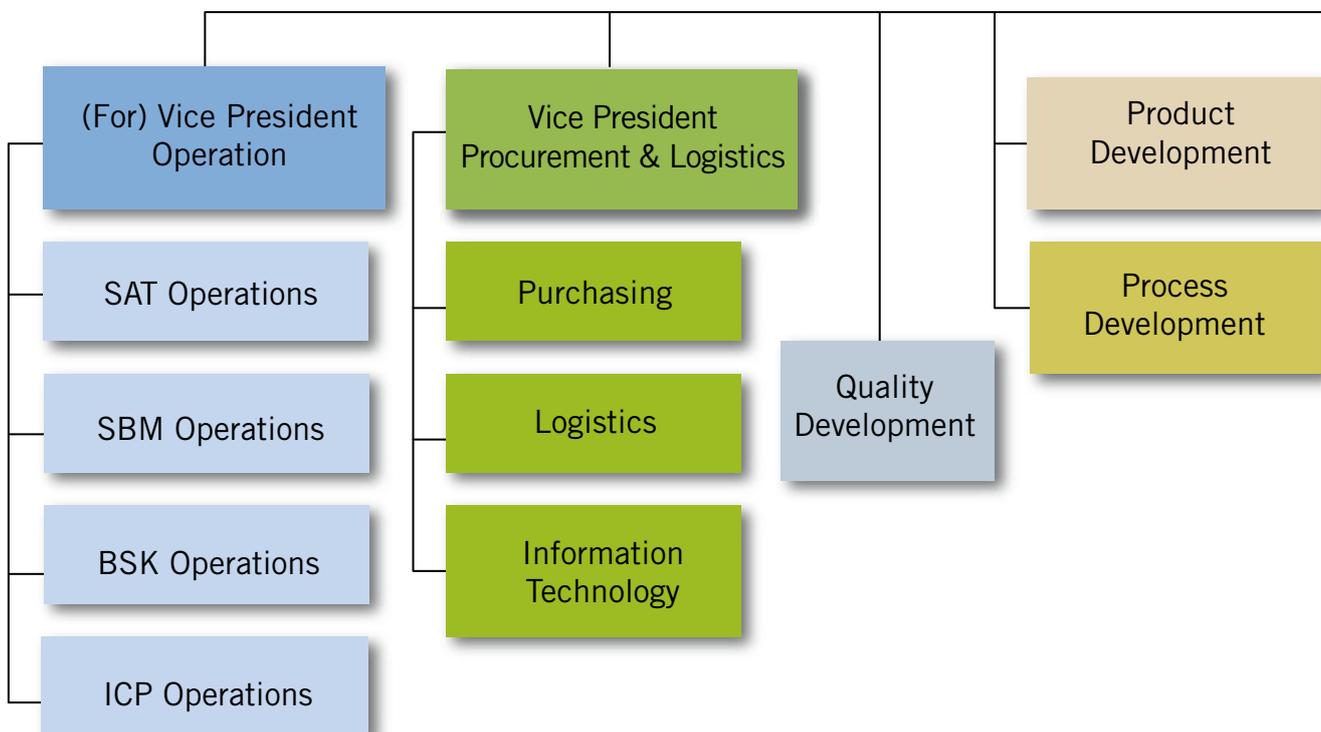
- Investors can update shareholders' details in the Company's website prior AGM date.
- Fund's major shareholders consist of International Finance Corporation (IFC), California Public Employees' Retirement System (CalPERS), Asian Development Bank (ADB), the Ministry of Finance etc.

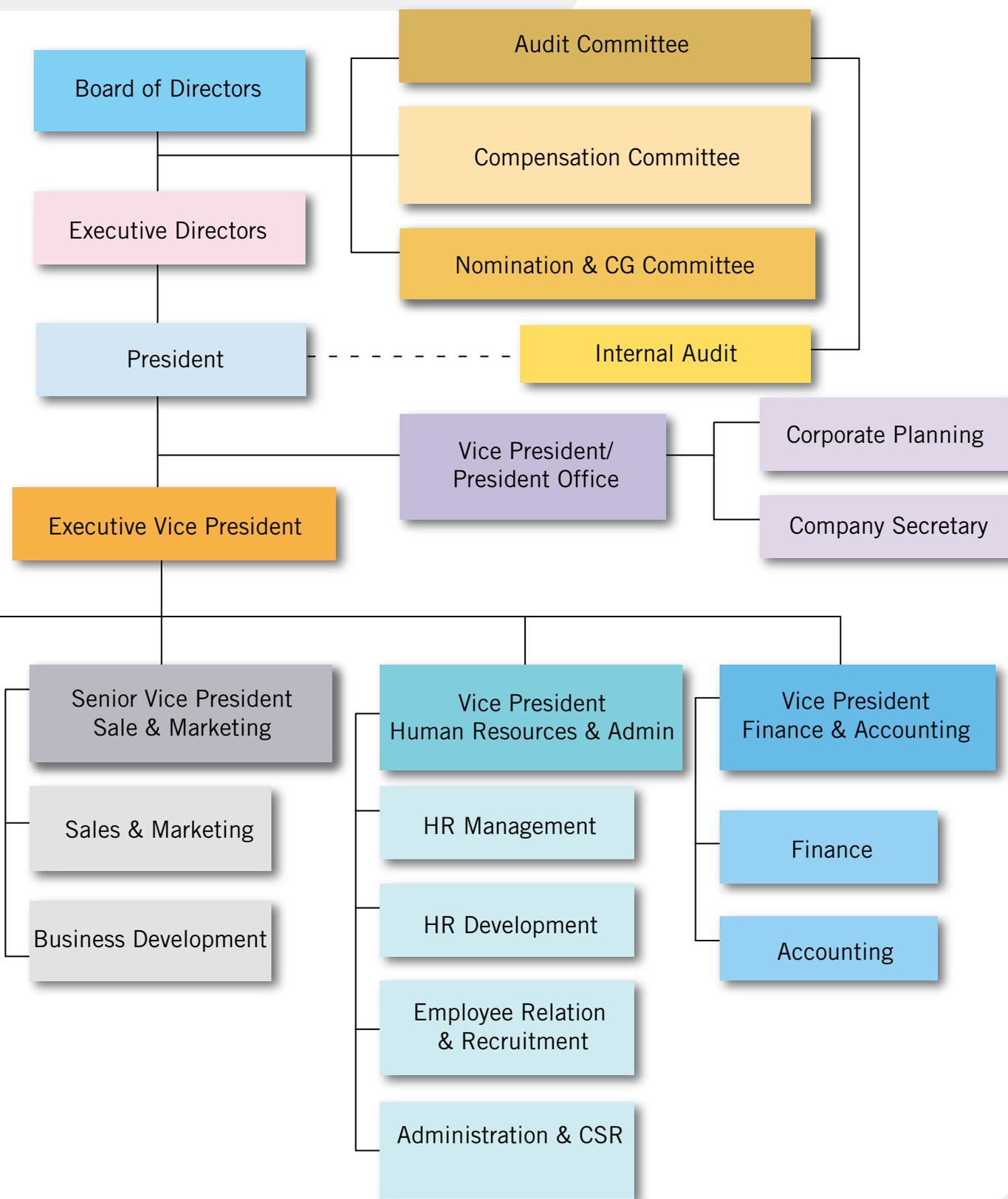
### Limited of Foreigner Shareholder

The foreign shareholders cannot hold shares of the company more than 49% of the outstanding and paid-up shares on December 31, 2007, and they held shares of the company for 13.56%.

# Management Structure

Somboon Advance Technology Public Co., Ltd. As at January 16, 2008





# Management Structure

Management structure consists of the Board and Executive and Board of Director consists of 4 groups of Sub-committee are Executive Director, Audit committee, Compensation Committee and Nomination and Corporate Governance Committee.

## 1. Board of Directors consists of

- |                              |  |
|------------------------------|--|
| 1. Mr. Yongyuth Kitaphanich  | Director/Vice Chairman and Acting for Chairman |
| 2. Mr. Panja Senadisai       | Independent Director                           |
| 3. Mr. Rangsin Suebsaeng     | Independent Director                           |
| 4. Mr. Sobson Ketsuwan       | Independent Director                           |
| 5. Mr. Verayut Kitaphanich   | Director                                       |
| 6. Mr. Yongkiat Kitaphanich  | Director                                       |
| 7. Ms. Napatsorn Kitaphanich | Director                                       |
| 8. Mr. Surasak Kitaphanich   | Director                                       |

Mr. Thanakit Permpoonkantisuk is a Company Secretary

### Note:

- Nomination processing for the position "Chairman"
- Mr. Voranit Charumas had resigned from the Company independent director from July 1, 2007
- Mr. Sobson is an independent director replacing Mr. Voranit Charumas on September 1, 2007
- Mr. Chira Panupong had resigned from the Company's director and chairman from December 1, 2007

## Authorized Directors

Directors authorized to sign in binding the company consist of Mr. Yongyuth Kitaphanich, Mr. Verayut Kitaphanich Mr. Yongkiat Kitaphanich and Ms. Napatsorn Kitaphanich. Any two out of these four Directors shall commonly sign and affix the company common seal.

## Scopes and Authority of the Company's Board of Directors

The Board of Directors is responsible for shareholders in relation with the Company's business operation and supervision of the management to be in accordance with the policy, guidelines and objectives with the maximum benefit to the shareholders and within the frame of good ethics and morality and to take the interest of all interested parties into account.

The Board of Directors has the duties to act in compliance with laws, objectives and articles of Association of the Company and the meeting of shareholders' resolutions with honesty and care for the shareholders' interests, at the present and in the long term, including the acting in compliance with the criteria and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission of Thailand.

In performing their duties, the Board of Directors shall appoint the president to be responsible for the Company's business operation.

In supervising all the Company's business, the Board of Directors has determined the following matters to be the authority and responsibility of the Board of Directors who shall consider for the approval.

1. Policy, business conducts strategy guidelines, targets, plans and annual budget of the company and subsidiaries.
2. The Company's monthly and quarterly business performances comparing to the plan and budget and the consideration of the further trends of the year.
3. The investment in the annual non-budgetary project.
4. Spending on the investment capital at 5% in excess of the investment budget in the approved project and 10% in excess of the other investment budgets that are not the project investment budget.
5. The purchase and sale of assets, the purchase of business and the participation in the co-investment project that is not contradicted to the Stock Exchange of Thailand's criteria and not exceeding in values authorized to the President.
6. The transaction or any actions that shall result in the major impact against the Company's financial status, debt burden, business operation strategy and reputation.
7. Any contract execution that is not related to the normal business operation and the contract related to the major regular business operation.

8. Inter-related transaction between the Company, subsidiaries, associated companies and the related persons in part of the transactions that are not meet with the requirements of the Stock Exchange and the Securities and Exchange Commission.
9. Any transactions effecting the Company's capital structure at the debt ratio against the capital that is exceeding 1.5:1.
10. Payment of the interim dividends.
11. The charge of policy and practical methods with the significance related to the accounting, risk management and internal audit.
12. Employment of the President and senior executives.
13. Determination and change of the approval authority conferred to the President and senior executives.
14. Approval of the amount of salaries and bonuses or bonus formula adjustment or the formula of the annual remuneration adjustment of the executives and employees.
15. The appointment proposal and the termination of the Company's Directors and secretary status.
16. Authorization of power and duties to any of the Company's President or Director, including the revision of the said power and duties authorization, however, this must not be in contradiction with the criteria and requirements of the Stock Exchange and Securities and Exchange Commission.
17. The appointment and the determination of authority of the Sub-committee.
18. Arrangement and supervision for having the management available in accordance with the good corporate governance principle.
19. The appointment of Directors in the subsidiaries.
20. Any other actions to be in accordance with laws, objectives, Articles of Association and resolutions of the meeting of shareholders.

## Orientation for new directors

The Board of Directors determines for holding an orientation for new directors, to create knowledge and understanding in business and operation of several aspects of the Company,

for preparedness in the duty performance of the directors; at the same time, there is the policy to enhance knowledge and new point of view to every director, in the supervision of the business, industrial condition, business, technology and innovation, etc to support the work of the directors effectively.

## 2. Executive Director consists of

1. Mr. Yongyuth Kitaphanich Director and acting for Chairman
2. Mr. Verayut Kitaphanich Director
3. Mr. Surasak Khaoroptham Director

Mr. Thanakit Permpoonkantisuk is a Secretary to the Executive Director

*Note:*

- Mr. Chira Panupong had resigned from Chairman of Executive Director from December 1, 2007

The Executive Director holds a term of three years.

## Scopes and Authorities of the Executive Director

### 1. Audit

- Policy, business conduct strategy guidelines and organization structure
- Business plan and annual budget
- Investment project not exceeded of 100 million baht and that project no authorized by Board of Director to Executive or President to be approved.

### 2. Approve or not approve

- Investment project in the capital not exceeded 100 million baht which should be involved the main business of the company and IRR not less than 15% excepted investment for maintenance, improve efficiency or machinery compensate.
- Open and Close the account of company in other Financial Institute
- Appointment of the Senior Vice President and Vice President
- Written-off assets
- Sell non-operation assets not more than of 20 million baht

### 3. Follow and Supervisory the operations

- Strategy, plan and project including in annual business plan which have to approved by Board of Director
- Financial performance of the company

### 4. Report to Board of Director

- Monthly of financial performance of the company
- The lists of Executive approved or not approved

### 5. Other operations which would assigned by Board of Director

## 3. Audit Committee consists of all Independent Director

- |                          |          |
|--------------------------|----------|
| 1. Mr. Panja Senadisai   | Chairman |
| 2. Mr. Rangsin Suebsaeng | Director |
| 3. Mr. Sobson Ketsuwan   | Director |

Mr. Wisarut Boonto is a secretary to the Audit Committee.

*Note:*

- Mr. Sobson Ketsuwan was appointed from the Board of Directors as an audit committee on September 1, 2007

The Audit Committee holds a term of three years.

## Scopes and authorities of Audit Committee

1. To verify the financial report for the correction and accuracy according to the accounting standard and with the reasonable disclosure.
2. To verify the internal control system and the internal audit system for the appropriateness and effectiveness.
3. To verify the Company's conduct to be in accordance with the law on Securities and Stock Exchange, Stock Exchange's requirements or any laws related to the Company's business.
4. To verify and provide opinions for the inter-related transactions or the transactions that may have the conflict of interest, including the consideration of the information disclosure on that matter for the completion and correction.
5. To verify the suitability and adequacy of the Company's risk management system.
6. To consider, select, propose for the appointment and remuneration of the Company's auditor and to meet with the auditor on, at least, yearly basis without any presence of the third person.
7. To approve the appointment, transfer, the consideration of good merit of the internal audit unit chief.
8. To prepare the report on the supervision of the Audit Sub-Committee by disclosing in the Company's annual report.
9. To approve the planning, budget and work force of the Internal Audit Department.
10. In performing the duty, the Audit Sub-Committee shall have the power to invite Company's executives or employees concerned to give their views, participate in the meetings or send them the documents deemed as necessary for them.
11. The Audit Sub-Committee shall have the authority to employ the consultant or the third person to provide the opinions and consultation in case of necessity under the Company's sole responsibility on the expenses.
12. To consider the reviewing of the scopes of authorities and responsibilities and assessment of the Audit Sub-Committee's performances on yearly basis.
13. Any actions as authorized by the Company's Board of Directors with the approval of the Audit Sub-Committee.
14. To report the Audit Sub-Committee's performance to the Company's Board of Directors for acknowledgement on quarterly basis.

## 4. Compensation Committee consists of Chairman who is an independent director

- |                            |          |
|----------------------------|----------|
| 1. Mr. Sobson Ketsuwan     | Chairman |
| 2. Mr. Panja Senadisai     | Director |
| 3. Mr. Surasak Khaoroptham | Director |

Mr. Wasant Chawajaroenpan is a Secretary to the Compensation Committee

The Compensation Committee holds a term of three years.

## Scopes and Authorities of the Remuneration Committee

1. To Assign the focus of the remuneration to submit the Board of Director to consider and approve for Director and Executive such as President, Senior Vice President, and Managing Director of company's subsidiary.
2. To submit the remuneration of Chairman, Vice President and Director.
3. To submit the remuneration of Chairman and sub-committee appointed from Company's Board of Director.
4. To submit the remuneration of President, Senior Vice President, Vice President and Managing Director of company's subsidiary.

Remuneration included Meeting premium, Salary, Bonus of share and other benefits.

## 5. Nomination and Corporate Governance Committee

consists of Chairman who is an independent director

- |                            |          |
|----------------------------|----------|
| 1. Mr. Rangsini Suebsaeng  | Chairman |
| 2. Mr. Sobson Ketsuwan     | Director |
| 3. Mr. Surasak Khaoroptham | Director |

Mr. Thanakit Permpoonkantisuk is a secretary to the Nomination & CG Committee

The Nomination and Corporate Governance Committee holds a term of three years starting from November 14, 2007

## Scopes and Authorities of the Nomination and Corporate Governance Committee

1. Considers guidelines and process in recruiting of people with a suitable qualification to take the titles of directorship and managing director, while the deputy managing director is assigned the managing director to consider primarily, and presented to

the recruitment committee for approval, and to the board of directors for consideration.

2. Selects people to take the office of directorship and managing director at the end of their terms or upon vacancy. For the deputy managing directorship, the managing director shall consider and present to the recruitment committee for approval before presenting to the board of directors for consideration.
3. Follows up on the succession plan and work evaluation of the managing director, but the managing director is appointed to follow up, evaluate, and present to the recruitment committee the deputy directorship for approval before presenting to the board of directors.
4. Reviews of the policy on supervision, business ethics, and compliance with the routine policies at least once a year.
5. Reports the compliance to the board of directors at least once a year.
6. Implements other things as the board of directors assigns.

## 6. Executives

- |                                 |   |
|---------------------------------|---|
| 1. Mr. Verayut Kitaphanich      | President   |
| 2. Mr. Yongkiat Kitaphanich     | Executive Vice President & Acting for Vice President - Operations |
| 3. Mr. Yoshitaka Obayashi       | Senior Vice President - Sales & Marketing                         |
| 4. Mr. Worapote Chatchaikulsiri | Vice President - Finance & Accounting                             |
| 5. Mr. Wasant Chawajaroenpan    | Vice President - Human Resources & Administration                 |
| 6. Mr. Wichai Srimavon          | Vice President - Procurement & Logistics                          |
| 7. Ms. Napatsorn Kitaphanich    | Vice President - President Office                                 |

*Note:*  
- Mr. Chamnan Thamcharoen, Vice President-Operations had resigned from the executive of the Company from January 16, 2008

## Scopes and Authorities of the President

1. To prepare the policy, business conduct strategy guidelines, target, work plan and annual budget of the company and subsidiaries submitted to the Board of Directors for the approval.
2. To undertake in accordance with the policy, business conduct strategy guidelines, target, work plan and annual budget of the company and subsidiaries as approved by the Board of Directors.
3. To report the monthly and quarterly business performance of the company and subsidiaries in comparison of the plan and budget to the Company's Board of Directors together with the recommendations.
4. To approve the expenses and investment capital that are not in the annual budget for not exceeding one million baht on each occasion but the report has to be made to the Board of Directors for acknowledgement.
5. Other matters assigned by the Board of Directors.

In this regard, the exercise of power of the President is not included (Must not be contradicted with the Security and Exchange Commission's Criteria) the power in approving the transaction causing the President or contradicted persons to have the interest or may have the conflict of interest in otherwise manners with the company and subsidiaries including the transaction provided to have the approval of the meeting of the Board of Directors or shareholders such as the inter-related transactions or acquisition or disposal of the assets of the Company and subsidiaries.

## 7. Independent Director is 37.5% of the Board of Directors consists of

1. Mr. Panja Senadisai
2. Mr. Rangsin Suebsaeng
3. Mr. Sobson Ketsuwan

## The Company definition of Independent Director as following:

1. A person holding no more than 0.5% of paid-up capital of the Company, its subsidiaries or affiliates companies, this shall include shares held by relating persons.
2. A non-executive directors in the management of the Company, its subsidiaries, affiliates or major shareholders, a person who is not an authorized director, an employee or consultant regularly receiving monthly salary from the Company, its subsidiaries, affiliates or major shareholders.
3. A director with no direct or indirect benefit or interest in financial or in management aspects of the Company.
4. A director who is not the auditor of the Company, any subsidiary company, affiliates or juristic person that may have conflicts.
5. A director who is not any professional service provider who receives the service charge of more than 2 million baht per annum from the Company, any subsidiary company, associated company or juristic person that may have conflicts.
6. A director who is neither related or nor be a closed relative of the Company's executives or major shareholders.
7. A director not appointed as a representative to maintain the interests of the Company's directors or major shareholders.
8. A person who is able to perform duties, express opinions or report results of performances based on his duties entrusted by the Board of Directors independently.

## 8. Nomination of Directors and Executives

The appointment of Directors of the Company and searching of the Executives, the Board of Director will consider the ability, experience, vision and trustworthiness.

According to the Company's Articles of Association, the Board of Directors must not be less than 5 Directors and half of them must have their domiciles in Thailand.

At every annual ordinary meeting, the Company's Articles of Association provides that one-third of Directors shall be retired from office. The Directors who have been in the office the longest shall be retired first. In case the number of retired Directors cannot be divided into the exact one-third (1/3), then the number nearest to one-third must be retired from office. Directors who retired from office in the first year and second year following the Company registration shall draw lots. The following years after that the Directors who have been in the office the longest shall retire from the office.

Directors who are retired from the office may have been re-elected into the office.

In the meeting of shareholders to elect the Directors, the election shall be in accordance with the criteria and methods as follows:

1. Each shareholder shall have one vote per share.
2. In the election of Directors, the casting votes to elect one Director or several Directors may be employed. In case of casting votes to elect several Directors the votes may not be divided to give more or less votes to any person.
3. Persons who received the highest votes and down on the line shall be elected as the Directors equal the number of Directors ought to have or elected in that election.

In case the persons who have been elected in the next orders have the equal votes exceeding the number of Directors ought to have or elected in that election, the chairman shall be entitled to a casting vote.

In case the position of a Director is vacant otherwise than by retirement by rotation, the Board of Directors shall elect a qualified persons who is not disqualified by the law according to Section 68 of the Public Company Act, 1992 to be Director at the subsequent meeting of Board of Directors to fill the vacancy, except that the office period of such Director is less than two months.

However, if the positions are so vacant as to be less than the number that can constitute the quorum, the remaining Directors shall act on behalf of the Board of Directors only in convening of a meeting of shareholders to elect the Directors to fill the vacancies within one month from the date of vacancy to less than the number to be constituted as the quorum.

Persons elected to fill vacancies shall retain office only for the period to which the vacating Directors were entitled provided that the resolution of not less than 3/4 of the remaining Directors must be voted for the approval.

The meeting of shareholders may resolve to vote for the Directors to retire before the completion of their terms with the votes not less than 3/4 of the number of shareholders attended the meeting and entitled to vote and representing a total of shares not less than half of the number of shares held by the shareholders and shareholders' proxies (if any) attended the meeting and entitled to vote.

For the searching for and selection of persons to be appointed to the position of executives, the Selection and Good Governance Committee held the follow-up activity to know the progress of the plan for succeeding the position covering the position of President and high rank executives, in order to be sure that the company had executives who had knowledge, ability and could succeed important positions in the future.

## Biography of the Board of Directors and Executive



### Mr. Yongyuth Kitaphanich Director

#### Education:

- Mini MBA Thammasart University
- Bachelor: Faculty of Commerce and Accountancy, Chulalongkorn University
- Academic of National Defense College of Thailand, 9

#### Training Course from IOD:

- Certificate of Director Certification Program (DCP)

#### Present Positions:

- Director & Vice Chairman/ Acting for Chairman/ Executive Director & Acting for Chairman of Executive Director/ Authorized Director, Somboon Advance Technology Public Co., Ltd.
- Vice Chairman, Tsuchiyoshi Somboon Coated Sand Co., Ltd.
- Director, Yamada Somboon Co., Ltd.
- Director, Asahi Tech Metals Co., Ltd.
- Director, Asahi Tech Aluminium Co., Ltd.
- Director, Somboon Malleable Iron Industrial Co., Ltd.
- Director, Bangkok Spring Industrial Co., Ltd.

#### Work Experience:

- Director, Somboon Advance Technology Public Co., Ltd.

### Mr. Panja Senadisai Independent Director

#### Education:

- Master of Business Administration (MBA), Suffolk University (USA)

#### Training Course from IOD:

- Certificate of Director Certification Program (DCP)
- Certificate of Audit Committee Program (ACP)

#### Present Positions:

- Director/Chairman of Audit Committee/ Member of Compensation Committee, Somboon Advance Technology Public Co., Ltd.
- Director/Chairman of Audit Committee, Pylon Public Co., Ltd.
- Chairman, Deva Property Public Co., Ltd.
- Director and Member of Audit Committee, Rasa Properties Development Public Co., Ltd.
- Director/Member of Audit Committee/ Chairman of Compensation Committee, Trinity Wattana Public Co., Ltd.
- Director, KCE Electronics Public Co., Ltd.
- Advisor, Technique Color (Thailand) Co., Ltd.
- Director, BMS Co., Ltd.

#### Work Experience

- Director/Advisor/ Member of Compensation Committee of CVD Entertainment Public Co., Ltd.
- Director/Member of Compensation Committee of SMC Motors Public Co., Ltd.



**Mr. Rangsin Suebsaeng**  
Independent Director

**Education:**

- Master of Business Administration (Finance), St.Louis University, U.S.A.

**Training Course from IOD:**

- Certificate Audit Committee Program (ACP)
- Certificate Director Certification Program (DCP)
- Certificate Role of the Compensation Committee (RCC)

**Present Positions:**

- Director /Member of Audit Committee/ Chairman of Nomination and Corporate Governance Committee, Somboon Advance Technology Public Co., Ltd.
- Director/Chairman of Audit Committee, Thai Laminate Manufacturer Co., Ltd.
- Director/Chairman of Audit Committee, Samart I-Mobile Public Co., Ltd.
- Vice Chairman/Member of Audit Committee, Krungthai Card Public Co., Ltd.
- Director/Member of Audit Committee, Hua Thai Manufacturing Public Co., Ltd.
- Director/Executive Director/Member of Nomination and Corporate Governance Committee/Chairman of IT Corporate Planning, Government Housing Bank
- Executive Director, Saranchol Development Co., Ltd.

**Work Experience:**

- Director/Member of Audit Committee of Swedish Motors Corporation Public Co., Ltd.

**Mr. Sobson Ketsuwan**  
Independent Director

**Education:**

- B.Eng. (Honors) Industrial Engineering, Chulalongkorn University, 1996
- M.B.A. General Management, University of Southern California
- M.S. Industrial & System Engineering, University of Southern California
- International Senior Management Program (ISMP), Harvard Business School

**Training Course from IOD:**

- Certificate Audit Committee Program (ACP)
- Certificate Director Certification Program (DCP)
- Certificate Finance of Non-Finance Director (FND)

**Present Positions:**

- Director/ Member of Audit Committee/Chairman of the Compensation Committee/Member of Nomination and Corporate Governance Committee, Somboon Advance Technology Public Co., Ltd.
- Executive Director/Advisor of The Siam Cement Industry Co., Ltd., The Federation of Thai Industries
- Advisor, The Siam Cement Public Co., Ltd.



### **Mr. Verayut Kitaphanich**

Director

#### **Education:**

- Bachelor of Mechanical Engineering, Eckert Technology Institute (Germany)

#### **Training Course from IOD:**

- Certificate Director Accreditation Program (DAP)

#### **Present Positions:**

- Director/Executive Director/ President/ Authorized Director, Somboon Advance Technology Public Co., Ltd.
- Director/President, Somboon Malleable Iron Industrial Co., Ltd.
- Director/President, Bangkok Spring Industrial Co., Ltd.
- Director/Vice President, Nisshinbo Somboon Automotive Co., Ltd.
- Director/Vice President, Somboon Somic Manufacturing Co., Ltd.

#### **Work Experience :**

- Director/President of Somboon Advance Technology Co., Ltd.



### **Mr. Yongkiat Kitaphanich**

Director

#### **Education:**

- Master of Business Administration: National Institute of Development Administration (NIDA)
- Master of Industrial Engineering, Waseda University (Japan)
- Bachelor of Mechanical Engineering: King Mongkut's Institute Technology Ladkrabang

#### **Training Course from IOD:**

- Certificate Director Accreditation Program (DAP)
- Certificate Director Certification Program (DCP)
- Certificate Finance for Non-Finance Director (FND)
- Certificate of Finance Skill Update for Director

#### **Present Positions:**

- Director/Executive Vice President/Authorized Director/ Acting for Vice President - Operations, Somboon Advance Technology Public Co., Ltd.
- Chairman, International Casting Products Co., Ltd.
- Director/Vice President, Somboon Malleable Iron Industrial Co.,Ltd.
- Director/Vice President, Bangkok Spring Industrial Co., Ltd.

#### **Work Experience:**

- Senior Vice President-Operations, Somboon Advance Technology Public Co., Ltd.
- Acting for Managing Director Bangkok Spring Industrial Co., Ltd.
- Director/Vice President Somboon Advance Technology Public Co., Ltd.



**Ms. Napatsorn Kitaphanich**  
Director

**Education:**

- Master of Business Administration: Sasin Graduate Institute of Business Administration of Chulalongkorn University.
- Bachelor of Business Administration in Finance and Management (BBA), Simon Fraser University (Canada)

**Training Course from IOD:**

- Certificate Director Accreditation Program (DAP)

**Present Positions:**

- Director/Vice President- President Office/ Authorized Director, Somboon Advance Technology Public Co., Ltd.
- Director/Executive Director, Thai Listed Companies Association
- Director, International Casting Products Co., Ltd.
- Director, Bangkok Spring Industrial Co., Ltd.

**Work Experience:**

- General Manager-Marketing & Development, Somboon Advance Technology Public Co., Ltd.
- Director of Business Development, Bangkok Spring Industrial Co., Ltd.



**Mr. Surasak Khaoroptham**  
Director

**Education:**

- Master of Business Administration, University of Pennsylvania (USA)
- Master of Science, Operation Research, University of Michigan (USA)
- Bachelor of Electrical Engineering: King Mongkut's Institute Technology Ladkrabang

**Training Course from IOD:**

- Certificate Director Accreditation Program (DAP)

**Present Positions:**

- Director/Executive Director/ Member of Compensation Committee/Member of Nomination and Corporate Governance Committee, Somboon Advance Technology Public Co., Ltd.
- Director, S N C Formers
- Director, Asia Book Co., Ltd.
- Director, Mermaid Maritime Public Co., Ltd
- Director, Easy Buy Public Co., Ltd.
- Managing Director, Altus Advisory Co., Ltd.



**Mr. Yoshitaka Obayashi**  
Senior Vice President - Sales & Marketing

**Education:**

- Bachelor of Arts (Machinery Engineering), National Nagoya Technical University (Japan)

**Present Positions:**

- Senior Vice President-Sales & Marketing, Somboon Advance Technology Public Co., Ltd.
- Acting for Vice President-Operations, Somboon Advance Technology Public Co., Ltd.
- Vice President-Marketing, Bangkok Spring Industrial Co., Ltd.

**Mr. Worapote Chatchaikulsiri**  
Vice president - Finance and Accounting

**Education:**

- M.A. Executive Master of Accountancy: Chulalongkorn University
- Bachelor of Commerce and Accountancy: Thammasart University

**Present Positions:**

- Director, International Casting Products Co., Ltd.
- Vice president - Finance and Accounting, Somboon Advance Technology Public Co., Ltd.

**Work Experience:**

- Vice President - Finance and Administration, Somboon Advance Technology Public Co., Ltd.
- Executive Director, Bangkok Spring Industrial Co., Ltd.



**Mr. Wasant Chawajaroenpan**  
Vice President - Human Resources  
& Administration

**Education:**

- Master of Science in Business and Administration, Strayer College (USA)
- Bachelor of Science, Chiangmai University.

**Present Positions:**

- Vice President - Human Resources & Administration, Somboon Advance Technology Public Co., Ltd.
- Director, International Casting Products Co., Ltd.

**Work Experience:**

- Managing Director, Somboon Malleable Iron Industrial Co., Ltd.



**Mr. Wichai Srimavon**  
Vice President - Procurement & Logistics

**Education:**

- Master of Education in Quality Management, Suan Sunandha Rajabhat University
- Bachelor of Public Administration, Sukhothai University

**Present Position:**

- Vice President - Procurement & Logistics, Somboon Advance Technology Public Co., Ltd.

**Work Experience:**

- General Manager - Corporate Planning, Somboon Advance Technology Public Co., Ltd.
- General Manager - Quality Development, Somboon Advance Technology Public Co., Ltd.
- Director - Research & Development, Bangkok Spring Industrial Co., Ltd.

# Shareholding of the Board and Executives

as at December 31, 2007

Name	Ordinary Shares		
	December 31, 2007	December 31, 2006	Increase (Decrease)
1. Mr. Yongyuth Kitaphanich	6,660,900	6,660,900	-
2. Mr. Panja Senadisai	20,000	-	20,000
3. Mr. Rangsin Suebsaeng	-	-	-
4. Mr. Sobson Ketsuwan	-	-	-
5. Mr. Verayut Kitaphanich	10,410,100	10,310,100	100,000
6. Mr. Yongkiat Kitaphanich	6,660,900	6,660,900	-
7. Mrs. Napatsorn Kitaphanich	5,180,900	5,180,900	-
8. Mr. Surasak Khaoroptham	-	-	-
9. Mr. Worapote Chatchaikulsiri	-	-	-
10. Mr. Yoshitaka Obayashi	-	-	-
11. Mr. Wasant Chawajaroenpan	-	-	-
12. Mr. Wichai Srimavon	70,000	-	70,000

**Note:**

- Information from report on securities holding of the Board of Directors as at December 28, 2007
- Mr. Chamnan Thamcharoen had resigned from office of the Company from January 16, 2008, holds 40,000 shares of SAT as at December 28, 2007

## 1. Remuneration in money yearly ended December 31, 2007

1.1 Remuneration of Board of Director included Meeting Allowance and Attendant fee In amount of 7,854,420 Baht as follows:

	Name	Bonus of 2006	Meeting Allowance (Baht)				Subsidiaries			Total
			Board of Directors	Executive Director	Audit Committee	Compensation Committee	BSK	SBM	ICP	
1	Mr. Yongyuth Kitaphanich	256,250	375,000	360,000	-	-	48,000	48,000	-	1,087,250
2	Mr. Panja Senadisai	205,000	300,000	-	157,500	52,500	-	-	-	715,000
3	Mr. Rangsin Suebsaeng	34,170	300,000	-	105,000	-	-	-	-	439,170
4	Mr. Sobson ketsuwan	-	85,000	-	30,000	45,000	-	-	-	160,000
5	Mr. Verayut Kitaphanich	205,000	300,000	-	-	-	48,000	48,000	-	601,000
6	Mr. Yongkiat Kitaphanich	205,000	300,000	-	-	-	48,000	48,000	10,000	611,000
7	Ms. Napatsorn Kitaphanich	205,000	300,000	-	-	-	48,000	-	8,000	561,000
8	Mr. Surasak Khaoroptham	205,000	285,000	360,000	-	45,000	-	-	-	895,000

*Note:*

- Mr. Chira Panupong as Chairman, Chairman of Executive Director until November 30, 2007 gained remuneration of Baht 1,215,000 and advisor fee total of Baht 1,155,000
- Mr. Voranit Charumas as Director, Member of Audit Committee and Member of Compensation Committee until June 30, 2007 gained remuneration of Baht 415,000
- Mr. Sobson Ketsuwan as Director, Audit Committee and Chairman of Compensation Committee from September 1, 2007

## 1.2 Remuneration in Salary and Bonus of The Management of company.

Units : Baht	Person	2007	Person	2006
Salary	8	21,771,480.00	6	19,582,090.00
Bonus	8	7,704,226.00	6	6,657,768.44
Total		29,475,706.00		26,239,858.44

*Note:*

- Year 2007 consists of 8 Managements are Mr. Verayut Kitaphanich, Mr. Yongkiat Kitaphanich, Mr. Yoshitaka Obayashi, Mr. Chamnan Thamcharoen, Mr. Worapote Chatchaikulsiri, Mr. Wasant Chawajaroenpan, Mr. Wichai Srimavon and Ms. Napatsorn Kitaphanich
- Year 2006 consists of 6 Managements are Mr. Verayut Kitaphanich, Mr. Yongkiat Kitaphanich, Mr. Yoshitaka Obayashi, Mr. Chamnan Thamcharoen, Mr. Worapote Chatchaikulsiri and Mr. Wasant Chawajaroenpan

## 2. Other remunerations

### Provident Funds

In 2007, the company collected the provident fund to The Management of company as follows:

Units : Baht	Person	2007	Person	2006
Provident Funds	7	539,132.40	5	500,699.40

*Note:*

- Year 2007 consists of 7 Managements are Mr. Verayut Kitaphanich, Mr. Yongkiat Kitaphanich, Mr. Chamnan Thamcharoen, Mr. Worapote Chatchaikulsiri, Mr. Wasant Chawajaroenpan, Mr. Wichai Srimavon and Ms. Napatsorn Kitaphanich
- Year 2006 consists of 5 Managements are Mr. Verayut Kitaphanich, Mr. Yongkiat Kitaphanich, Mr. Chamnan Thamcharoen, Mr. Worapote Chatchaikulsiri and Mr. Wasant Chawajaroenpan

The Board of Directors of Somboon Advance Technology Public Company Limited realized the importance of corporate governance in order to increase transparency, competitiveness and confidence of shareholders. On 21 September 2006, a corporate governance policy was established in alignment with the Stock Exchange of Thailand's 2006 corporate governance practice for listed companies. In addition, on 14 November 2007, the Board of Directors approved the rules on topics not yet defined and new topics in relation to the Exchange's additional requirements for 2008 as detailed in the following 5 categories.

## 1. Rights of Shareholders

In 2007, in addition to the basic rights of shareholders such as buying, selling or transferring securities, receiving profit sharing from the Company, the Company carried out several matters to promote the exercise of shareholders' rights as follows:

- The Company realized and respected the rights of shareholders by complying with legal requirements in 2007. A shareholder ordinary meeting was held on 24 April 2007 and a shareholder extraordinary meeting on 24 July 2007. However, both meetings were attended by some of the total 9 directors as the missing was occupied in a crucial task (the two meetings were attended by 8 directors whose names were listed in the report of shareholder meetings on the Company website).
- The notice of meeting was publicized on [www.satpcl.co.th/Investor Relations\\_Corporate News](http://www.satpcl.co.th/Investor%20Relations_Corporate%20News) for review by shareholders 30 days prior to the meeting. The reports of the two shareholder meetings held in 2007 were posted 14 days after the dates of meetings.
- Thailand Securities Depository Company Limited, share registrar of the Company, was assigned to send the notices of meeting off to shareholders 10 days prior to the dates of meetings.

- The Company neither added to the meeting agendas nor changed the essential information without giving shareholders a prior notice in both meetings held in 2007. In addition, shareholders were eligible to question the Board of Directors in the meetings, with details shown in the report of shareholder meetings.
- Shareholders were informed in the notice of meetings of rule and procedure for attending the shareholder meetings, with information given adequately in each agenda for their decision making.
- The Board of Directors completed and made available the meeting reports on Company website within 14 days from the dates of meetings for shareholders' comments and verification without required to wait until the next meeting.

Throughout year 2007, the Company followed the corporate governance practice, except the following matters:

- 1) In the 2007 Shareholder Ordinary Meeting, shareholders were not given an opportunity to send their questions about the meeting agendas to the Board in advance of the date of meeting as it was during furnishing information to the Board for in-principle approval. Such matter, of which rule had been approved by the Board, would be carried out in the 2008 shareholder ordinary meeting, as follows:
  1. A shareholder should send questions along with his/her following particulars:
    - Name, address, telephone and fax numbers, and email (if any)
    - Questions for the inquisitive agendas and supporting information (if any)
  2. Channels available for receiving questions
    - Company website
    - Fax number: 0-2728-8517
    - Email of Company secretary at [thanakit.p@somboon.co.th](mailto:thanakit.p@somboon.co.th)

3. Time opened for receiving questions
  - Questions in relation to agendas of a shareholder meeting may be sent not less than 10 days prior to the meeting through the Company website.
4. The Company secretary will gather and forward the questions to the facilitating director for consideration.
5. Questions sent by shareholders prior to a shareholder meeting will be answered by the Company on the date of shareholder meeting.

## 2. Equal Treatment to Shareholders

The Board of Directors had a policy to ensure that shareholders, whether being major shareholders, retail shareholders, institution investors, or foreign shareholders, receive absolutely equal treatment, as follows:

- A notice of meeting contained a proxy letter for those shareholders with inconvenience to attend the meeting in person to give proxy to other person or an independent director to attend the meeting and vote on their behalf. In the 2007 Shareholder Ordinary Meeting, 71 shareholders gave proxies to the Chairman of Audit Committee, a Company - nominated independent director, to represent them in voting.
- The Board of Directors established a rule on prohibiting any exploitation of opportunities or information derived from being a director, executive or employee for personal gain or business competing with the Company or business in connection therewith, and any insider trading or giving of inside information to others in favor of their trading of Company stocks, and on requiring directors and executives to report their initial securities holding, and change thereof, in accordance with Section 59 of The Securities and Exchange Act B.E. 2535.

Throughout year 2007, the Company followed the corporate governance practice, except the following matter:

- 1) In the 2007 Shareholder Ordinary Meeting, minor shareholders were not given an opportunity to propose meeting agendas and nominate candidates for directorship appointment in advance as it was during furnishing information to the Board for in-principle approval. On 15 November 2007, the Company publicized the rule of the above-mentioned matter, which had been approved by the Board of Directors on 14 November 2007, on its website at [www.satpcl.co.th/Investor Relations\\_Corporate News](http://www.satpcl.co.th/Investor_Relations_Corporate_News), for its minor shareholders to have an opportunity to propose meeting agendas and nominate candidates for directorship in advance for the 2008 Shareholder Ordinary Meeting.

## 3. Roles of Stakeholders

The Company conducts the business with consideration in the rights of all groups of stakeholders as follows:

- Treating creditors in accordance with trade terms and agreements. The Company has consistently complied with the terms and conditions under the lending agreements with commercial banks and/or financial institutions.
- Caring of customer services and responsibilities and keeping customer secrets.
- Always supporting and giving co-operation to the public sector and related entities.
- Treating equally Company executives and employees, and its subsidiaries, in giving remunerations and welfares appropriately and lawfully, including such other benefit as bonus which was based on their productivity.
- Treating its competitors under ethical competition framework.
- Being well responsible for environment, communities and society.

- With its policy to promote co-operation between the Company and its stakeholders to enhance the operational results, the Board of Directors outlined protecting mechanisms in place for reporting to the Board of Directors by a whistleblower of issues relating to illegal acts, accuracy of the financial statements, inadequate internal control or ethical violation, by sending an email to the independent director and audit director of the Company directly, as detailed in the Company website since 15 November 2007 under the heading “Whistle-blowing”.

Throughout year 2007, the Company followed the corporate governance practice, except the following matter:

- 1) The Company was during its provision of compensation measure for those shareholders suffering from the Company’s violation of stakeholders’ legal rights, to be completed within the second quarter of 2008.

#### 4. Disclosure and Transparency

- **Effectiveness of disclosure process as required from listed companies.**

- In 2007, in addition to the disclosure of the Company’s essential information, financial and non-financial, accurately, completely, timely, transparently and in accordance with the rules of the SEC and Exchange, other information was disclosed to demonstrate its transparent course of business conduct such as the policy of remunerating directors and higher executives, and form, type and amount of remuneration individually received from being a director in various sub-committees, director nomination strategy, report of corporate governance policy, and policy performance etc., except the disclosure of 2006 financial statements due to the fact that on February 2007 the information was sent out through the news channel of the Exchange without a certificate of the auditor, resulting in an “H” symbol displayed by the Exchange for about 20 minutes and removed after the auditor’s certificate was sent to it.

- **Duty performance of the Board and sub-committees**

- Names of Company directors and sub-committee members, including their roles and duties and terms are detailed in heading “Management Structure”
- Remunerations for directors and management  
In consideration of remunerations for directors, the Board of Directors considered by comparing the level in-charge with that in the same industry, Company operational results, and their duties and responsibilities. The fixation of director remuneration was under the power of shareholder meeting to approve, while the management remuneration was under the principle and policy defined by the Board of Directors, which was connected to Company operational results and performance of individual management. In 2005, the Board formed a Director and Management Compensation Committee to consider and propose details of remunerations in 2007 paid by the Company to directors and management according to the detail under Item “Remuneration”
- The performance in the past year of sub-committees can be referenced to such other information sources as follows:

- **Audit Committee**

- Report of Audit Committee in the 2007 Annual Report

- **Compensation Committee**

- Report of Compensation Committee in the 2007 Annual Report

- **Quality of Financial Report**

Details were according to the heading “Report of Responsibilities of Board of Directors toward the Financial Report in the 2008 Annual Report”.

### • Relationships with Investors

The Company paid importance to financial information reporting, including information disclosure, accurately, completely, regularly, timely, transparently and thoroughly, as well as crucial information with potential effect to the prices of its securities, by disseminating such information to investors and concerned people through the communication channel of The Stock Exchange of Thailand. Moreover, it had investor relations officers to make communicating information with investors, analysts, shareholders, reporters and general interested individuals more effective, which would consequently result in shareholders benefiting from information about the actual value of the Company and capitalizing on it for their effective investing in the Company. In addition, the Company held meetings with analysts and investors for distributing quarterly operational results information, and summarizing the whole picture and industry trend. In 2007, the Company held direct and indirect information presentation activities as follows:

1. Road show: 2 domestic and 1 international.
2. analyst meetings
3. group site visits
4. Information presentations in SET's Opportunity Day Event
5. Occasional press releases when the Company had an investment or significant business activity.
6. Providing information and answering regularly queries from investors and mass media via email at [ir@somboon.co.th](mailto:ir@somboon.co.th) and by phone.

Throughout year 2007, the Company followed the good corporate governance practice, except the following matter:

- 1) Disclosure of Company corporate governance policy was incomplete as it was during information update and planned to be finished within June 2008 for viewing by shareholders in the website of the Company.

## 5. Responsibilities of Board of Directors

### • Independence from management team of Board of Directors

- In order to be in compliance with the corporate governance policy and to create managerial balance, the Board of Directors established that the chairman and facilitating director be different persons with their respective roles, powers and duties clearly separated.
- The Board of Directors determined that all 3 independent directors qualified in accordance with the Company's definition. Mr. Panja Senadisai, who in the Board's opinion had financial knowledge, was appointed Chairman of Audit Committee.

### • Appropriateness of Board of Directors

- Qualifications, skills, experiences and specialization  
The Board of Directors comprised knowledgeable and competent individuals appropriately made available according to Company business size. At present, there were 8 directors - 4 Executive Director, and 4 non-Executive Director consisting of 1 representative director and 3 independent directors. Mr. Thanakit Permpoonkantisuk was, by the Board's resolution, appointed Company secretary on 15 December 2006.
- According to the corporate governance suggesting that any director should be in directorships of not more than 5 listed companies, one director, Mr. Panja Senadisai, was apparently in directorships of more than 5 listed companies. However, at end of 2007, he resigned from a directorship of one company in compliance with the principle of the corporate governance. Details of directorships in listed companies can be found from section "Board of Directors and Executive"

- **In the event of vacant directorship, all directors can nominate names of individuals to the management team of the Company for collection to the Board of Directors for its appointment approval.**

- **Board's performance effectiveness**

- The Board of Directors participated with the management team in coming up with vision, mission, strategies, goals, business plan and budget of the Company by holding a workshop seminar between the Board and higher management on August 2007 at Rose Garden, Nakornpathom.

- **Managerial Governance**

- The Board of Directors participated with the management team in refining strategic plans, work plans and projects contained in the annual business plan approved by the Board and Company financial operational results not meeting the business plan and budget, through the Executive Committee for monitoring and supervising the implementation.

- **Internal Control and Risk Management**  
The Board of Directors provided an internal control covering finance, operation, compliance with applicable laws, regulations and ordinances, including adequate and appropriate risk management and mechanisms for effective audit and counterbalance sufficient for protecting assets, and the Internal Audit Department, an independent unit reporting directly to the Audit Committee, undertaking the auditing of operations of all units. The Audit Committee also participated in evaluating the adequacy of the internal control of the Company on 19 February 2008 and determined that the same had been adequately provided.

For risk management, the Board of Directors provided to the Company adequate risk management and regular monitoring of risk management by forming

a Risk Management Committee to ensure appropriate risk management in all areas and to follow up, supervise and analyze the risk management at operational level of each unit through Risk Champion and to report the risk management results as planned every quarter to the Audit Committee and Board of Directors.

- **Sub-committees**

- The Board of Directors appointed the following sub-committees: Executive Director, Audit Committee, Compensation Committee, and Nomination and Corporate Governance Committee, with powers and duties clearly specified under section "Management Structure".

- **Board Meeting**

The Board of Directors pre-scheduled Board meetings throughout the year and meetings would be held for more than 6 times in each year, including extra special meetings as necessary. In each meeting, agendas would be clearly set, whether for acknowledgment or consideration, with meeting documents prepared completely and adequately and delivered to Board members at least 7 days in advance for them to have enough time for adequate review before attending the meeting. In the meeting, all directors could discuss and comment openly, with the chairman of the meeting compiling opinions and conclusion of the meeting, and the Board secretary taking note of the meeting in writing which, after approved by the meeting, would be filed ready for inspection by directors and concerned people.

The Company had a policy for non-management directors to have an opportunity to have a meeting among them in order to discuss various managerial problems in their interest without the management team's involvement at least once a year, with the meeting results informed to the facilitating director. In 2007, a meeting was held on 19 December 2007 with critical discussion issues about (1) operation

and coordination with the management team and (2) risk management, internal control and internal audit. The non-management directors all informed to the facilitating director of the discussion results, with implementation conducted within the first quarter of year 2008.

In 2007 the company had Board of Directors Meeting totally 12 times, Executive Director Meeting totally 22 times, Audit Committee Meeting totally 7 times and Compensation Committee Meeting totally 3 times, the details are as follows:

Name	Position	Attended (Times)			
		Board of Directors	Executive Directors	Audit Committee	Compensation Committee
1. Mr. Yongyuth Kitaphanich	Vice Chairman/Member of Executive Director	12/12	22/22	-	-
2. Mr. Panja Senadisai	Director/Chairman of Audit Committee/ Member of Compensation Committee	12/12	-	7/7	3/3
3. Mr. Rangsin Suebsaeng	Director/Member of Audit Committee	12/12	-	7/7	-
4. Mr. Sobson Ketsuwan	Director/Member of Audit Committee/ Chairman of Compensation Committee	3/12	-	2/7	2/3
5. Mr. Verayut Kitaphanich	Director/Member of Executive Director	12/12	22/22	-	-
6. Mr. Yongkiat Kitaphanich	Director	12/12	-	-	-
7. Ms. Napatsorn Kitaphanich	Director	12/12	-	-	-
8. Mr. Surasak Khaoroptham	Director/ Member of Executive Director/ Member of Compensation Committee	11/12	22/22	-	3/3

**Note:**

- Mr. Chira Panupong, held a position of Chairman of the Board until November 30, 2007, attended the Board of Directors Meeting 11 times and the Executive Directors Meeting 22 times.
- Mr. Voranit Charumas, held a position of Director, Member of Audit Committee and Member of Compensation Committee until June 30, 2007, attended the Board of Directors Meeting 5 times, the Audit Committee Meeting 5 times and the Compensation Committee 1 time.
- Mr. Sobson Ketsuwan, held a position of Director, Member of Audit Committee and Chairman of Compensation Committee from September 1, 2007

### • Self-Performance Evaluation

The Board of Directors established that its self-performance be evaluated annually to consider its operational results and supervision with adequate corrective action and improvement. In 2007, the evaluation was conducted and conclusion could be drawn that directors should participate more in (1) defining strategies and business planning and (2) managing risks and internal control, which the management team acknowledged and implemented.

### • Developing Directors and Management Team

The Board of Directors assigned the management team to introduce new director about the Company.

In 2007, the management invited Mr. Sobson Ketsuwan, a new director, to join a meeting and had the facilitating director briefly summarize the nature and guideline of business conduct of the Company and its subsidiaries, with the Company secretary preparing relevant documents. Mr. Sobson Ketsuwan also visited factories both at the Samuthaprakarn head office and Rayong to gain more understanding in the Company's operation, and took a course of training about roles and duties of being a director with expenses covered by the Company, as detailed in the training background.

Throughout year 2007, the Company followed the corporate governance practice, except the following matters:

- 1) The Board of Director acknowledged the self-evaluation form. Regarding to the setting of the number of

terms for a director to remain in office as long as possible, the Board determined that the current set of directors were knowledgeable and competent and already well understood the Company's business and operation, hence having not fixed it.

- 2) The Board of Director had a policy for the management team to produce and propose succession plans twice a year which was during implementation. The management team acknowledged and would carry out to finish and propose it to the Board of Directors in second quarter of 2008.

## Care for the internal information usage

The Company has the policy to prohibit the use of internal information by Directors, executives and employees who obtained them for the personal and other persons benefit. The preventive guidelines are as follows:

1. The Directors and executives will be educated to acknowledge the rules of using internal information, duties on reporting the transaction of securities of the Company and subsidiaries of their owns, spouses and non-juristic children as well as the penalty clauses according to the Securities and Stock Exchange Act, 1992 and as mended by and in accordance with the requirements of the Stock Exchange of Thailand.
2. Directors and executives have the duties to prepare and submit the securities holding reports of the Company and subsidiaries of their owns, spouses and non-juristic children to the office of the Securities and Exchange Commission of Thailand. The reports must be as follows:
  - Report on the first securities holding (Form 59-1) must be submitted within 30 days from the date of the securities sale offer to the public or the date of the Director or executive appointment to the office.

- Report on the change of securities holding (Form 59-2) resulted from the purchase, sale, transfer or acceptance of transfer of securities must be submitted within 3 working days from the date of purchase, sale, transfer or acceptance of transfer of such securities and the copy of such report is required to be delivered to the Company within the date of submission of that report to the Office of Securities and Exchange Commission of Thailand.

3. It is so announced to all for acknowledgement that Directors, executives and employees who have been informed or acknowledged of the internal information with significance that may have caused the major change in the securities prices must cease to purchase or sell the Company's securities during one month before the Company's announcement of the operation performances (Schedule for the operation performance announcement is 45 days from the end of quarter and 60 days from the end of the fiscal year) or such internal information is disclosed to the public

The Company has the penalty measures in case if is found that Directors of executives violate the Company's policy and causes the damage or disreputability to the Company, the coordination shall be made with the concerned supervising unit for taking the legal actions.

## Internal control

The board of directors arranged the meeting No. 1/2551 on February 27, 2008, the participants were the Audit Committee, to give opinion on sufficiency and suitability of the internal control system. The Audit Committee explained and reported about the internal audit in the year 2007; the board of directors acknowledged and the conclusion was that:

The Audit Committee considered and re-examined the report of the audit result, together with the recommendation for internal audit, emphasizing practical audit so that it was developed effectively and continuously, having efficiency, as well as there must be follow-up and modifying of audit result in important issues, especially important issues of risk factors that might affect the work, related particulars that may cause conflicts of interest; the particulars that were actual commercial particulars which were generally normal business reasonably and were the highest benefit under the company policy. Regarding supervision of the properties, there was good protection system, dishonesty or corruption of the company properties was not found. The result of re-examination complies with the determined procedures, complying with the provisions of law of government sector and business supervision policy. Regarding the consultation with external auditor, in order to evaluate the internal control system; the accounting was considered that it complied with the accounting standard, it had the sufficiency of internal control system; there was no defect which was the important substance.

The board of directors had the same opinion towards the internal control as that of the Audit Committee; emphasizing the importance of the internal control system, the important content was summarized as follows:

### 1. Organization and the environment

The internal control is used for the purpose of flexible and proper operation and to comply with the changing business condition, supporting the long-term plan, expansion of work and determining the structure of command separated according to the lines of work which are corresponding to the strategy of business operation and supervision of business having the internal audit as the independent working unit to report directly to the Audit Committee.

The company determines clearly the measurable target of business operation, in order to be the guidelines for operation of employees in every level, it is the figure which

can be measurable. The indicators can be divided into three levels; there is improvement of work performance evaluation in the portion which is evaluated from the conduct of employee according to the organizational culture to correspond to the organization behavior in order to create benefit in development of operational quality. The company promotes and supports the supervision policy and business ethics, to be clear and transparent, there is determination of operational policy and plan, realizing about the fairness towards employees, customers, business partners as well as responsibility towards shareholders, society and environment.

The company improves the policy of supervision of the business to comply with the principles and guidelines of the stock exchange of Thailand of the year 2006. Regarding the Manual of Supervision and Manual of Business Ethics, the company expects that they will be complete within July 2008, to be announced for use within Quarter 3/2008, as well as the preparation of CSR policy, to announce to the shareholders, customers, business partners and employees for acknowledgement.

### 2. Risk Management

The company determines the policy for risk management as an important policy. It appoints the risk management committee, comprising Directors and High Rank Executives, doing the duty of evaluating the risk factor affecting the business operation of the company and determining the responsible persons for the risk in several working units and assigning the risk management to be in the responsibility of every executive. There is planning and specifying the measures for risk management, there is evaluation of risk factors which may affect the business operation and the target of the company, arranging for following up of risk management of several working units in the organization and making the report of the risk management committee, to report to the board of directors continuously and to arrange trainings to support the work of the organization to be able to be carried out continuously; the audit committee follows up the operation and considers the sufficiency and suitability of the risk management closely. The company will make a plan to manage the risk by emphasizing for conforming to the strategic plan of the company, as well as management on the imparting of knowledge to employees of every level, so that employees understand and realize the importance of the risk management more.

### 3. Control of work of the Management

The Board of Directors appoint four sub-committees, consisted of Audit Committee, Committee for Considering of Compensation of Directors and the Management, Executive Board and Selection and Good Governance Committee. The four sub-committees worked under the scope, the authorized power and authority: (1) The company makes the power to operate by determining the position of the authorized person to approve the amount, ordering, generating debt and debt payment in writing; (2) Making the operation system, authority and duty for approving the total of 16 systems; (3) The company surveys about the laws or regulations relating to the company in total of 143 copies and the company has prepared a manual for controlling of conforming to the laws. Furthermore, the Audit Committee considers, revises and approves the annual audit plan, in order to cover every process of operation having high risk, as well as covering the expectation of the persons relating to the company; causing the company to be sure that working units have the internal control for operation enough for responding to the risk for operation in every aspect, in finance, operation, complying to the laws, regulations, rules, criteria and considering important issues and problems which have been inspected and found by the audit of the internal inspector and external inspector, there is following up and report to the Management and executives of related working units, in order to improve, solve problems and prepare preventing measures so that there will be no such problem.

### 4. Information system and data communication

The company arranges important information for use in decision of the board of directors; it provides reports for analyzing and comparing the principles and reasons, together with documents attached to the facts, delivers the information for research for the decision for 7 days in advance and determining for a secretary of the company to give consultation on laws and criteria and rules that the board of directors shall know; taking care of the activities of the board of directors, coordinating for performing under the resolution of the board of directors, to be center in preparing and collection of documents, including registration of directors, notices for appointment for the board's meetings, minutes of the board's meetings, notices for appointment for the shareholders' meetings, minutes of the shareholders' meetings,

for a period of five years, collecting minutes of the board's meetings, minutes of the shareholders' meetings and arranging the collection of important accounting documents in groups, the information can be searched for according to the period that the laws specify.

The Audit Committee considers the financial statement together with the auditor, internal inspector and related persons with regard to preparing of the financial statement of the company in every quarter, in order to be sure that the company uses the account policy according to the generally accepted accounting principles which are appropriate for the business nature of the company, as well as disclosure of information suitably.

### 5. Follow-up system

The company had twelve meetings of the board in the year 2007. The company had follow-up system for the operation in hierarchy, from the board of directors, executive board and executives to follow-up the targets and countersign for the operation of the work under the strategic plan, action plan and projects which were in the annual business plan approved by the board of directors regularly every month. When it was found that the operation result had difference from the specified target, there was determination that the responsible person had to present the report for revising the operation and analysis to find for causes as well as joining in consideration for approving the plan for problem solving and the report of work operation had to be made continuously.

There were seven meetings of the Audit Committee in the year 2007. The company arranged for checking of the operation according to the internal control system constantly having the responsible persons in the work section and there was internal audit for independent checking for reporting about the important defects that were found to Audit Committee and the board of directors, in order to make instructions for revision in the suitable time, as well as there should be report about the repair of the defects, report of the events or questions in case there were important matters to Audit Committee and the board of directors.

## Related Transaction

The Company and its subsidiaries related transactions with person(s) who would have been involved in dispute during the year 2006 and 2007 were as follows;

### Somboon Malleable Iron Industrial Co., Ltd. (SBM)

The Extraordinary Meeting of Shareholders had issued a special resolution to reduce the register capital from 640 million Baht to 160 million Baht by changing the value of the common shares of the subsidiary company from 1,000 Baht per share to 250 Baht per share and brought the reduced capital of 480 million Baht to compensate for the accumulated loss of the subsidiary. The subsidiary company had registered to reduce its capital to the Ministry of Commerce on March 2, 2006.

Description of important items	Total amount remaining (Million Baht)		Conditions of price/ Necessity
	2006	2007	
<u>List of ordinary transactions</u>			
1. SAT sold scraps material to SBM	4.40	4.28	Market price/ to increase income to SAT by selling scraps material which was normal loss from the production
2. SAT paid of goods and services to SBM	-	0.12	Cost plus additional profit of 15 - 30% on average
3. SAT was the loan lender of SBM	498.51	478.06	According to loan agreement/ as a result from structure adjustment of the group of Company (See details in the notes for financial statement)
4. SAT received interest of loan from SBM	25.44	29.68	Charged interest at the rate of 4.5, MLR-1.25% & MLR-1% a year (2006: 4.5%, & MLR-1.25% a year)
5. SAT paid utilities fee for SBM	1.03	0.71	Price was close to the Cost/ SAT used utilities of SBM
6. SAT received utilities payment from SBM	12.80	14.46	Price was close to the Cost/ SBM used utilities of SAT
7. SAT paid rental fee to SBM	1.2	-	Rental rate 0.10 Million Baht a Month/ Machining leasing for SBM
8. SAT received management fee from SBM	55.08	58.85	Rental rate 4.90 Million Baht a Month/ Services for SBM

Remark: Item 1 – 8 are the items indicated in the notes for financial statement.

## Bangkok Spring Industrial Co., Ltd. (BSK)

The Extraordinary Meeting of Shareholders' meeting had issued a special resolution to reduce the register capital from 520 million Baht to 130 million Baht by changing the value of the common shares of the subsidiary from 1,000 Baht per share to 250 Baht per share and brought the reduced capital of 390 million Baht to compensate for the accumulated loss of the subsidiary. The subsidiary had registered to reduce its capital to the Ministry of Commerce on March 2, 2006.

Description of important items	Total amount remaining (Million Baht)		Conditions of price/ Necessity
	2006	2007	
<u>List of ordinary transactions</u>			
1. SAT bought Jig Fixture from BSK	4.83	4.94	Cost plus additional profit of 15 - 30% on average (Year 2006: Cost plus additional profit of 10 - 20% on average)/ SAT needed to utilize Jig Fixture in production process continuously and BSK must to have capability to support SAT's demand
2. SAT was the loan lender to BSK	463.00	383.00	According to loan agreement/ as a result of structural adjustment of the group of companies (See details in the notes for financial statement)
3. SAT received interest of loan from BSK	22.93	24.75	Charged interest at the rate of 4.5, MLR-1.25% & MLR-1% a year (2006: 4.5%, & MLR-1.25% a year)
4. SAT paid utilities fee for BSK	1.57	2.45	Price was close to the Cost/ SAT used utilities of BSK
5. SAT received utilities payment from BSK	0.37	1.56	Price was close to the Cost/ BSK used utilities of SAT
6. SAT received management from BSK	42.48	41.04	Services charge was 3.42 Million/ Services for BSK

*Remark: Item 1 – 6 are the items indicated in the notes for financial statement.*

## International Casting Products Co., Ltd. (ICP)

The Extraordinary Meeting of Shareholders' meeting on July 24, 2007 had a resolution to purchased 15 million ordinary shares of International Casting Products Co., Ltd. at the rate of Baht 11 per share and completed of transfer all shares on July 25, 2007.

Description of important items	Total amount remaining (Million Baht)		Conditions of price/ Necessity
	2006	2007	
<u>List of ordinary transactions</u>			
1. SAT sold scraps material to ICP	-	1.70	Market price/ to increased income for SAT
<u>Non - Recurring Items</u>			
2. SAT took over ICP	-	161.03	Agreement price

Remark: Item 1 – 2 are the items indicated in the notes for financial statement.

**Kitaphanich Group** is the directors, executive and shareholders of the Company

Description of important items	Total amount remaining (Million Baht)		Conditions of price/ Necessity
	2006	2007	
<u>List of ordinary transactions</u>			
1. BSK got income from selling Leaf Spring to Yong Kee (1995) Co., Ltd.	147.26	129.79	Pricing of goods sold to Yong Kee (1995) Co., Ltd. was set up price plus primary profit considered by the Audit Committee as a transaction item in performing ordinary business of the Company of which is pricing condition was the same as for general persons/ It was an expansion of customer base of the group of company as the mentioned company is the leader of business operation on the market of REM
2. SAT got income from selling Axle Shaft to Yong Kee (1995) Co., Ltd.	4.01	8.32	Sold at the market price in comparison with other companies/ the characteristic of selling was from time to time to mentioned company which is the leader of business operation on the market of REM

Remark: Item 1 – 2 are the items indicated in the notes for financial statement.

## Report of the Compensation Committee

The Director and Management Compensation Committee of Somboon Advance Technology Public Company Limited comprised 2/3 independent directors, with Mr. Panja Senadisai being the chairman, Mr. Surasak Khaoroptham and Mr. Voranit Charumas. Later on 1 July 2007, Mr. Voranit Charumas resigned from office. Mr. Sobson Ketsuwan was therefore appointed as replacement by the Board of Directors. The Director and Management Remuneration Consideration Committee was thereafter reshuffled, with Mr. Sobson Ketsuwan being the chairman, and Mr. Panja Senadisai and Mr. Surasak Khaoroptham being the directors, in the term of 3 years.

The Director and Management Compensation Committee has performed its duties in accordance with the power approved by the Board of Directors and provided consultation to the management team in respect of how to manage remunerations for personnel of the Company in order for effectiveness and attainment of Company goals and fixed the remunerations for higher directors and management which include meeting allowance, salaries, incentive cash rewards, and other related benefits for the Board's consideration and approval.

During 2007, The Director and Management Compensation Committee had 3 meetings which summarized the whole-year operational results with significant matters as follows:

1. Ensure that the payment criteria for incentive cash rewards to employees for 2007 be consistent with the Company strategies and goals before proposing to the Board.
2. Defining the 2007 performance indicators for the facilitating director, including recommending the management team in respect of how to define performance indicators for employees in order for consistency across the organization and performance measurement effectiveness in favor of the Company's main goals.
3. Considering and giving recommendation in respect of the fixation of director remuneration of subsidiary (ICP) acquired by the Company in 2007 before proposing to the Board.
4. Considering that the payment for incentive cash rewards to employees for 2007 based on the actual productivity and giving guidance in the incentive cash rewards payment criteria for 2008, making it more favorable to the Company's main goals.
5. Considering salary adjustment for 2008 based on direct and indirect impact factors and labor competitive environment.



(Mr. Sobson Ketsuwan)  
Chairman of Compensation Committee

## Board of Directors' Responsibility for Financial Reporting

Whereas the Public Company Limited Act B.E. 1992, Accounting Act B.E. 2000, Stock and Stock Market Act B.E. 1992 and announcement of The Securities and Exchay Commission, (Thailand) on regulations, conditions and methods of reporting disclosure of information about finance and the operation results of the listed company, regulating to the Board of Directors shall prepare the financial statement to show the financial status and the performance in the previous year which is actual and reasonable.

The Management has prepared the financial statement ended on December 31, 2007 according to the generally certified accounting standard by choosing to use the appropriate and regularly used policy including using judgment carefully and reasonably in preparation of financial statement and disclose the important information adequately in the remarks of the financial statement.

The Board of Directors realized the responsibility for supervising the financial report to be efficient by appointing an inspection committee consisting of qualified persons to be responsible for supervision of the quality of the financial report to be accurate and complete, using appropriate and regularly used policy including validation to have the company got sufficient and appropriate internal control system and participation in evaluation of risk for the company. In order to protect and reduce risks which may occur from fraudulent or abnormal operation significantly and adequacy to maintain the company asset.

From the practical methods and supervision mentioned above, the committee agreed that the financial of Somboon Advance Technology Public Company Limited as at December 31, 2007 has shown the financial statement and operational results correctly, reliably, compliance with the generally certified accounting standard and practiced in accordance with the laws and related regulations.



Mr. Yongyuth Kitaphanic  
Vice Chairman acting for Chairman



Mr. Verayut Kitaphanich  
President

The Audit Committee of Somboon Advance Technology Public Company Limited comprised of 3 independent directors, with Mr. Panja Senadisai being the chairman, Mr. Rangsin Suebsaeng and Mr. Voranit Charumas. Later on 1 July 2007, Mr. Voranit Charumas had resigned from office. Mr. Sobson Ketsuwan was therefore appointed as replacement by the Board of Directors in the term of 3 years.

The Audit Committee has performed its assigned duty according to the Audit Committee's charter approved by the Company's Board of Directors. It has performed the an verification for the correct and accurate financial statements report before submitting to the Company's Board of Directors, to verify the internal control and audit with efficiency and efficiency, the disclosure of the correct and complete interrelated transactions, to supervise for having the compliance with law and provisions of the supervising unit to be followed. In addition, it has proposed to appoint and set up the auditor's remuneration, to approve the appointment, transfer and consider the merits of the internal auditor and to employ the consultant from the outside organization if necessary.

During 2007 the total of 7 meetings had been convened by the Audit Committee with the major matters concluded as follows:

1. To verify the correct of the Company's quarterly financial statements and annual balance, participate in the meeting with the Company's auditor, Financial and Accounting Department, internal Audit Unit and Management to acknowledge the observations, explanations and recommendations before submitting to the Company's Board of Directors.
2. To verify the auditing report of the Internal Auditor according to the Company's and Subsidiaries' audit plan, to monitor the improvement and to give advices to the Management for the effective and efficient internal control.
3. To supervise the Company to have the risk management system established with the practice guidelines for the effective risk management given by an independent consultant company.
4. To participate in the meeting with outside auditor to acknowledge the problems and major issues as the essential statements found in the auditing.
5. To verify and offer opinions with respect to the inter-related transactions or transactions that could contribute to the conflict of interest as well as the disclosure of information according to the supervising unit's regulations.
6. To assess Audit Sub-Committee's performance by their own. The result was satisfied.

With the above duty performances, accompanied by the Internal Auditor's report, the Audit Committee viewed that overall the Company and subsidiaries have the sufficient internal audit and risk management suitable for the nature of business. In addition, the Audit Committee has promoted and encouraged the Management to develop the internal audit system quality and the risk management on continuous basis for enabling the Company to have the good corporate governance in the future.

The Audit Committee has proposed the Board of Directors to appoint Ms. Sumalee Reewarabandith, C.P.A No. 3970 and/or Mr.Sophon Permsirivallop C.P.A No. 3182 and/or Mrs. Nongluk Pumnoi C.P.A No. 4172, for the Ernst and Young Office Co., Ltd. To act as the Company auditor for the year 2008 with the remuneration including subsidiaries' company of 4,000,000 baht and no other services in the company.



(Mr. Panja Senadisai)  
Chairman of Audit Committee

# Management Discussion and Analysis

## Analysis of profit/loss

### Analysis of income

In the year 2007, the company had total income equal to 5,093 million baht, increasing 704 million baht from last year, or equal to 16%. The income was divided into income from product sales, amounting 4,979 million baht, other income, amounting 99 million baht and the income from profit share from investment in the associated companies, amounting 15 million baht.

As the company had income from improved sales resulted from increasing product purchase quantity of customers and the sales price per unit of some items of products, from adjusting the sales price to correspond to the higher cost of raw materials including distributing of new products which increased from last year.

From the consolidated financial statement, it was found that the income from product line in the years 2007 and 2006 was the income from selling of products of Somboon Advance Technology Public Co., Ltd. which came from selling of Axle Shafts mostly, amounting 1,729 million baht and 1,518 million baht respectively. The income from selling of products of Somboon Malleable Iron Industry Co., Ltd. came from selling of disk brake and drum brake mostly, amounting 531 million baht and 413 million baht respectively. The income from selling of products of Bangkok Spring Industrial Co., Ltd. came from selling of leaf springs mostly amounting 705 million baht and 635 million baht respectively.

## Analysis of cost and expense

### Cost of sales and service

In the year 2007, the company had cost of sales for 3,882 million baht increasing 437 million baht from last year, or equal to 13%, according to the increasing sales proportion. When considering the proportion of cost of sales towards sales of the year 2007, equal to 78%, decreasing 3% from last year, resulted from decreasing in cost and benefit from the economy of scale.

### Sales and Administration Expenses

The company had the sales and administrative expenses in 2007 for 363 million baht increased by Baht 60 million from last year, or equal to 20% due to consolidated expense of the purchased foundry by Baht 15 million. The expense related to

the personnel increased by Baht 37 million and the expense on deliver of the goods and vehicular rent increased by Baht 9 million due to the increased of sales volume.

### Paid interest

The company produced the financial cost in 2007 at 119 million baht, an increase over the previous year by 25 million baht or 26% due to the borrowing of 146 million baht. And the borrowed amount increased by 100 million baht was to invest in a new subsidiary plant at Rayong province (Somboon Malleable Iron Industry Ltd.) at the MLR-1.25% per year, and 5.8% per annum respectively. This included the increased debt from a new subsidiary foundry (International Casting Products Ltd.) that it purchased for 308 million baht at the MLR-1% per annum.

### Corporate income tax

In the year 2007, the company had burden to pay the corporate income tax of 136 million baht increased from last year for 32 million baht or equal to 30% due to higher in sales.

### Profit from operation

The company had profit from operation excluding profit shares from investment in the subsidiary companies, paid interest and income tax in the year 2007, amounting 831 million baht increasing 200 million baht from last year or equal to 32% from the income from selling of products mainly.

### Net profit

In 2007 the company had a net profit of 591 million baht or 12% of the sales of goods that was higher than 2006, with a net profit of 443 million baht or 10% of the sales of goods. The profit to revenue ratio decreased by 2% due to 2007 received benefit from the increased sales, while exploited the cost of volume sales by the economics of scale.

## Analysis of financial status

### Assets

After considering the consolidated financial statement, the company had total assets on December 31, 2007 and December 31, 2006, or 5,461 million baht and 4,661 million baht respectively, an increase of 800 baht, or 17%. The main

reason was an increase in the permanent assets, which the Company purchased land in Rayong province and constructed plant buildings to expand the factory and purchased new machines. Also the investment in the production line expanded to support the increased demand and orders of the company group, trade debtors, including increased inventories due to higher sales volume, as well as the purchase of a subsidiary resulted in an increase of the assets by 516 million baht.

### Account receivable

The company had the net balance of account receivable as on December 31, 2007, equal to 897 million baht and equal to 784 million baht as on December 31, 2006. The increase of account receivable was because the quantity and price of products were increased. The net balance of account receivable as on December 31, 2007 reflected the average period of debt collection for about 61 days, in nearly the same level as that of the year 2006. For this, the debt payment period changed because large business customer groups having increasing sales were OEM groups that had relatively certain credit term.

### Investment

In 2007 the company changed the policy on recording the investment in the subsidiary to a specific finance from the gain & loss method to the costing method, according to the notification of Accounting Professional Council No. 26/2006 Re: Accounting standard No. 44 Re: Consolidated financial statement and accounting for investment in a subsidiary. It requires revising the records of investment accounting in a subsidiary, the business with joint control in financial statement in a particular business from the gain & loss method to the costing method. In the change of the accounting policy, the company has adjusted in retrospective the specific financial statement before showing the comparisons as if the company has recorded in the subsidiary according to the costing method all along. The investment in the subsidiary according to the costing method recorded in the specific balance sheet on December 31, 2007 was equal to 1,252 million baht, and December 31, 2006 the investment in the subsidiary according to the costing method recorded in the specific balance sheet was equal to 1,056 million baht, an increase of 196 million baht or 19%.

On October 17, 2005, the shareholders' extraordinary meeting of Somboon Malleable Iron Industry Co., Ltd. (a subsidiary company) had a special resolution to increase the registered capital from 184 million baht, to be 640 million

baht, issuing ordinary shares to increase capital amounting 456,000 shares; the value was specified at 1,000 baht per share, allocating total shares to increase the capital to the company; and taking all the money from such capital increasing to repay the loan debt to the company. The subsidiary company registered capital increasing with Ministry of Commerce on October 21, 2005. Furthermore, the shareholders' extraordinary meeting had special resolution to approve the reduction of registered capital from 640 million baht to 160 million baht, by changing the specified value of the ordinary shares of the subsidiary company from the value of 1,000 baht per share to the value of 250 million baht, taking the amount of reduction of capital amounting 480 million baht to compensating with the retained losses of the subsidiary company and the subsidiary company registered to reduce capital with Ministry of Commerce on March 2, 2006.

On October 17, 2005, the shareholders' extraordinary meeting of Bangkok Spring Industrial., Ltd. (a subsidiary company) had a special resolution to increase the registered capital from 106 million baht, to be 520 million baht, issuing ordinary shares to increase capital amounting 414,000 shares; the value was specified at 1,000 baht per share, allocating total shares to increase the capital to the company; and taking all the money from such capital increasing to repay the loan debt to the company. The subsidiary company registered capital increasing with Ministry of Commerce on October 21, 2005. Furthermore, the shareholders' extraordinary meeting had special resolution to approve the reduction of registered capital from 520 million baht to 130 million baht, by changing the specified value of the ordinary shares of the subsidiary company from the value of 1,000 baht per share to the value of 250 million baht, taking the amount of reduction of capital amounting 390 million baht to compensating with the retained losses of the subsidiary company and the subsidiary company registered to reduce capital with Ministry of Commerce on March 2, 2006.

During the year 2006 the extraordinary meetings of shareholders of the two subsidiary companies, namely, Somboon Malleable Iron Industry Co., Ltd. and Bangkok Spring Industrial Co., Ltd., had special resolution approving the reduction of registered capital of the two companies from 1,160 million baht to 290 million baht, by changing the specified value of ordinary shares of the subsidiary companies from the value of 1,000 baht per share to the value of 250 baht per share, taking the reduction of capital amounting 870 million baht to compensate for the retained losses of the two subsidiary companies. Such subsidiary companies registered reduction of capital with Ministry of Commerce on March 2, 2006.

During the year, the shareholders' extraordinary meeting of SAT Axle Technology Co., Ltd. (Subsidiary company) had special resolution to wind up the company. Such subsidiary company registered winding up the company with Ministry of Commerce on October 27, 2005 and the liquidation was completed on March 24, 2006.

During the year 2007, the Company had purchased the ordinary shares of International Casting Products Co., Ltd. At Baht 11 per share, total amount of Baht 165 million, and had increased the registered capital 35 million baht, total paid capital equal to Baht 185 million. The Company had deducted purchasing share guarantee by Baht 4 million, remaining investment capital in ICP total amount of Baht 161 million.

When the consolidated financial statement as on December 31, 2007 was considered, the company had net investment amount in related companies for 119 million baht investing in Yamada Somboon Co., Ltd., Nishinbo Somboon Automotive Co., Ltd., Somboon Somic Manufacturing Co., Ltd. and Sushiyoshi Somboon Coated Sand Co., Ltd. The company had cost for investment in such company in 2006 equal to 73 million baht.

## Land, building and equipment

Land, building and equipment of the company on December 31, 2007, amounting 3,486 million baht and in the year 2006, amounting 2,873 million baht. The increasing amount was 613 million baht or equal to 16% resulting from the subsidiaries company's construction of factory buildings and new machines for expanding the productivity at the Rayong Province factory, as well as the purchase of a subsidiary resulted in an increase of the assets by 507 million baht.

For this, the company had excessive capital from the evaluation of assets of the company and the subsidiary companies in the consolidated shareholders' equity on December 31, 2007, about 750 million baht. This was caused by the company evaluating of the value of land, building and equipment in the year 2003. The excessive capital from evaluation of the amortized assets according to the remaining service life of assets of each type.

## Liabilities

As of December 31, 2007 the company had consolidated liabilities of 3,207 million baht divided into short-term liabilities of 1,510 million baht, and long-term liabilities of 1,697 million baht, which were more than the previous year by 441 million

baht or 16%. As the trade creditors increased by 78 million baht from the quantities and prices of raw materials and production materials adjusted higher. The short-term loan came from the overdraft and imports of raw materials increased by 53 million baht, as well as the increased debts from the new subsidiary (purchasing of a foundry) by 307 million baht.

## Shareholders' equity

### Capital structure

The company had shareholders' equity as on December 31, 2007, equal to 2,254 million baht increasing from last year for 800 million baht or equal to 17%. The company had resolution to pay the dividend from the remaining profit of the year 2006 to the shareholders, amounting 75 million baht. The company paid the dividend on May 21, 2007.

On August 22, 2007 the meeting of the company board of directors had resolution to pay the interim dividend in the total amount of 90 million baht. The company paid the dividend on September 20, 2007.

For this on December 31, 2007, the company had the capital structure composed of consolidated liabilities of 3,207 million baht and shareholders' equity of 2,254 million baht equal to ratio of the liabilities to shareholders' equity for about 1.42 times.

## Analysis of Cash Flow Statement

From the consolidated financial statement ending on December 31, 2007 and on December 31, 2006, the company had the cash flow received from net operation amounting 896 and 497 million baht respectively. The cash flow from investment activities had negative 577 and 420 million baht respectively; resulting from buying of fixed assets in 2007, amounting 487 million baht and in the year 2006, the amount was 421 million baht for supporting the expansion of work in several projects of the company mainly and the cash flow received from money raising activities in negative amount of 289 million baht in the year 2007 resulting from payment of long-term loan. In the year 2006, the cash flow received from money raising activities in negative amount of 180 million baht from dividend payment.

# Financial Statements

# Report of Independent Auditor

## To The Shareholders of Somboon Advance Technology Public Company Limited

I have audited the accompanying consolidated balance sheets of Somboon Advance Technology Public Company Limited and its subsidiaries as at 31 December 2007 and 2006, the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended, and the separate financial statements of Somboon Advance Technology Public Company Limited for the same periods. These financial statements are the responsibility of the management of the Company and its subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Somboon Advance Technology Public Company Limited and its subsidiaries and of Somboon Advance Technology Public Company Limited as at 31 December 2007 and 2006, the results of their operations, and cash flows for the years then ended, in accordance with generally accepted accounting principles.

Without qualifying my opinion on the above financial statements, I draw attention to the matter as discussed in Note 4 to the financial statements whereby, effective 1 January 2007, the Company changed its accounting policy for recording investments in subsidiaries in the separate financial statements from the equity method to the cost method. The Company has thus restated the separate financial statements as at 31 December 2006 and for the year then ended to reflect this accounting change.



Vissuta Jariyathanakorn  
Certified Public Accountant (Thailand) No. 3853

Ernst & Young Office Limited  
Bangkok: 27 February 2008

# Balance Sheets

## Somboon Advance Technology Public Co., Ltd. and Its Subsidiaries As at 31 December 2007 and 2006

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006 <i>(Restated)</i>
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents		213,721,846	183,586,246	69,417,520	109,081,613
Current investment - restricted cash at bank	7	15,031,531	-	15,031,531	-
Trade accounts receivable - related parties	8, 9	50,073,030	62,050,963	2,724,940	2,811,028
Net trade accounts receivable - unrelated parties	8	847,261,665	722,480,963	365,272,239	303,510,822
Other receivable - related parties	9	-	-	4,298,706	18,873,009
Short-term loan to subsidiary company	9	-	-	-	43,000,000
Current portion of long-term loans to subsidiary companies	9	-	-	224,500,000	253,125,000
Inventories - net	10	447,922,328	461,416,491	152,666,470	168,891,181
Other current assets		102,908,537	44,756,931	15,963,545	13,590,196
<b>Total current assets</b>		<b>1,676,918,937</b>	<b>1,474,291,594</b>	<b>849,874,951</b>	<b>912,882,849</b>
<b>Non-current assets</b>					
Investments in subsidiary companies	11	-	-	1,252,018,452	1,055,984,217
Investments in associated companies	12	92,466,228	78,208,469	-	-
Other long-term investments - net	13	26,650,000	26,650,000	-	-
Long-term loans to subsidiary companies - net of current portion	9	-	-	636,555,600	708,385,600
Property, plant and equipment - net	14	3,485,871,845	2,873,178,054	1,041,311,434	1,104,946,757
Deposit for purchase land and machinery		27,273,416	84,706,500	10,899	240,000
Non-operating assets	15	107,779,100	108,919,905	-	-
Goodwill - net		17,934,556	-	-	-
Intangible assets - net	16	4,707,944	4,787,169	1,577,173	547,234
Other non-current assets		21,516,012	10,387,666	9,890,184	-
<b>Total non-current assets</b>		<b>3,784,199,101</b>	<b>3,186,837,763</b>	<b>2,941,363,742</b>	<b>2,870,103,808</b>
<b>TOTAL ASSETS</b>		<b>5,461,118,038</b>	<b>4,661,129,357</b>	<b>3,791,238,693</b>	<b>3,782,986,657</b>

The accompanying notes are an integral part of the financial statements.

## Balance Sheets (Cont.)

### Somboon Advance Technology Public Co., Ltd. and Its Subsidiaries As at 31 December 2007 and 2006

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006 <i>(Restated)</i>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loan from financial institution	17	19,930,185	799,124	-	-
Short-term loans from financial institution - trust receipts	18	111,091,666	88,588,280	-	-
Trade accounts payable - related parties	9	-	25,380	818,336	1,357,996
Trade accounts payable - unrelated parties		731,692,769	653,689,299	264,428,120	226,725,731
Other payable - related parties	9	-	-	639,615	-
Current portion of long-term loans	19	420,183,000	297,899,000	332,013,000	297,899,000
Current portion of finance lease contracts payable		3,963,178	4,644,742	3,296,179	2,192,870
<b>Other current liabilities</b>					
Accounts payable - purchases of assets		8,926,447	19,480,602	1,822,531	8,887,602
Income tax payable		65,863,653	48,710,624	11,633,710	10,460,042
Account payable - share subscription		11,066,084	-	11,066,084	-
Others		137,245,775	80,431,958	53,297,334	28,440,428
		223,101,959	148,623,184	77,819,659	47,788,072
<b>Total current liabilities</b>		<b>1,509,962,757</b>	<b>1,194,269,009</b>	<b>679,014,909</b>	<b>575,963,669</b>
<b>Non-current liabilities</b>					
Long-term loans - net of current portion	19	1,683,396,600	1,558,714,600	1,371,371,600	1,558,714,600
Finance lease contracts payable - net of current portion		6,770,804	3,600,350	6,247,920	2,657,337
Other non-current liabilities		6,897,892	9,511,923	8,670,229	9,511,923
<b>Total non-current liabilities</b>		<b>1,697,065,296</b>	<b>1,571,826,873</b>	<b>1,386,289,749</b>	<b>1,570,883,860</b>
<b>TOTAL LIABILITIES</b>		<b>3,207,028,053</b>	<b>2,766,095,882</b>	<b>2,065,304,658</b>	<b>2,146,847,529</b>

The accompanying notes are an integral part of the financial statements.

## Balance Sheets (Cont.)

Somboon Advance Technology Public Co., Ltd. and Its Subsidiaries  
As at 31 December 2007 and 2006

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006 <i>(Restated)</i>
<b>Shareholders' equity</b>					
Share capital					
Registered					
300,000,000 ordinary shares of Baht 1 each		300,000,000	300,000,000	300,000,000	300,000,000
Issued and paid-up					
300,000,000 ordinary shares of Baht 1 each		300,000,000	300,000,000	300,000,000	300,000,000
Share premium		84,562,861	84,562,861	84,562,861	84,562,861
Revaluation surplus on assets - the Company	20	86,260,695	97,600,723	86,260,695	97,600,723
Revaluation surplus on assets - subsidiaries	20	664,004,859	704,748,700	-	-
Retained earnings					
Appropriated					
Statutory reserve	22	30,000,000	30,000,000	30,000,000	30,000,000
Unappropriated		1,089,261,570	678,121,191	1,225,110,479	1,123,975,544
<b>Total shareholders' equity</b>		<b>2,254,089,985</b>	<b>1,895,033,475</b>	<b>1,725,934,035</b>	<b>1,636,139,128</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>5,461,118,038</b>	<b>4,661,129,357</b>	<b>3,791,238,693</b>	<b>3,782,986,657</b>
		0	0	0	0

The accompanying notes are an integral part of the financial statements.

# Income Statements

## Somboon Advance Technology Public Co., Ltd. and Its Subsidiaries For the Years Ended 31 December 2007 and 2006

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006 (Restated)
<b>Revenues</b>					
Revenues from sales and services		4,979,277,871	4,252,052,335	1,803,486,173	1,562,245,407
Interest income		3,423,644	5,274,376	57,097,791	53,071,734
Exchange gains		6,215,816	14,301,685	356,189	2,259,991
Other income		88,623,658	107,634,339	142,476,422	149,719,041
Share of retained earnings received from liquidation of subsidiary		-	-	-	49,114,717
Share of income from investments accounted for under the equity method		15,115,760	9,990,720	-	-
<b>Total revenues</b>		<b>5,092,656,749</b>	<b>4,389,253,455</b>	<b>2,003,416,575</b>	<b>1,816,410,890</b>
<b>Expenses</b>					
Cost of sales and services		3,882,422,340	3,444,983,340	1,329,992,962	1,229,636,535
Selling and administrative expenses		363,473,293	303,499,863	265,896,016	203,637,932
Amortisation of goodwill from business acquisition		512,416	-	-	-
<b>Total expenses</b>		<b>4,246,408,049</b>	<b>3,748,483,203</b>	<b>1,595,888,978</b>	<b>1,433,274,467</b>
Income before interest expense and corporate income tax		846,248,700	640,770,252	407,527,597	383,136,423
Interest expense		(119,419,301)	(94,237,909)	(102,694,210)	(87,464,708)
Corporate income tax	23	(135,689,020)	(103,931,434)	(23,698,452)	(22,742,307)
<b>Net income for the year</b>		<b>591,140,379</b>	<b>442,600,909</b>	<b>281,134,935</b>	<b>272,929,408</b>
<b>Basic earnings per share</b>					
Net income	25	1.97	1.48	0.94	0.91

The accompanying notes are an integral part of the financial statements.

## Statements of Cash Flow

### Somboon Advance Technology Public Co., Ltd. and Its Subsidiaries For the Years Ended 31 December 2007 and 2006

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006 <i>(Restated)</i>
<b>Cash flows from operating activities</b>				
Net income for the year	591,140,379	442,600,909	281,134,935	272,929,408
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation and amortisation	306,896,885	236,978,077	136,687,197	123,076,927
Unrealised loss (gain) on exchange	(1,169,257)	(2,373,423)	143,756	(149,041)
Gain on disposal of investments	-	(6,721,559)	-	-
Gain on disposal of fixed assets	(2,366,423)	(1,565,553)	-	(565,104)
Increase (decrease) in allowance for diminution in value of inventory	4,503,596	(3,039,474)	2,776,501	1,019,533
Written-off fixed assets and other assets	6,865,235	2,764,939	6,826,466	-
Loss on disposal of non-operating assets	20,805	7,800,000	-	-
Amortisation of fee for adjustment of interest rate - net	1,197,140	-	748,922	-
Share of earnings from liquidation of subsidiary	-	-	-	(49,114,717)
Share of income from investments accounted for under the equity method	(15,115,760)	(9,990,720)	-	-
Cash provided from operating activities before changes in operating assets and liabilities	891,972,600	666,453,196	428,317,777	347,197,006
Decrease (increase) in operating assets				
Trade accounts receivable - related parties	161,141,670	(24,905,230)	86,088	3,077,869
Trade accounts receivable - unrelated parties	(124,876,063)	(5,579,109)	(61,761,641)	11,593,245
Other receivable - related parties	(353,100)	72,760	14,574,303	(18,720,249)
Inventories	24,280,911	(60,464,209)	13,448,210	(70,551,471)
Other current assets	(45,197,646)	10,290,717	(3,688,873)	16,974,742
Other non-current assets	(6,128,346)	6,364,104	(6,673,421)	565,100
Increase (decrease) in operating liabilities				
Trade accounts payable - related parties	1,109,620	(26,747,347)	(539,660)	290,744
Trade accounts payable - unrelated parties	(53,515,838)	(5,232,400)	37,559,628	(62,730,118)
Other payable - related parties	-	-	639,614	-
Other current liabilities	45,765,840	(53,432,523)	28,420,666	(13,940,284)
Other liabilities	2,128,129	(9,926,769)	3,358,789	(5,759,479)
<b>Net cash provided from operating activities</b>	<b>896,327,777</b>	<b>496,893,190</b>	<b>453,741,480</b>	<b>207,997,105</b>

The accompanying notes are an integral part of the financial statements.

## Statements of Cash Flow (Cont.)

### Somboon Advance Technology Public Co., Ltd. and Its Subsidiaries For the Years Ended 31 December 2007 and 2006

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006 (Restated)
<b>Cash flows from investing activities</b>				
Cash payment for investment in subsidiary company (Note 11)	-	-	(185,000,000)	-
Net cash paid for purchase of subsidiary company (Note 11)	(149,701,986)	-	-	-
Cash paid for purchase of associated company	-	(2,007,360)	-	-
Proceeds from sale of other long-term investments	-	14,631,575	-	-
Dividend received from associated company	858,000	3,776,345	-	-
Decrease in other short-term loan	5,000,000	-	-	-
Decrease (increase) in short-term loan to subsidiary company	-	-	43,000,000	(23,000,000)
Fees for adjustment of interest rate on long-term loans to subsidiary companies	-	-	4,220,557	-
Increase in long-term loans to subsidiary companies	-	-	(114,000,000)	(60,000,000)
Long-term loans payment from subsidiary companies	-	-	214,455,000	186,489,400
Increase in other long-term loan	(5,000,000)	-	(5,000,000)	-
Decrease (increase) in deposit for purchases of fixed assets	57,433,084	(22,853,981)	240,000	(240,000)
Purchase of intangible assets	(2,195,652)	(1,035,267)	(1,259,635)	(552,178)
Acquisition of fixed assets	(486,974,716)	(420,524,115)	(90,160,743)	(207,661,906)
Proceeds from sales of fixed assets	2,366,423	870,058	-	729,752
Proceeds from sales of non-operating assets	1,120,000	7,180,760	-	-
<b>Net cash used in investing activities</b>	<b>(577,094,847)</b>	<b>(419,961,985)</b>	<b>(133,504,821)</b>	<b>(104,234,932)</b>
<b>Cash flows from financing activities</b>				
Increase in restricted cash at bank	(15,031,531)	-	(15,031,531)	-
Decrease in bank overdrafts	(26,284,063)	(24,214)	-	-
Increase (decrease) in trust receipt	22,792,486	(18,492,112)	-	-
Cash paid under finance leases	(2,904,109)	-	(3,199,108)	-
Cash received from long-term loans	246,000,000	128,000,000	146,000,000	128,000,000
Repayment of long-term loans	(325,229,000)	(153,990,000)	(299,229,000)	(153,990,000)
Repayment of short-term loan from subsidiary company	-	-	-	(3,405,253)
Fees for adjustment of interest rate on long-term loan	(8,441,113)	-	(8,441,113)	-
Dividend paid	(180,000,000)	(135,000,000)	(180,000,000)	(135,000,000)
<b>Net cash used in financing activities</b>	<b>(289,097,330)</b>	<b>(179,506,326)</b>	<b>(359,900,752)</b>	<b>(164,395,253)</b>
Net increase (decrease) in cash and cash equivalents	30,135,246	(102,575,121)	(39,664,093)	(60,633,080)
Cash and cash equivalents at beginning of the year	183,586,246	286,161,367	109,081,613	169,714,693
Cash and cash equivalents at end of the year	213,721,846	183,586,246	69,417,520	109,081,613
	0	0	0	0

The accompanying notes are an integral part of the financial statements.

## Statements of Cash Flow (Cont.)

### Somboon Advance Technology Public Co., Ltd. and Its Subsidiaries For the Years Ended 31 December 2007 and 2006

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006 <i>(Restated)</i>
Supplemental cash flows information				
Cash paid during the year for:				
Interest expense	191,203,059	95,915,223	101,679,346	87,464,708
Corporate income tax	124,178,462	124,732,113	25,138,815	29,052,592
Non-cash items				
Amortisation of revaluation surplus on assets	52,083,869	42,120,293	11,340,028	10,614,256
Write - off of revaluation surplus on assets damaged by fire	-	3,025,384	-	-
Undue installments for asset purchase	10,554,155	5,215,539	7,065,071	15,651,558
Purchase of vehicle under financial lease	7,893,000	5,108,523	7,893,000	3,450,000
Settlement of short-term loan from subsidiary against capital returned upon liquidation	-	-	-	92,114,296
Outstanding insurance claims	-	2,513,798	-	-
Transfer fixed assets to assets for sale	5,829,264	-	-	-
Other payable - share subscription	11,066,084	-	11,066,084	-

The accompanying notes are an integral part of the financial statements.

# Statements of Changes in Shareholders' Equity

Somboon Advance Technology Public Co., Ltd. and Its Subsidiaries  
For the Years Ended 31 December 2007 and 2006

(Unit: Baht)

## Consolidated financial statements

	Note	Issued and paid-up share capital	Share premium	Revaluation surplus on assets		Retained earnings		Total
				the Company	subsidiaries	Appropriated - statutory reserve	Unappropriated	
<b>Balance - as at 31 December 2005</b>		300,000,000	84,562,861	108,214,979	739,280,121	22,158,300	378,361,982	1,632,578,243
Amortisation of revaluation surplus on assets		-	-	(10,614,256)	(34,531,421)	-	-	(45,145,677)
Net income for the year		-	-	-	-	-	442,600,909	442,600,909
Transferred to statutory reserve		-	-	-	-	7,841,700	(7,841,700)	-
Dividend paid	21	-	-	-	-	-	(135,000,000)	(135,000,000)
<b>Balance - as at 31 December 2006</b>		300,000,000	84,562,861	97,600,723	704,748,700	30,000,000	678,121,191	1,895,033,475
<b>Balance - as at 31 December 2006</b>		300,000,000	84,562,861	97,600,723	704,748,700	30,000,000	678,121,191	1,895,033,475
Amortisation of revaluation surplus on assets		-	-	(11,340,028)	(40,743,841)	-	-	(52,083,869)
Net income for the year		-	-	-	-	-	591,140,379	591,140,379
Dividend paid	21	-	-	-	-	-	(180,000,000)	(180,000,000)
<b>Balance - as at 31 December 2007</b>		300,000,000	84,562,861	86,260,695	664,004,859	30,000,000	1,089,261,570	2,254,089,985

The accompanying notes are an integral part of the financial statements.

# Statements of Changes in Shareholders' Equity

Somboon Advance Technology Public Co., Ltd. and Its Subsidiaries  
For the Years Ended 31 December 2007 and 2006

(Unit: Baht)

## Separate financial statements

	Note	Issued and paid-up share capital	Share premium	Revaluation surplus on assets the Company	subsidiaries	Retained earnings		Total
						Appropriated - statutory reserve	Unappropriated	
<b>Balance - as at 31 December 2005, as previously reported</b>		300,000,000	84,562,861	108,214,979	739,280,121	22,158,300	378,361,982	1,632,578,243
Cumulative effect of the change in accounting policy for investments in subsidiaries	4	-	-	-	(739,280,121)	-	615,525,854	(123,754,267)
<b>Balance - as at 31 December 2005, as restated</b>		300,000,000	84,562,861	108,214,979	-	22,158,300	993,887,836	1,508,823,976
Amortisation of revaluation surplus on assets		-	-	(10,614,256)	-	-	-	(10,614,256)
Net income for the year - as restated		-	-	-	-	-	272,929,408	272,929,408
Transferred to statutory reserve		-	-	-	-	7,841,700	(7,841,700)	-
Dividend paid	21	-	-	-	-	-	(135,000,000)	(135,000,000)
<b>Balance - as at 31 December 2006, as restated</b>		300,000,000	84,562,861	97,600,723	-	30,000,000	851,046,136	1,363,209,720
<b>Balance - as at 31 December 2006, as previously reported</b>		300,000,000	84,562,861	97,600,723	704,748,700	30,000,000	678,121,191	1,895,033,475
Cumulative effect of the change in accounting policy for investments in subsidiaries	4	-	-	-	(704,748,700)	-	445,854,353	(258,894,347)
<b>Balance - as at 31 December 2006, as restated</b>		300,000,000	84,562,861	97,600,723	-	30,000,000	1,123,975,544	1,636,139,128
Amortisation of revaluation surplus on assets		-	-	(11,340,028)	-	-	-	(11,340,028)
Net income for the year		-	-	-	-	-	281,134,935	281,134,935
Dividend paid	21	-	-	-	-	-	(180,000,000)	(180,000,000)
<b>Balance - as at 31 December 2007</b>		300,000,000	84,562,861	86,260,695	-	30,000,000	1,225,110,479	1,725,934,035

The accompanying notes are an integral part of the financial statements.

# Notes to Consolidated Financial Statements

Somboon Advance Technology Public Co., Limited and Its Subsidiaries  
For The Years Ended 31 December 2007 and 2006

## 1. General information

Somboon Advance Technology Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company is Somboon Holding Company Limited, incorporated as a limited company under Thai laws. The Company operates in Thailand and is principally engaged in the manufacture of pick-up axles and truck trunnion shafts.

The Company’s registered address is 129 Moo 2, Bangna-Trad Road, Tambon Bangchalong, Amphur Bangplee, Samutprakarn.

## 2. Basis of preparation

The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547. The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 14 September 2001, issued under the Accounting Act B.E. 2543.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

## 3. Basis of consolidation

The consolidated financial statements include the financial statements for the years ended 31 December 2007 and 2006 of the Company and the following subsidiary companies, with the new investment in a subsidiary during the year 2007 described in Note 11.

Subsidiaries	% of shareholding		Principal activities
	2007	2006	
Somboon Malleable Iron Industrial Company Limited	100	100	Manufacture and sale of autoparts
Bangkok Spring Industrial Company Limited	100	100	Manufacture and sale of autoparts
International Casting Products Company Limited	100	-	Manufacture and sale of autoparts

The percentage of the assets and revenues of the subsidiaries as included in the consolidated financial statements as at 31 December 2007 and 2006 are as follows:

Subsidiaries	Assets as a percentage of the total assets included in the consolidated balance sheets		Revenues as a percentage of the total revenues included in the consolidated statements of income	
	2007	2006	2007	2006
Somboon Malleable Iron Industrial Company Limited	29.24	29.20	38.61	37.30
Bangkok Spring Industrial Company Limited	30.25	34.27	26.48	26.24
International Casting Products Company Limited	11.79	-	5.38	-

Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements. Investments in the subsidiary companies as recorded in the Company’s books of account are eliminated against the equity of the subsidiary companies. The resultant differences are amortised over a period of 15 years commencing as from the date of acquisition of the investment.

The separate financial statements, which present investments in subsidiaries presented under the cost method, have been prepared solely for the benefit of the public.

## 4. Change in accounting policy for recording investments in subsidiaries in the separate financial statements

During the first quarter of the current year, the Company changed its accounting policy for recording investments in subsidiaries in the separate financial statements from the equity method to the cost method, in compliance with Accounting Standard No. 44 (Revised 2007) regarding “Consolidated Financial Statements and Separate Financial Statements”, under which investments in subsidiaries, jointly

controlled entities and associates are to be presented in the separate financial statements under the cost method.

In this regard, the Company has restated the previous period's separate financial statements as though the investments in the subsidiaries had originally been recorded using the cost method. The change has the effect of decreasing net income in the separate income statements for the years ended 31 December 2007 and 2006 by Baht 310 million (Baht 1.03 per share) and Baht 170 million (Baht 0.57 per share), respectively. The cumulative effect of the change in accounting policy has been presented under the heading of "Cumulative effect of the change in accounting policy for investments in subsidiaries" in the separate statements of changes in shareholders' equity.

Such change in accounting policy affects only the accounts related to investments in subsidiaries in the Company's separate financial statements, with no effect to the consolidated financial statements.

## 5. Adoption of new accounting standards

The Federation of Accounting Professions (FAP) has issued Notifications No. 9/2550, 38/2550 and 62/2550 regarding Accounting Standards. The notifications mandate the use of the following new Accounting Standards.

### a) Thai Accounting Standards which are effective for the current year

TAS 44 (revised 2007)	Consolidated Financial Statements and Separate Financial Statements
TAS 45 (revised 2007)	Investments in Associates
TAS 46 (revised 2007)	Interests in Joint Ventures

These accounting standards become effective for the financial statements for fiscal years beginning on or after 1 January 2007. During the first quarter of the current year, the Company changed its accounting policy for recording investments in subsidiaries in the separate financial statements in order to comply with the revised Thai Accounting Standards No. 44 as discussed in Note 4.

### b) Thai Accounting Standards which are not effective for the current year

TAS 25 (revised 2007)	Cash Flow Statements
TAS 29 (revised 2007)	Leases
TAS 31 (revised 2007)	Inventories
TAS 33 (revised 2007)	Borrowing Costs
TAS 35 (revised 2007)	Presentation of Financial Statements
TAS 39 (revised 2007)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 41 (revised 2007)	Interim Financial Reporting
TAS 43 (revised 2007)	Business Combinations
TAS 49 (revised 2007)	Construction Contracts
TAS 51	Intangible Assets

These accounting standards will become effective for the financial statements for fiscal years beginning on or after 1 January 2008. The management has assessed the effect of these revised accounting standards and believes that they will not have any significant impact on the financial statements for the year in which they are initially applied, except for the following accounting standard.

#### ***TAS 43 (revised 2007) "Business Combinations"***

TAS 43 (revised 2007) does not require the Company to amortise goodwill acquired in a business combination. Such goodwill is instead to be tested for impairment, and measured at cost less accumulated impairment losses. This accounting standard applies to goodwill arising from business combinations for which the agreement date is on or after 1 January 2008. Previously recognised goodwill can be accounted for prospectively, with the Company discontinuing the amortisation of the goodwill and instead testing for impairment, as from the beginning of the first fiscal year starting on or after 1 January 2008.

## 6. Significant accounting policies

### 6.1 Revenue recognition

#### *Sales of goods*

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

#### *Rendering of services*

Service revenue is recognised when services have been rendered taking into account the stage of completion.

#### *Interest income*

Interest income is recognised as interest accrues based on the effective rate method.

#### *Dividends*

Dividends are recognised when the right to receive the dividends is established.

### 6.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cash at bank, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

### 6.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is based on collection experience and current status of receivables outstanding at the balance sheet date.

### 6.4 Inventories

Finished goods and work in process are valued at the lower of cost (average basis) and net realisable value. Cost of finished goods and work in process includes cost of raw materials, direct labour and factory overheads.

Raw materials, spare parts and factory supplies are valued at the lower of cost (first-in, first-out basis) and net realisable value and are charged to production costs whenever consumed.

Allowance for diminution in value of inventory will be set up for old, obsolete, slow-moving or deteriorated inventories.

### 6.5 Investments

Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method, whereby the investments are recorded at cost at the acquisition date and, for each subsequent year, adjusted to incorporate the proportionate share of the operating results in the associated companies.

Investments in non-marketable equity securities, which are classified as other investments, are stated at cost net of allowance for loss on diminution in value (if any).

The weighted average method is used for computation of the cost of investments.

### 6.6 Property, plant and equipment/Depreciation

Land is stated at revalued amount. Buildings and equipment are stated at cost/revalued amount less accumulated depreciation and allowance for loss on impairment of assets (if any).

Land, buildings and equipment are initially recorded at cost on the acquisition date, and subsequently revalued by an independent appraiser to their fair values. Revaluations will be made with sufficient regularity to ensure that the carrying amount of the assets does not differ materially from their fair value at the balance sheet date. This excludes land, buildings and machinery of a subsidiary, which are stated at cost, but the difference in accounting policy is adjusted for in the consolidated financial statements for the year ended 31 December 2007.

Differences arising from revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of a revaluation, the increase should be credited directly to shareholders' equity under the heading of "Revaluation surplus on assets". However, a revaluation increase should be recognised as income to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense in the income statement.

Depreciation of plant and equipment is calculated by reference to their cost or the revalued amount on the straight-line basis over the following estimated useful lives:

	The Company	Subsidiaries
Land improvement, buildings and other premises	20 - 30 years	20 - 40 years
Machinery	5 - 18 years	5 - 18 years
Tools and factory equipment	5 years	5 years
Fixtures and office equipment	3 - 5 years	3 - 5 years
Motor vehicles	5 years	5 years

No depreciation has been provided for land and construction in progress.

Depreciation of assets which have been revalued as included in income statement is calculated by using straight-line basis over the remainder of their estimated useful lives. Depreciation of assets which have been devalued through appraisal is calculated on the revalued amount. Depreciation of assets of which the value has increased through appraisal is calculated based on cost.

Depreciation attributed to the surplus portion is deducted against revaluation surplus in shareholders' equity.

### 6.7 Borrowing cost

Interest on borrowings used in building construction is capitalised as part of the building until the building is ready for its intended use. Such interest comprises actual interest expense less any return on current investment of the borrowings obtained specifically for the building construction.

- When an asset's carrying amount is decreased as a result of a revaluation, the decrease should be recognised as an expense in the income statement. However, a revaluation decrease should be charged directly against any related "Revaluation surplus on assets" to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same asset. Any excess amount is to be recognised as an expense in the income statement.

### 6.8 Non-operating assets

Non-operating assets are stated at cost less allowance for impairment (if any).

### 6.9 Intangible assets and amortisation

Computer software is stated at cost less accumulated amortisation. Amortisation is calculated by reference to cost on a straight-line basis over the expected future period of 5 years. The amortisation is included in determining income.

### 6.10 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

### **6.11 Finance leases**

Leases of assets which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to the income statements over the lease period. The asset acquired under finance lease is depreciated over the useful life of the asset.

### **6.12 Foreign currencies**

Foreign currency transactions are translated into Baht at the exchange rates ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currencies outstanding at the balance sheet date are translated into Baht at the exchange rates ruling on the balance sheet date.

Gains and losses on exchange are included in determining income.

### **6.13 Impairment of assets**

The Company and its subsidiary companies assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Company and its subsidiary companies make an estimate of the asset's recoverable amount. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the income statement. An asset's recoverable amount is the higher of fair value less costs to sell and value in use.

### **6.14 Employee benefits**

Salaries, wages, bonuses and contributions to the social security fund and provident fund are recognised as expenses when incurred.

### **6.15 Income tax**

Income tax is provided for in the accounts based on taxable profit determined in accordance with tax legislation.

### **6.16 Forward exchange contracts**

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling on the balance sheet. Gains and losses from the translation are included in determining income. Premiums or discounts on forward exchange contracts are amortised on a straight-line basis over the contract periods.

### **6.17 Use of accounting estimates**

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions in certain circumstances, affecting amounts reported in these financial statements and related notes. Actual results could differ from these estimates.

## **7. Current investment - restricted cash at bank**

As at 31 December 2007, restricted cash at bank comprises a deposit placed in an escrow account in order to guarantee the balance under the agreement to purchase investment in International Casting Products Company Limited, payable in six months, counting from 25 July 2007.

## **8. Trade accounts receivable**

The outstanding balances of trade accounts receivable as at 31 December 2007 and 2006 are aged, based on due date, as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
<b>Trade accounts receivable - related parties</b>				
Not yet due	39,865,706	29,297,434	2,724,940	2,811,028
Overdue - less than 3 months	10,207,324	32,753,529	-	-
Total	50,073,030	62,050,963	2,724,940	2,811,028
<b>Trade accounts receivable - unrelated parties</b>				
Not yet due	843,266,400	711,615,878	365,272,239	299,980,912
Overdue				
Less than 3 months	3,939,610	8,829,432	-	3,529,910
3 - 12 months	55,655	2,035,653	-	-
Over 12 months	4,723,915	4,723,915	-	-
Total	851,985,580	727,204,878	365,272,239	303,510,822
Less: Allowance for doubtful accounts	(4,723,915)	(4,723,915)	-	-
Net	847,261,665	722,480,963	365,272,239	303,510,822

## 9. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties, which have been concluded on commercial terms and bases agreed upon between the Company and those companies. Below is a summary of those transactions.

(Unit: Million Baht)

	Consolidated financial statements		Pricing Policy
	2007	2006	
<u>Transactions with related parties</u>			
Sales of goods	140.6	151.3	Cost plus a margin of 15% - 25% (2006: Cost plus a margin of 10% - 20%)

(Unit: Million Baht)

	Separate financial statements		Pricing Policy
	2007	2006	
<u>Transactions with subsidiary companies</u>			
Facilities income	13.7	13.2	Approximates cost
Interest income	54.1	48.4	4.5%, MOR, MLR-1%, MLR-1.25% and MLR-1.75% per annum

(Unit: Million Baht)

	Separate financial statements		Pricing Policy
	2007	2006	
<u>Transactions with subsidiary companies</u>			
Management fee income	99.9	97.6	Approximates cost
Sales of scraps	5.9	4.4	Market prices
Purchases of goods	5.1	4.8	Cost plus a margin of 15% - 30%
Rental expense	-	1.2	Rental fee of Baht 0.10 million per month
Facilities expense	2.2	2.6	Approximates cost
<u>Transactions with related parties</u>			
Sales of goods	8.3	4.0	Cost plus a margin of 15% - 25% (2006: Cost plus a margin of 10% - 20%)

As at 31 December 2007 and 2006, the Company and its subsidiaries had the following outstanding balances with their related parties:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
<u>Trade accounts receivable - related parties</u>				
<b>Subsidiaries</b>				
Somboon Malleable Iron Industrial				
Company Limited	-	-	808,243	808,004
Bangkok Spring Industrial Company Limited	-	-	-	2,996
<b>Related companies</b>				
Yongkee (1995) Company Limited	48,013,180	61,944,177	1,916,697	2,000,028
Automotive Product Import and Export Center Company Limited	2,059,850	106,786	-	-
	<u>50,073,030</u>	<u>62,050,963</u>	<u>2,724,940</u>	<u>2,811,028</u>
<u>Other receivable - related parties</u>				
<b>Subsidiaries</b>				
Somboon Malleable Iron Industrial				
Company Limited	-	-	2,866,185	3,230,184
Bangkok Spring Industrial Company Limited	-	-	761,409	15,642,825
International Casting Products Company Limited	-	-	671,112	-
	<u>-</u>	<u>-</u>	<u>4,298,706</u>	<u>18,873,009</u>
<u>Short-term loan to subsidiary company</u>				
Bangkok Spring Industrial Company Limited	-	-	-	43,000,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,000,000</u>

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
<b>Long-term loans to subsidiary companies</b>				
Somboon Malleable Iron Industrial Company Limited	-	-	478,055,600	498,510,600
Bangkok Spring Industrial Company Limited	-	-	383,000,000	463,000,000
	-	-	861,055,600	961,510,600
<b>Trade accounts payable - related parties</b>				
<b>Subsidiaries</b>				
Somboon Malleable Iron Industrial Company Limited	-	-	17,292	108,117
Bangkok Spring Industrial Company Limited	-	-	801,044	1,249,879
<b>Related company</b>				
Tsuchiyoshi Somboon Coated Sand Company Limited	-	25,380	-	-
	-	25,380	818,336	1,357,996
<b>Other payable - related parties</b>				
<b>Subsidiaries</b>				
Somboon Malleable Iron Industrial Company Limited	-	-	10,625	-
Bangkok Spring Industrial Company Limited	-	-	628,990	-
	-	-	639,615	-

During the year 2007, the balances of loans to subsidiary companies have movements as follows:

(Unit: Baht)

	Separate financial statements			
	31 December 2006	During the year		31 December 2007
		Increase	Decrease	
<b>Short-term loan to subsidiary company</b>				
Bangkok Spring Industrial Company Limited	43,000,000	-	(43,000,000)	-
	43,000,000	-	(43,000,000)	-
<b>Long-term loans to subsidiary companies</b>				
Somboon Malleable Iron Industrial Company Limited	498,510,600	114,000,000	(134,455,000)	478,055,600
Bangkok Spring Industrial Company Limited	463,000,000	-	(80,000,000)	383,000,000
	961,510,600	114,000,000	(214,455,000)	861,055,600

Long-term loans to Somboon Malleable Iron Industrial Company Limited as at 31 December 2007 consists of a loan of Baht 317 million that is to be repaid on a quarterly basis over 8 years, from June 2004 to December 2011. The loan carries interest at a rate of 4.5% per annum for a period of 3 years and subsequently at MLR per annum, with interest payable on a monthly basis. During the year 2007, the Company agreed to amendments to the loan agreement, whereby the interest rate was changed to MLR-1.75% per annum. Baht 9 million of the outstanding loan balance is repayable on a quarterly basis over 3 years, from March 2006 to June 2008 and carry interest at a rate of MLR-1% per annum, payable on a monthly basis; and Baht 152 million of the outstanding loans is repayable on a monthly basis over 5 years, from January 2007 to September 2011, and carry interest at a rate of MLR-1.25% per annum, payable on a monthly basis.

Long-term loans to Bangkok Spring Industrial Company Limited were to be repaid on a quarterly basis over 9 years, from June 2004 to March 2012. The loans carried interest at a rate of 4.5% per annum for a period of 3 years and subsequently at MLR per annum, with interest payable on a monthly basis. During the year 2007, the Company agreed to extend the term of the long-term loan by 6 months and change the interest rate to MLR-1.75% per annum.

### Directors and management's remuneration

In 2007 the Company and its subsidiaries paid salaries, meeting allowances and gratuities to their directors and management totaling Baht 7.7 million (Separate financial statement: Baht 6.8 million) (2006: Baht 7.0 million, Separate financial statement: Baht 6.3 million).

## 10. Inventories

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
Raw materials	159,167,567	186,719,485	67,104,464	66,713,644
Work in process	78,347,038	75,386,336	21,534,118	28,603,188
Finished goods	55,597,605	72,705,871	14,024,277	22,688,093
Spare parts and factory supplies	103,082,544	97,905,253	50,806,309	51,793,704
Goods in transit	61,537,093	34,005,469	2,993,336	112,085
Total	457,731,847	466,722,414	156,462,504	169,910,714
Less: Allowance for diminution in value of inventory	(9,809,519)	(5,305,923)	(3,796,034)	(1,019,533)
Inventories - net	447,922,328	461,416,491	152,666,470	168,891,181

## 11. Investments in subsidiaries

(Unit: Thousand Baht)

Company's name	Paid-up share capital		Separate financial statements	
	2007	2006	2007	2006
Somboon Malleable Iron Industrial Company Limited	160,000	160,000	535,995	535,995
Bangkok Spring Industrial Company Limited	130,000	130,000	519,989	519,989
International Casting Products Company Limited	185,000	-	196,034	-
Total investments in subsidiaries			1,252,018	1,055,984

On 24 July 2007, an extraordinary meeting of the Company's shareholders passed a resolution to purchase 15 million ordinary shares of International Casting Products Company Limited with a par value of Baht 10 from its existing shareholders at a price of Baht 11 per share, for a total of Baht 165 million. The shares were transferred on 25 July 2007 and the Company paid Baht 150 million for the shares on the same day. The remaining amount of Baht 15 million

was deposited in an escrow account to guarantee payment of the balance due in accordance with the agreement, in six months, counting from 25 July 2007. On 1 February 2008, the Company reached agreement with the counterparty to reduce the purchase price by Baht 4 million.

The fair value of net assets of such subsidiary company at the investment date consisted of the following:

	(Unit: Thousand Baht)
Cash on hand and at bank	267
Trade accounts receivable	149,164
Inventories	15,290
Property, plant and equipment - net	499,447
Other assets	12,123
Total assets	676,291
Bank overdrafts and short-term loans from financial institution	(30,415)
Trade accounts payable	(132,283)
Other short-term loan	(15,000)
Long-term loans from financial institution	(326,195)
Other liabilities	(29,811)
Total liabilities	(533,704)
Fair value of net assets acquired	142,587
Goodwill	18,447
Purchase price	161,034
Less: Cash of subsidiary company	(266)
Other payable - share subscription	(11,066)
Net cash paid for purchase of subsidiary company	149,702

Goodwill from business acquisition amounting to Baht 18 million is amortised on a straight-line basis over a period of 15 years.

In addition, on 24 July 2007, the extraordinary meeting of the Company's shareholders passed a resolution to increase investment in International Casting Products Company Limited by Baht 35 million. The Company purchased additional shares in that company on 20 August 2007.

As at 31 December 2007, the Company has pledged 15 million shares of International Casting Products Company Limited as collateral for short-term and long-term credit facilities of the subsidiary with a commercial bank.

## 12. Investment in associated companies

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Paid-up share capital	Shareholding %		Consolidated financial statements					
						Cost		Carrying amounts based on equity method			
						2007	2006	2007	2006		
						%	%				
<u>Associated company held through Somboon</u>											
<u>Malleable Iron Industrial Company Limited</u>											
Tsuchiyoshi Somboon Coated Sand Company Limited	Manufacture and sale of coated sand	Thai	72,000	21.25	21.25	15,300	15,300	27,440	27,584		
<u>Associated company held through</u>											
<u>Bangkok Spring Industrial Company Limited</u>											
Yamada Somboon Company Limited	Manufacture and sale of autoparts	Thai	150,000	20.00	20.00	30,807	30,807	65,026	50,624		
Total investment in associated companies						46,107	46,107	92,466	78,208		

(Unit: Thousand Baht)

Company's name	Consolidated financial statements			
	Share of income (loss) from investments in associates during the year		Dividend received during the year	
	2007	2006	2007	2006
Tsuchiyoshi Somboon Coated Sand Company Limited	(144)	7,302	-	1,530
Yamada Somboon Company Limited	15,260	2,688	858	2,246
Total	15,116	9,990	858	3,776

The investment in Tsuchiyoshi Somboon Coated Sand Company Limited, accounted for under the equity method, was calculated based on audited financial statements of that company for the year ended 31 March 2007 and unaudited/unreviewed financial statements of the company for the nine-month period ended 31 December 2007 prepared by its management.

The investment in Yamada Somboon Company Limited, accounted for under the equity method was calculated based on audited financial statements of that company for the year ended 31 December 2007.

## Summarised financial information of associates

(Unit: Million Baht)

Company's name	Paid-up capital as at 31 December		Total assets as at 31 December		Total liabilities as at 31 December		Total revenues for the year ended 31 December		Net income (loss) for the year ended 31 December	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Tsuchiyoshi Somboon Coated Sand Company Limited	72	72	236	258	106	128	196	216	(1)	12
Yamada Somboon Company Limited	150	150	1,637	1,439	1,313	1,185	1,794	1,398	75	15

## 13. Long-term investments

(Unit: Thousand Baht)

Company's name	Principal activity	Paid-up share capital	Shareholding %		Consolidated financial statements	
			2007	2006	Cost	
			2007	2006	2007	2006
			%	%		
Nishinbo Somboon Automotive Company Limited	Manufacture and sale of Autoparts and brake Systems	732,600	2.90	2.90	21,250	21,250
Somboon Somic Manufacturing Company Limited	Manufacture and sale of Autoparts	300,000	1.80	1.80	5,400	5,400
Total					26,650	26,650

## 14. Property, plant and equipment

### Consolidated financial statements

(Unit: Baht)

	Assets carried at the revalued amount			Assets carried at cost				Total
	Land	Land improvement, buildings and other premises	Machinery	Tools and factory equipment	Fixtures and office equipment	Motor vehicles	Construction / Installation in progress	
<b>At cost/at revaluation</b>								
31 December 2006	680,395,868	426,988,396	2,387,996,247	301,567,712	65,241,334	33,802,698	149,033,401	4,045,025,656
Acquisition of subsidiary	33,100,000	83,262,567	425,319,674	23,575,462	6,093,385	1,253,094	939,000	573,543,182
Acquisition	68,992,932	12,795,320	19,937,899	29,626,840	7,060,650	7,893,000	347,679,435	493,986,076
Disposal/written-off	-	(5,938,332)	(29,144,773)	(19,271,067)	(3,442,337)	(7,349,918)	(20,052,056)	(85,198,483)
Transfer in (transfer out)	-	135,286,803	151,734,298	15,479,325	372,759	-	(302,873,185)	-
31 December 2007	782,488,800	652,394,754	2,955,843,345	350,978,272	75,325,791	35,598,874	174,726,595	5,027,356,431

## Consolidated financial statements

(Unit: Baht)

	Assets carried at the revalued amount			Assets carried at cost				Total
	Land	Land improvement, buildings and other premises	Machinery	Tools and factory equipment	Fixtures and office equipment	Motor vehicles	Construction / Installation in progress	
<b>Accumulated depreciation</b>								
31 December 2006	-	129,531,580	782,799,696	183,087,765	52,636,135	23,792,426	-	1,171,847,602
Acquisition of subsidiary	-	11,573,567	51,359,185	6,433,828	4,087,097	642,453	-	74,096,130
Depreciation for the year	-	21,037,230	222,497,540	41,089,079	9,388,820	3,887,461	-	297,900,130
Depreciation of revaluation surplus	-	3,009,466	49,074,403	-	-	-	-	52,083,869
Depreciation for disposal/ written-off	-	(582,964)	(27,797,270)	(15,366,466)	(3,346,541)	(7,349,904)	-	(54,443,145)
31 December 2007	-	164,568,879	1,077,933,554	215,244,206	62,765,511	20,972,436	-	1,541,484,586
<b>Net book value</b>								
31 December 2006	680,395,868	297,456,816	1,605,196,551	118,479,947	12,605,199	10,010,272	149,033,401	2,873,178,054
31 December 2007	782,488,800	487,825,875	1,877,909,791	135,734,066	12,560,280	14,626,438	174,726,595	3,485,871,845
<b>Depreciation for the year</b>								
2006								234,591,234
2007								297,900,130

## Separate financial statements

(Unit: Baht)

	Assets carried at the revalued amount			Assets carried at cost				Total
	Land	Land improvement, buildings and other premises	Machinery	Tools and factory equipment	Fixtures and office equipment	Motor vehicles	Construction / Installation in progress	
<b>At cost/at revaluation</b>								
31 December 2006	90,141,438	138,987,379	1,096,442,248	73,105,557	23,411,764	12,046,971	18,054,346	1,452,189,703
Acquisition	-	374,870	2,734,048	2,490,367	3,307,361	7,893,000	74,189,025	90,988,671
Disposal / written-off	-	-	(1,631,125)	(5,564,573)	(262,638)	(2,032)	(6,544,098)	(14,004,466)
Transfer in (transfer out)	-	2,406,013	32,926,761	166,903	192,788	-	(35,692,465)	-
31 December 2007	90,141,438	141,768,262	1,130,471,932	70,198,254	26,649,275	19,937,939	50,006,808	1,529,173,908

## Separate financial statements

(Unit: Baht)

	Assets carried at the revalued amount			Assets carried at cost				Total
	Land	Land improvement, buildings and other premises	Machinery	Tools and factory equipment	Fixtures and office equipment	Motor vehicles	Construction / Installation in progress	
<b>Accumulated depreciation</b>								
31 December 2006	-	25,189,561	273,281,417	34,629,312	9,903,203	4,239,453	-	347,242,946
Depreciation for the year	-	6,273,256	109,972,807	11,846,515	5,470,983	2,893,939	-	136,457,500
Depreciation of revaluation surplus	-	487,599	10,852,429	-	-	-	-	11,340,028
Depreciation for disposal/written-off	-	-	(1,631,118)	(5,292,643)	(252,208)	(2,031)	-	(7,178,000)
31 December 2007	-	31,950,416	392,475,535	41,183,184	15,121,978	7,131,361	-	487,862,474
<b>Net book value</b>								
31 December 2006	90,141,438	113,797,818	823,160,831	38,476,245	13,508,561	7,807,518	18,054,346	1,104,946,757
31 December 2007	90,141,438	109,817,846	737,996,397	29,015,070	11,527,297	12,806,578	50,006,808	1,041,311,434
<b>Depreciation for the year</b>								
2006								122,949,448
2007								136,457,500

In July 2003, the Company's land, buildings and machinery were reappraised at fair value by an independent appraiser. The Company recorded the resulting increases in asset values, totaling of approximately Baht 138.1 million, in "Revaluation surplus on assets" in shareholders' equity and recorded the revaluation decreases, totaling of approximately Baht 40.4 million, as an expenses in the statement of earnings. The basis

for such revaluations were the fair market value for land and the replacement cost for buildings and machinery.

Had the land, buildings and machinery been carried in the financial statements based on cost, their net book value as of 31 December 2007 and 2006 would have been as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
Land	291,167,115	189,074,183	78,068,138	78,068,188
Land improvement, buildings and other premises	437,029,386	243,650,862	100,274,264	103,766,637
Machinery	1,669,762,411	1,347,974,767	673,352,532	747,664,539

As at 31 December 2007 and 2006, certain building and equipment items of the Company and its subsidiaries have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets amounted to Baht 318.6 million and Baht 346.8 million, respectively (Separate financial statements: amounting to Baht 22.4 million and Baht 19.4 million, respectively).

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

The Company and its subsidiaries calculate depreciation to be charged to the income statements based on the historical costs of the assets. However, had the depreciation charge been calculated based on the revalued amounts, net income for the years 2007 and 2006, and earnings per share would have been changed to the following:

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
Net income (Million Baht)	539.1	397.5	272.4	262.3
Basic earnings per share (Baht per share)	1.80	1.32	0.91	0.87

## 15. Non-operating assets

(Unit: Baht)

	Consolidated financial statements	
	2007	2006
Land	107,779,100	107,779,100
Condominium units	-	1,140,805
Total non-operating assets	107,779,100	108,919,905

Land title deeds of its subsidiary have been placed as collateral for credit facilities of the Company.

## 16. Intangible assets

(Unit: Baht)

	Consolidated financial statements	Separate financial statements
	Computer software	Computer software
Net book value as at 1 January 2007	4,787,169	547,234
Increase	2,195,652	1,259,635
Amortisation during the year	(2,274,877)	(229,696)
Net	4,707,944	1,577,173

## 17. Bank overdrafts and short-term loan from financial institution

(Unit: Baht)

	Interest rate	Consolidated financial statements	
	(% per annum)	2007	2006
Bank overdrafts	MOR	4,930,185	799,124
Short-term loan from financial institution	MLR-0.5%	15,000,000	-
Total		19,930,185	799,124

The bank overdrafts are secured by the mortgage of the majority of the Company's and its two subsidiaries' land with premises and part of their machinery, and guarantees provided by certain directors of the Company and its subsidiaries. Short-term loan from financial institution is secured by the mortgage of the majority of a subsidiary's land with premises and machinery, and the pledge of some of the subsidiary's shares.

## 18. Short-term loans from financial institution-trust receipts

Trust receipts carry interest at rates of 5.25% to 6.92%, and are secured by the pledge of inventories of a subsidiary, the mortgage of the majority of the Company's and its two subsidiaries' land with premises and part of their machinery, and guarantees provided by certain directors of the Company and its subsidiaries.

## 19. Long-term loans

Loan	Interest rate (%)	Repayment schedule	(Unit: Million Baht)			
			Consolidated financial statements		Separate financial statements	
			2007	2006	2007	2006
1	4.5% per annum for 3 years and subsequently at MLR per annum. On 27 April 2007 the interest was changed to MLR-1.75% per annum	Installments as a period of 3 months from 2004 to 2013	1,493	1,750	1,493	1,750
2	MLR-1.25% per annum for a period of 2 years and subsequently at MLR-1% per annum	Monthly installments as from 2006 to 2010	58	82	58	82
3	MLR-1.25%	Monthly installments as from 2006 to 2011	152	25	152	25
4	MLR-1% per annum for 2 years and subsequently at MLR-0.5% per annum	Monthly installments as from 2007 to 2013	308	-	-	-
5	5.8% per annum	Monthly installments as from 2008 to 2010	93	-	-	-
Total			2,104	1,857	1,703	1,857
Less: Current portion			(421)	(298)	(332)	(298)
Net			1,683	1,559	1,371	1,559

The loan agreements of the Company contains certain covenants which must be complied with while utilising the credit facility, pertaining to matters, such as the investment or granting of loans which requires a prior approval from the bank, the creation of lien and the maintenance of the total debt to equity ratio stipulated by the bank.

The loan agreements of subsidiary companies contain certain covenants which must be complied with while utilising the credit facility, pertaining to matters such as the investment or granting of loans which requires a prior approval from the

bank, the creation of lien and the maintenance of the total debt to equity ratio stipulated by the bank. Furthermore, a subsidiary has the conditions of 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 restricted by the bank.

The agreements are secured by the mortgage of a majority of the land with premises and machinery of the Company and its subsidiaries and guaranteed by certain directors of the Company and its subsidiaries.

## 20. Revaluation surplus on assets

During the year 2007, movement in the balance of revaluation surplus on assets was as follows:

### Revaluation surplus on assets - the Company

	(Unit: Baht)			
	Land	Building and other premises	Machinery	Total
Balance - beginning of the year 2007	12,073,250	10,031,181	75,496,292	97,600,723
Amortisation on revaluation surplus	-	(487,599)	(10,852,429)	(11,340,028)
Balance - end of the year 2007	12,073,250	9,543,582	64,643,863	86,260,695

## Revaluation surplus on assets - the subsidiaries

(Unit: Baht)

	Land	Building and other premises	Machinery	Total
Balance - beginning of the year 2007	479,248,435	43,774,773	181,725,492	704,748,700
Amortisation on revaluation surplus	-	(2,521,866)	(38,221,975)	(40,743,841)
Balance - end of the year 2007	479,248,435	41,252,907	143,503,517	664,004,859

The revaluation surplus on assets can neither be offset against retained deficit nor used for dividend payment.

## 21. Dividends

(Unit: Baht)

Dividends	Approved by	Total dividends	Dividends per share
Final dividends for 2005	Annual General Meeting of the shareholders on 24 April 2006	75,000,000	0.25
Interim dividends for 2006	Board of Directors' meeting on 15 August 2006	60,000,000	0.20
Total for 2006		135,000,000	0.45
Final dividends for 2006	Annual General Meeting of the shareholders on 24 April 2007	90,000,000	0.30
Interim dividends for 2007	Board of Directors' meeting on 22 August 2007	90,000,000	0.30
Total for 2007		180,000,000	0.60

## 22. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

## 23. Corporate income tax

Corporate income tax for the year has been calculated at rates of 25% on net income of the Company from non-promoted activities and 30% on net income of its subsidiary companies, after adding back certain provisions and expenses which are disallowed for tax computation purposes.

## 24. Promotional privileges

The Company and its two subsidiaries have been granted promotional privileges under the Investment Promotion Act B.E. 2520 by the Board of Investment under certain significant conditions. Significant privileges of the Company are as follow:

Certificate No.	The Company		The Subsidiaries			
	1449(2)/2548	1221(2)/2549	1395(2)/2550	7007(2)/2550	1813(2)/2550	1474(2)/2546
Promoted activities	Rear Axle Shaft		Metal Machined Parts		Hardening	Casting Parts
<b>Promotional privileges for</b>						
1. Exemption from corporate income tax on net income from the promoted operations for a period of 8 years, to the extent that the amount of tax exempted does not exceed investment capital exclusive of land and working capital.	Granted	Granted	Granted	Granted	Granted	Granted
2. A 50% reduction of the normal rate of corporate income tax on the net income derived from the promoted activity for a period of five years after the expiration of the tax exemption period.	Granted	Granted	Granted	Granted	Granted	Granted
3. Permission to double deduct transportation, electricity and water expenses for a period of ten years, commencing as from the date of first earning operating income.	Granted	Granted	Granted	Granted	Granted	Granted
4. Permission to add 25% of the cost of installation and construction in the normal depreciation calculation.	Granted	Granted	Granted	Granted	Granted	Granted
5. Exemption from import duty on imported and essential raw materials used in manufacturing for export sales for a period of five years commencing as from the first importation date.	Granted	Granted	Granted	-	-	-
6. Exemption from import duty on imported articles for export sales for a period of five years commencing as from the first importation date.	Granted	Granted	Granted	-	-	-

The total revenues of the Company for the years are divided between promoted and non-promoted revenues as follows:

(Unit: Baht)

	Separate financial statements					
	2007			2006		
	Promoted activities	Non-promoted activities	Total	Promoted activities	Non-promoted activities	Total
Revenues						
Sales						
- Domestic	894,193,862	883,115,744	1,777,309,606	774,743,945	776,400,336	1,551,144,281
- Export	-	26,176,567	26,176,567	-	11,101,126	11,101,126
Other income	12,696,679	187,233,723	199,930,402	17,661,394	236,504,089	254,165,483
Total revenues	906,890,541	1,096,526,034	2,003,416,575	792,405,339	1,024,005,551	1,816,410,890

## 25. Earnings per share

Basic earnings per share is calculated by dividing the net income for the year by the weighted average number of ordinary shares in issue during the year.

## 26. Employees and related costs

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
Number of employees at the end of year (persons)	1,935	1,567	518	482
Employee costs for the year (Million Baht)	665.5	537.3	262.8	214.3

## 27. Provident fund

The Company, its two subsidiaries and their employees have registered separate provident fund schemes under the Provident Fund Act B.E. 2530. The funds are contributed to by the Company, its subsidiaries and their employees at rates of 3% of the employees' monthly salaries. The fund is managed by American International Assurance Co., Ltd. During the year 2007, the Company and its subsidiaries contributed approximately Baht 7.6 million (Separate financial statement: Baht 3.7 million), as included in employee costs, to the provident fund.

## 28. Commitments

As at 31 December 2007 and 2006, the Company and its subsidiaries have the following commitments:

28.1 Capital commitments of Baht 67.3 million and JPY 4.1 million (2006: Baht 71.5 million and JPY 141.9 million) in respect of land acquisition, construction of plant and purchase of machinery.

28.2 The Company and subsidiaries had the following outstanding commitments in respect of lease and service agreements.

	Million Baht
Payable within:	
1 year	22.9
2 to 5 years	35.3
Thereafter	2.9

28.3 The Company has entered into a technical assistance agreement with a foreign company covering the machining process, whereby the Company is to pay fees at a rate of 1.5% of the balance of sales minus material cost of products from the machining process. The agreement is for 5 years, expiring in 2010, and can be extended for a further 5 years.

28.4 The Company has entered into a technical assistance agreement with another foreign company covering the forging process whereby the Company is to pay fees at a rate of 3% of the balance of sales minus material costs of products from the forging process. The agreement is for 5 years, expiring in 2009 and is renewable for a further 5 years.

28.5 Bangkok Spring Industrial Company Limited has entered into a technical assistance agreement with a foreign company regarding the manufacture of its main products, whereby that company is to pay a monthly fee of USD 15,000. The agreement is for 6 years, expiring in the year 2008. During the current year, the counterparty requested an adjustment of the fee and the subsidiary is in the process of negotiating this matter with such company.

28.6 Somboon Malleable Iron Industrial Company Limited has entered into a technical assistance agreement with a foreign company regarding the process of machining, whereby that company is to pay a fee at 1.5% of the balance of sales minus material costs of products from the machining process. The agreement is for 5 years, expiring in the year 2009, and is renewable for a further 5 years.

28.7 International Casting Products Company Limited has entered into a technical assistance agreement with a foreign company regarding the process of casting, whereby that company is to pay a monthly fee of JPY 1 million. The agreement is for 5 years, expiring in the year 2010, and is renewable for a further 5 years.

## 29. Guarantee

As at 31 December 2007, there were outstanding bank guarantees of Baht 10.8 million and Baht 24.3 million issued by a bank on behalf of the Company and its subsidiaries, respectively (2006: Baht 2.4 million and Baht 13.4 million, respectively), in respect of certain performance bonds required in the normal course of the Company's and the subsidiaries' businesses.

## 31. Financial instruments

### Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No. 48 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, loans, investments, and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

### Interest rate risk

The Company and its subsidiary companies are exposed to interest rate risk primarily in relation to their cash at banks, bank overdrafts and long-term borrowings subject to interest. However, because most of the financial assets and liabilities carry floating interest rates which will fluctuate in line with the market interest rates or carry fixed interest rates which approximate the current market interest rate, interest rate risk of the Company and its subsidiary companies is considered to be low.

As at 31 December 2007, the significant financial assets and liabilities classified by types of interest rate and, for the financial assets and liabilities carrying fixed interest rate, by the contractual repricing or maturity date (whichever is earlier) are as follows: -

(Unit: Million Baht)

Consolidated financial statements						
Interest rate (% p.a.)	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	
	Within 1 year	1-5 years				
<b>Financial Assets</b>						
Cash equivalent (excluding cash)	0% - 1%	-	-	213.1	0.6	213.7
Current investment - restricted cash at bank	1%	-	-	15.0	-	15.0
		-	-	228.1	0.6	228.7
<b>Financial liabilities</b>						
Bank overdrafts and short-term loan from financial institution	MOR, MLR-0.5%	-	-	19.9	-	19.9
Trust receipt	5.25% - 6.92%	-	-	111.1	-	111.1
Finance lease contracts payable	2.55% - 8.58%	4.0	6.8	-	-	10.8
Long-term loans	MLR-1.75% - MLR-1.25%, 5.8%	42.0	51.0	2,010.6	-	2,103.6
		46.0	57.8	2,141.6	-	2,245.4

## 30. Financial information by segment

The Company and its subsidiaries operate in the single industry segment of the manufacture and sale of auto parts in the single geographic area of Thailand. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned industry segment and geographic area.

(Unit: Million Baht)

Separate financial statements						
Interest rate (% p.a.)	Fixed interest rates			Non-interest bearing	Total	
	Within 1 year	1-5 years	Floating interest rate			
<b>Financial Assets</b>						
Cash equivalent (excluding cash)	0% - 1%	-	-	69.2	0.1	69.3
Current investment - restricted cash at bank	1%	-	-	15.0	-	15.0
Loans to subsidiary companies	MLR-1.75% - MLR-1%	-	-	861.1	-	861.1
		-	-	945.3	0.1	945.4
<b>Financial liabilities</b>						
Finance lease contracts payable	2.55% - 8.58%	3.3	6.2	-	-	9.5
Long-term loans	MLR-1.75% - MLR-1.25%	-	-	1,703.4	-	1,703.4
		3.3	6.2	1,703.4	-	1,712.9

## Foreign currency risk

The Company and its subsidiary companies have a significant foreign currency risk in respect of the purchase and sales transactions and lendings and borrowings denominated in foreign currencies. However, the Company and its subsidiary companies have entered into forward contracts with maturities of less than one year to mitigate the foreign currency risk.

The balances of financial assets and liabilities denominated in foreign currencies as at 31 December 2007 are summarised below.

Foreign currency	Financial assets (Million)	Financial liabilities (Million)	Average exchange rate as at 31 December 2007 (Baht per 1 foreign currency unit)
US dollar	0.3	4.0	33.72
Japanese yen	32.5	63.1	0.30

## Credit Risk

The Company and its subsidiary companies are exposed to credit risk primarily with respect to their trade accounts receivable, lendings and other receivable. The management manages the risk by adopting appropriate credit control policies and procedures. In addition, most of the customers have good financial positions and no problems with payment. As a result, the Company and its subsidiary companies do not expect to incur material financial losses.

## **Fair value**

Methodology of fair value measurement depends upon characteristics of the financial instruments. For the financial instruments which are regarded as traded in an active market, fair value has been determined by the latest quoted market price. If however the appropriate quoted market price cannot be determined, the fair value is determined using an appropriate valuation technique such as discounted cash flow.

Since major financial assets and financial liabilities are short-term in nature, loans to subsidiaries and loans from financial institutions of which the interest rate is approximate to the market rate, the fair value of financial assets and financial liabilities are presented as the amount stated in the balance sheet.

## **32. Reclassification**

In addition to the change in accounting policy as mentioned in Note 4, which affects the previously reported net income and shareholders' equity, certain other amounts in the financial statements for the year ended 31 December 2007 have been reclassified to conform to the current period's classification, but with no effect to previously reported net income or shareholders' equity other than from the change in accounting policy.

## **33. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2008.

## References

- Securities Registrar** Thailand Securities Depository Co., Ltd.  
2/7 Moo 4, North Park, Vibhavadee Rangsit Rd.,  
Tung Song Hong, Laksi, Bangkok 10210
- Auditor** Ernst and Young Office Limited.  
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Bangkok 10110
- Law Consultant** Siam City Law Office Ltd.  
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