

SOMBOON ADVANCE TECHNOLOGY PUBLIC COMPANY LIMITED  
AND ITS SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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	Percentage of shareholding		Principal activities
	<u>2007</u>	<u>2006</u>	
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	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
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.
- 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.

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:

	<u>The Company</u>	<u>Subsidiaries</u>
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.

#### **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	<u>50,073,030</u>	<u>62,050,963</u>	<u>2,724,940</u>	<u>2,811,028</u>

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<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)

	<u>Consolidated financial statements</u>		<u>Pricing Policy</u>
	<u>2007</u>	<u>2006</u>	
<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)

	<u>Separate financial statements</u>		<u>Pricing Policy</u>
	<u>2007</u>	<u>2006</u>	
<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>

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
<b><u>Other receivable - related parties</u></b>				
<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	-
	-	-	4,298,706	18,873,009
<b><u>Short-term loan to subsidiary company</u></b>				
Bangkok Spring Industrial Company Limited	-	-	-	43,000,000
	-	-	-	43,000,000
<b><u>Long-term loans to subsidiary companies</u></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><u>Trade accounts payable - related parties</u></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><u>Other payable - related parties</u></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 2007
	31 December 2006	During the year		
		Increase	Decrease	
<b><u>Short-term loan to subsidiary company</u></b>				
Bangkok Spring Industrial Company				
Limited	43,000,000	-	(43,000,000)	-
	<u>43,000,000</u>	<u>-</u>	<u>(43,000,000)</u>	<u>-</u>
<b><u>Long-term loans to subsidiary companies</u></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
	<u>961,510,600</u>	<u>114,000,000</u>	<u>(214,455,000)</u>	<u>861,055,600</u>

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 percent 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 percent 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	<u>676,291</u>
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	<u>(533,704)</u>
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	<u><u>149,702</u></u>

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 percentage		Consolidated financial statements			
						Cost		Carrying amounts based on equity method	
						2007	2006	2007	2006
				Percent	Percent				
<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	
			percentage		Cost	
			2007	2006	2007	2006
			Percent	Percent		
Nisshinbo 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
<b>Total</b>					<b>26,650</b>	<b>26,650</b>

### 14. PROPERTY, PLANT AND EQUIPMENT

#### CONSOLIDATED FINANCIAL STATEMENTS

(Unit: Baht)

	Assets carried at the revalued amount			Assets carried at cost				
	Land improvement, buildings and other		Machinery	Tools and factory equipment	Fixtures and office equipment	Motor vehicles	Construction/ Installation in progress	Total
	Land	premises						
<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	<u>782,488,800</u>	<u>652,394,754</u>	<u>2,955,843,345</u>	<u>350,978,272</u>	<u>75,325,791</u>	<u>35,598,874</u>	<u>174,726,595</u>	<u>5,027,356,431</u>
<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	<u>-</u>	<u>164,568,879</u>	<u>1,077,933,554</u>	<u>215,244,206</u>	<u>62,765,511</u>	<u>20,972,436</u>	<u>-</u>	<u>1,541,484,586</u>
<b>Net book value</b>								
31 December 2006	<u>680,395,868</u>	<u>297,456,816</u>	<u>1,605,196,551</u>	<u>118,479,947</u>	<u>12,605,199</u>	<u>10,010,272</u>	<u>149,033,401</u>	<u>2,873,178,054</u>
31 December 2007	<u>782,488,800</u>	<u>487,825,875</u>	<u>1,877,909,791</u>	<u>135,734,066</u>	<u>12,560,280</u>	<u>14,626,438</u>	<u>174,726,595</u>	<u>3,485,871,845</u>
<b>Depreciation for the year</b>								
2006								<u>234,591,234</u>
2007								<u>297,900,130</u>

## SEPARATE FINANCIAL STATEMENTS

(Unit: Baht)

	Assets carried at the revalued amount			Assets carried at cost				Total
	Land improvement, buildings and other		Machinery	Tools and factory equipment	Fixtures and office equipment	Motor vehicles	Construction/ Installation in progress	
	Land	premises						
<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
<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)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
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:

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

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

## 16. INTANGIBLE ASSETS

(Unit: Baht)

	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
	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	<u>4,707,944</u>	<u>1,577,173</u>

## 17. BANK OVERDRAFTS AND SHORT-TERM LOAN FROM FINANCIAL INSTITUTION

(Unit: Baht)

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

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

			(Unit: Million Baht)			
Loan	Interest rate (%)	Repayment schedule	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 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)

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends</u>	<u>Dividends per share</u>
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		<u>135,000,000</u>	<u>0.45</u>
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		<u>180,000,000</u>	<u>0.60</u>

## 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 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent 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 percent on net income of the Company from non-promoted activities and 30 percent 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
<u>Promotional privileges for</u>						
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 fifty percent 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 percent 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	<u>906,890,541</u>	<u>1,096,526,034</u>	<u>2,003,416,575</u>	<u>792,405,339</u>	<u>1,024,005,551</u>	<u>1,816,410,890</u>

## 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		Separate	
	financial statements		financial statements	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
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 percent 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.

	<u>Million Baht</u>
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 percent 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 percent 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 percent 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.

## **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.

## **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

(Unit: Million Baht)

	Separate financial statements					Total
	Interest rate (% p.a.)	Fixed interest rates		Floating interest rate	Non-interest bearing	
		Within 1 year	1-5 years			
<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.