

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2010 and 2009

Note	Contents
1	General information
2	Basis of preparation of the financial statements
3	Significant accounting policies
4	Related party transactions and balances
5	Cash and cash equivalents
6	Trade accounts receivable
7	Inventories
8	Investments in subsidiaries
9	Investments in associates
10	Other long-term investments
11	Property, plant and equipment
12	Intangible assets
13	Assets not used in operations
14	Interest-bearing liabilities
15	Trade accounts payable
16	Other current liabilities
17	Share capital
18	Additional paid-in capital and reserves
19	Segment information
20	Provident fund
21	Expenses by nature
22	Income tax expense
23	Promotional privileges
24	Basic earnings per share
25	Dividend
26	Financial instruments
27	Commitments with non-related parties
28	Event after the reporting period
29	Thai Financial Reporting Standards (TFRS) not yet adopted
30	Reclassification of accounts

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2010 and 2009

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 24 February 2011.

1 General information

Somboon Advance Technology Public Company Limited “the Company”, is incorporated in Thailand and has its registered office at 129 Moo 2, Bangna-Trad Road, Tambon Bangchalong, Amphur Bangplee, Samutprakarn.

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

The major shareholders during the financial year were Somboon Holding Company Limited (25.50% shareholding), which incorporated in Thailand and Kitaphanich family (22.58% shareholding).

The principal businesses of the Company are manufacture of pick-up axles and truck trunnion shafts. Details of the Company’s subsidiaries as at 31 December 2010 and 2009 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2010	2009
Somboon Malleable Iron Industrial Company Limited	Manufacture and sale of auto parts	Thailand	100	100
Bangkok Spring Industrial Company Limited	Manufacture and sale of auto parts	Thailand	100	100
International Casting Products Company Limited	Manufacture and sale of auto parts	Thailand	100	100

2 Basis of preparation of the financial statements

The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

The financial statements are prepared and presented in Thai Baht. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated. They are prepared on the historical cost basis except as stated in the accounting policies.

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

During 2010, the FAP announced the re-numbering of the following TFRS.

Former no.	Revised no.	Topic
TAS 11	TAS 101	Doubtful Account and Bad Debts
TAS 26	TAS 102	Income Recognition For Real Estate Business

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2010 and 2009

Former no.	Revised no.	Topic
TAS 27	TAS 103	Disclosures in the Financial Statements of Banks and Similar Financial Institutions
TAS 34	TAS 104	Accounting for Troubled Debt Restructuring
TAS 40	TAS 105	Accounting for Investment in Debt and Equity Securities
TAS 42	TAS 106	Accounting for Investment Companies
TAS 48	TAS 107	Financial Instruments Disclosure and Presentation

The Group has adopted the revised Framework for the Preparation and Presentation of Financial Statements (revised 2009), which was issued by the FAP during 2010 and effective on 26 May 2010. The adoption of the revised framework does not have any material impact on the consolidated or separate financial statements.

The FAP has issued during 2010 a number of new and revised TFRS which are not currently effective and have not been adopted in the preparation of these financial statements. These new and revised standards and interpretations are disclosed in note 29.

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

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

3 Significant accounting policies

(a) Basis of consolidation

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

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2010 and 2009

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. The consolidated financial statements include the Group's share of the income, expenses and equity movements of associates, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Transactions eliminated on consolidation

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

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of income.

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

(c) Derivative financial instruments

Derivative financial instruments are used to manage exposure to foreign exchange, interest rate arising from operational, financing and investment activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

The Group is party to financial instruments that reduce exposure to fluctuations in foreign currency exchange and interest rate. These financial instruments, which mainly comprise forward foreign exchange contracts and interest swap contract are not recognised in the financial statement on inception.

(d) Cash and cash equivalents

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

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2010 and 2009

(e) Trade and other accounts receivable

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

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

(f) Inventories

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

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

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

(g) Investments

Investments in subsidiaries and associates

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

Investments in other debt and equity securities

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

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

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

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

Disposal of investments

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

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2010 and 2009

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

(h) Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses except for land and buildings which are stated at their revalued amounts. The revalued amount is the fair value determined on the basis of the property's existing use at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

Leased assets

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

Revalued assets

Revaluations are performed by independent professional valuers with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

Any increase in value, on revaluation, is credited to equity under the heading 'revaluation surplus' unless it offsets a previous decrease in value recognised in the statement of income in respect of the same asset. A decrease in value is recognised in the statement of income to the extent it exceeds an increase previously recognised in equity in respect of the same asset. Upon disposal of a revalued asset, any remaining related revaluation surplus is transferred from equity to retained earnings and is not taken into account in calculating the gain or loss on disposal.

Depreciation

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

Buildings and other constructions	20 - 40 years
Machinery and equipment	5 - 18 years
Furniture, fixtures and office equipment	3 - 5 years
Vehicle	5 years

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

No depreciation is provided on freehold land or assets under construction.

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2010 and 2009

(i) *Intangible assets*

Goodwill

Goodwill in a business combination represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired. Negative goodwill in a business combination represents the excess of the fair value of the Group's share of the identifiable net assets acquired over the cost of acquisition.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment as described in note 3(j). Negative goodwill is recognised immediately in the statement of income.

Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are stated at cost less accumulated amortisation and impairment losses. Other intangible assets are amortised in the statement of income on a straight-line basis over their estimated useful lives from the date that they are available for use. The estimated useful lives are as follows:

Software licences	3 - 5 years
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(j) *Impairment*

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill, the recoverable amount is estimated at each reporting date, and as and when indicators of impairment are identified.

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

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

Calculation of recoverable amount

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

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

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2010 and 2009

Reversals of impairment

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

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

(k) *Interest-bearing liabilities*

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

(l) *Trade and other accounts payable*

Trade and other accounts payable are stated at cost.

(m) *Employee benefits*

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of income as incurred.

(n) *Provisions*

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(o) *Revenue*

Revenue excludes value added taxes and other sales taxes and is arrived at after deduction of trade discounts.

Sale of goods and services rendered

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

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2010 and 2009

Rental, interest and dividend income

Rental and interest incomes are recognised in the statement of income as it accrues. Dividend income is recognised in the statement of income on the date the Group's right to receive payments is established.

(p) Expenses

Lease payments

Payments made under operating leases are recognised in the statement of income on a straight line basis over the term of the lease. Lease incentives received are recognised in the statement of income as an integral part of the total lease payments made. Contingent rentals are charged to the statement of income for the accounting period in which they are incurred.

Finance costs

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

(q) Income tax

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

4 Related party transactions and balances

Related parties are those parties linked to the Group and the Company as shareholders or by common shareholders or directors. Transactions with related parties are conducted at prices based on market prices or, where no market price exists, at contractually agreed prices.

Relationships with related parties that control or jointly control the Company or are being controlled or jointly controlled by the Company or have transactions with the Group were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Somboon Malleable Iron Industrial Company Limited	Thailand	Subsidiary, 100% shareholding
Bangkok Spring Industrial Company Limited	Thailand	Subsidiary, 100% shareholding
International Casting Products Company Limited	Thailand	Subsidiary, 100% shareholding

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2010 and 2009

Significant transactions for the years ended 31 December 2010 and 2009 with related parties were as follows:

	Pricing policies	Consolidated financial statements	
		2010	2009
<i>(in million Baht)</i>			
Other related parties			
Sales of goods	Approximates market prices	199.9	99.5

	Pricing policies	Separate financial statements	
		2010	2009
<i>(in million Baht)</i>			
Subsidiaries			
Facilities income	Approximates cost	18.3	13.4
Interest income	Contractually agreed price	29.2	34.3
Management fee income	Contractually agreed price	118.4	114.1
Sales of scraps	Market prices	7.4	3.9
Purchases of goods	Approximates market prices	2.6	1.9
Facilities expense	Approximates cost	1.4	1.2
Other related parties			
Sales of goods	Approximates market prices	11.3	6.5

Balances as at 31 December 2010 and 2009 with related parties were as follows:

<i>Trade accounts receivable</i>	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<i>(in thousand Baht)</i>				
Subsidiaries				
Somboon Malleable Iron Industrial Company Limited	-	-	767	639
International Casting Products Company Limited	-	-	737	539
Other related parties				
Yongkee (1995) Company Limited	80,503	49,983	4,997	2,288
Automotive Product Import and Export Center Company Limited	-	1,326	-	-
Total	80,503	51,309	6,501	3,466

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2010 and 2009

<i>Other receivables from related parties</i>	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
	<i>(in thousand Baht)</i>			
Subsidiaries				
Somboon Malleable Iron Industrial Company Limited	-	-	17,820	4,359
Bangkok Spring Industrial Company Limited	-	-	13,708	1,778
International Casting Products Company Limited	-	-	4,549	1,835
Other related party				
Yongkee (1995) Company Limited	128	128	-	-
Total	128	128	36,077	7,972

<i>Short-term loans to subsidiaries</i>	Separate	
	financial statements	
	2010	2009
	<i>(in thousand Baht)</i>	
Subsidiaries		
Somboon Malleable Iron Industrial Company Limited	310,000	90,000
Bangkok Spring Industrial Company Limited	-	50,000
International Casting Products Company Limited	-	123,000
Total	310,000	263,000

<i>Long-term loans to subsidiaries</i>	Separate	
	financial statements	
	2010	2009
	<i>(in thousand Baht)</i>	
Subsidiaries		
Somboon Malleable Iron Industrial Company Limited	-	265,636
Bangkok Spring Industrial Company Limited	-	263,000
Total	-	528,636
Less current portion	-	(107,750)
Net	-	420,886

Movements during the years ended 31 December 2010 and 2009 of loans to related parties were as follows:

<i>Short-term loans to subsidiaries</i>	Separate	
	financial statements	
	2010	2009
	<i>(in thousand Baht)</i>	
At 1 January	263,000	70,000
Increase	1,034,000	856,000
Decrease	(987,000)	(663,000)
At 31 December	310,000	263,000

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2010 and 2009

	Separate financial statements	
	2010	2009
	<i>(in thousand Baht)</i>	
<i>Long-term loans to subsidiaries</i>		
At 1 January	528,636	636,386
Increase	-	-
Decrease	(528,636)	(107,750)
At 31 December	<u>-</u>	<u>528,636</u>

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

On 30 July 2009, the Company agreed to amend its long-term loan agreements with Somboon Malleable Iron Industrial Company Limited. Under these amendments, there are one year grace periods for payment of principal, from 31 July 2009 to 30 July 2010, and then payment is to be made in accordance with the existing conditions, such that the due date of the final installment will be extended in line with the grace period. After this revision, the outstanding loan of Baht 175 million is to be repaid on a quarterly basis over 9 years, from June 2004 until September 2012, however, the subsidiary made a repayment of principle amounting to Baht 4.7 million during the second quarter of 2010. The outstanding loan of Baht 91 million is to be repaid on a monthly basis over 6 years, from January 2007 until September 2012. These loans carry interest at a rate of MLR minus an applicable margin per annum, payable on a monthly basis.

On 30 July 2009, the Company agreed to amend its long-term loan agreement with Bangkok Spring Industrial Company Limited. Under this amendment, there is one year grace period for payment of principal, from 31 July 2009 to 30 July 2010, and then payment is to be made in accordance with the existing condition; such that the due date of the final installment will be extended in line with the grace period. After this revision, the outstanding loan of Baht 263 million is to be repaid on a quarterly basis from September 2010 until September 2013. The loan carries interest at a rate of MLR minus an applicable margin per annum, payable on a monthly basis.

On 23 September 2010, At the Board of Directors' meeting of the Company, the Board of Directors approved the termination of long-term loan agreements with Somboon Malleable Iron Industrial Company Limited and Bangkok Spring Industrial Company Limited and repayment of the loans was fully made in September 2010.

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in thousand Baht)</i>			
<i>Trade account payable - related parties</i>				
Associate				
Tschiyoshi Somboon Coated Sand Company Limited	2,348	-	-	-
Other related party				
Yongkee (1995) Company Limited	542	122	-	-
Total	<u>2,890</u>	<u>122</u>	<u>-</u>	<u>-</u>

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2010 and 2009

Other payables to related parties

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in thousand Baht)</i>			
Subsidiaries				
Somboon Malleable Iron Industrial Company Limited	-	-	20	1
Bangkok Spring Industrial Company Limited	-	-	315	335
Total	<u>-</u>	<u>-</u>	<u>335</u>	<u>336</u>

5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in thousand Baht)</i>			
Cash on hand	277	275	90	90
Cash at banks – current accounts	2,601	2,112	314	1,322
Cash at banks – savings accounts	626,917	192,258	220,824	102,978
Highly liquid short-term investments	370,000	-	170,000	-
Total	<u>999,795</u>	<u>194,645</u>	<u>391,228</u>	<u>104,390</u>

Cash and cash equivalents of the Group and the Company as at 31 December 2010 and 2009 were denominated entirely in Thai Baht.

6 Trade accounts receivable

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
		<i>(in thousand Baht)</i>			
Related parties	4	80,503	51,309	6,501	3,466
Other parties		<u>1,054,064</u>	<u>927,794</u>	<u>411,079</u>	<u>337,409</u>
		1,134,567	979,103	417,580	340,875
<i>Less</i> allowance for doubtful accounts		-	(5,402)	-	-
Net		<u>1,134,567</u>	<u>973,701</u>	<u>417,580</u>	<u>340,875</u>
Bad and doubtful debts expense for the year		<u>-</u>	<u>895</u>	<u>-</u>	<u>-</u>

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2010 and 2009

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in thousand Baht)</i>			
Related parties				
Within credit terms	80,503	51,296	6,501	3,466
Overdue:				
Less than 3 months	-	-	-	-
3-12 months	-	13	-	-
Over 12 months	-	-	-	-
	<u>80,503</u>	<u>51,309</u>	<u>6,501</u>	<u>3,466</u>
<i>Less allowance for doubtful accounts</i>	-	-	-	-
	<u>80,503</u>	<u>51,309</u>	<u>6,501</u>	<u>3,466</u>
Other parties				
Within credit terms	1,041,173	912,351	406,705	335,726
Overdue:				
Less than 3 months	11,770	6,514	3,902	1,683
3-12 months	1,121	4,205	472	-
Over 12 months	-	4,724	-	-
	<u>1,054,064</u>	<u>927,794</u>	<u>411,079</u>	<u>337,409</u>
<i>Less allowance for doubtful accounts</i>	-	(5,402)	-	-
	<u>1,054,064</u>	<u>922,392</u>	<u>411,079</u>	<u>337,409</u>
Net	<u>1,134,567</u>	<u>973,701</u>	<u>417,580</u>	<u>340,875</u>

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

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

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in thousand Baht)</i>			
Thai Baht (THB)	1,112,729	961,125	407,984	336,264
United States Dollars (USD)	12,739	5,547	9,596	4,611
Yen (JPY)	9,099	7,029	-	-
Total	<u>1,134,567</u>	<u>973,701</u>	<u>417,580</u>	<u>340,875</u>

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2010 and 2009

7 Inventories

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in thousand Baht)</i>			
Finished goods	122,771	51,092	41,369	16,502
Work in process	74,412	79,333	3,321	12,306
Raw materials	136,330	108,059	24,984	21,092
Spare parts and factory supplies	168,528	114,701	71,105	49,580
Goods in transit	45,162	27,184	16	2,796
	<u>547,203</u>	<u>380,369</u>	<u>140,795</u>	<u>102,276</u>
<i>Less allowance for decline in value</i>	<i>(16,173)</i>	<i>(16,184)</i>	<i>(3,545)</i>	<i>(3,940)</i>
Net	<u>531,030</u>	<u>364,185</u>	<u>137,250</u>	<u>98,336</u>

8 Investments in subsidiaries

	Separate financial statements	
	2010	2009
	<i>(in thousand Baht)</i>	
At 1 January	1,252,018	1,252,018
Acquisitions	600,000	-
At 31 December	<u>1,852,018</u>	<u>1,252,018</u>

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2010 and 2009

Investments in subsidiaries as at 31 December 2010 and 2009, and dividend income from those investments for the years then ended were as follows:

	Ownership interest		Separate financial statements				Dividend income	
	2010	2009	Paid-up capital		Cost method		2010	2009
	(%)		2010	2009	2010	2009		
			<i>(in thousand Baht)</i>					
<i>Subsidiaries</i>								
Somboon Malleable Iron Industrial Company Limited	100	100	160,000	160,000	535,995	535,995	-	-
Bangkok Spring Industrial Company Limited	100	100	130,000	130,000	519,989	519,989	-	-
International Casting Products Company Limited	100	100	785,000	185,000	796,034	196,034	-	-
Total					1,852,018	1,252,018	-	-

At the board of directors' meeting of the Company held on 12 November 2010 approved to increase the authorized share capital of International Casting Products Company Limited from Baht 185 million to Baht 785 million by issuing 60 million new ordinary shares of Baht 10 par value. The Company had registered the increase of shares capital with the Ministry of Commerce on 3 December 2010.

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2010 and 2009

9 Investments in associates

	Consolidated	
	financial statements	
	2010	2009
	<i>(in thousand Baht)</i>	
At 1 January	114,467	110,920
Share of net profit of investments - equity method	30,619	9,838
Dividend income	<u>(4,531)</u>	<u>(6,291)</u>
At 31 December	<u>140,555</u>	<u>114,467</u>

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2010 and 2009

Investments in associates as at 31 December 2010 and 2009, and dividend income from those investments for the years then ended were as follows:

	Ownership Interest		Paid-up capital		Consolidated financial statements				Dividend income	
	2010	2009	2010	2009	Cost method		Equity method		2010	2009
	(%)				2010	2009	2010	2009	(in thousand Baht)	
<i>Associates</i>										
Tsuchiyoshi Somboon Coated Sand Company Limited	21.25	21.25	72,000	72,000	15,300	15,300	32,143	30,003	(1,531)	-
Yamada Somboon Company Limited	20.00	20.00	150,000	150,000	<u>30,807</u>	<u>30,807</u>	<u>108,412</u>	<u>84,464</u>	<u>(3,000)</u>	<u>(6,291)</u>
Total					<u>46,107</u>	<u>46,107</u>	<u>140,555</u>	<u>114,467</u>	<u>(4,531)</u>	<u>(6,291)</u>

The investment in Tsuchiyoshi Somboon Coated Sand Company Limited, accounted for under the equity method as at 31 December 2010, was calculated based on audited financial statements of that company for the year ended 31 March 2010 and unaudited/unreviewed financial statements of the company for the nine-month period ended 31 December 2010 prepared by its management.

The investment in Yamada Somboon Company Limited, accounted for under the equity method as at 31 December 2010, was calculated based on audited financial statements of that company for the six-month period ended 30 June 2010 and unaudited/ unreviewed financial statements of the Company for the six-month period ended 31 December 2010 prepared by its management.

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2010 and 2009

10 Other long-term investments

Name of the entity	Type of business	Paid-up capital	Ownership Interest		Consolidated financial statements	
			2010	2009	Cost	Cost
			(%)		<i>(in thousand Baht)</i>	
Nisshinbo Somboon Automotive Company Limited	Manufacture and sale of auto parts and brake systems	732,600	2.90	2.90	21,250	21,250
Somboon Somic Manufacturing Company Limited	Manufacture and sale of auto parts	300,000	1.80	1.80	5,401	5,401
Total					<u>26,651</u>	<u>26,651</u>

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2010 and 2009

11 Property, plant and equipment

	Consolidated financial statements						Total
	Land	Buildings and other constructions	Machinery and factory equipment	Office furniture, fixtures and equipment	Vehicles	Assets under construction and installation	
	(in thousand Baht)						
Cost / revaluation							
At 1 January 2009	897,389	893,508	4,296,593	88,838	31,651	478,321	6,686,300
Additions	47,600	1,043	24,218	2,903	543	455,592	531,899
Transfers	-	81,802	445,742	93	-	(527,637)	-
Disposals	-	(419)	(26,596)	(302)	(550)	(855)	(28,722)
At 31 December 2009 and 1 January 2010	944,989	975,934	4,739,957	91,532	31,644	405,421	7,189,477
Additions	13	22,893	44,114	13,384	189	794,334	874,927
Transfers	-	99,235	572,375	7,767	754	(680,131)	-
Disposals	-	(256)	(143,492)	(4,320)	(1,860)	-	(149,928)
At 31 December 2010	945,002	1,097,806	5,212,954	108,363	30,727	519,624	7,914,476
Depreciation							
At 1 January 2009	-	202,833	2,214,864	70,208	21,652	-	2,509,557
Depreciation charge for the year	-	41,427	371,177	10,011	4,240	-	426,855
Transfers	-	-	-	-	-	-	-
Disposals	-	(52)	(330)	(302)	(583)	-	(1,267)
At 31 December 2009 and 1 January 2010	-	244,208	2,585,711	79,917	25,309	-	2,935,145
Depreciation charge for the year	-	76,293	291,160	3,286	3,275	-	374,014
Transfers	-	-	-	-	-	-	-
Disposals	-	(155)	(8,833)	(4,299)	(1,857)	-	(15,144)
At 31 December 2010	-	320,346	2,868,038	78,904	26,727	-	3,294,015
Net book value							
At 1 January 2009							
Owned assets	897,389	690,675	2,081,729	18,630	-	478,321	4,166,744
Assets under finance leases	-	-	-	-	9,999	-	9,999
	897,389	690,675	2,081,729	18,630	9,999	478,321	4,176,743
At 31 December 2009 and 1 January 2010							
Owned assets	944,989	731,726	2,096,100	11,615	-	405,421	4,189,851
Assets under finance leases	-	-	58,146	-	6,335	-	64,481
	944,989	731,726	2,154,246	11,615	6,335	405,421	4,254,332
At 31 December 2010							
Owned assets	945,002	777,460	2,279,310	29,459	-	519,624	4,550,855
Assets under finance leases	-	-	65,606	-	4,000	-	69,606
	945,002	777,460	2,344,916	29,459	4,000	519,624	4,620,461

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2010 and 2009

Separate financial statements

	Land	Buildings and other constructions	Machinery and factory equipment	Office furniture, fixtures and equipment	Vehicles	Assets under construction and installation	Total
	<i>(in thousand Baht)</i>						
Cost / revaluation							
At 1 January 2009	106,598	172,465	1,485,227	35,683	18,576	273,965	2,092,514
Additions	-	190	8,579	1,225	-	104,196	114,190
Transfers	-	80,601	25,218	-	-	(105,819)	-
Disposals	-	-	-	-	-	-	-
At 31 December 2009 and 1 January 2010	106,598	253,256	1,519,024	36,908	18,576	272,342	2,206,704
Additions	-	44	13,215	6,821	23	6,020	26,123
Transfers	-	30,345	217,970	27	753	(249,095)	-
Disposals	-	(272)	(82)	(1,184)	-	-	(1,538)
At 31 December 2010	106,598	283,373	1,750,127	42,572	19,352	29,267	2,231,289
Depreciation							
At 1 January 2009	-	38,863	703,435	18,393	9,746	-	770,437
Depreciation charge for the year	-	9,394	138,703	6,606	3,542	-	158,245
Transfers	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
At 31 December 2009 and 1 January 2010	-	48,257	842,138	24,999	13,288	-	928,682
Depreciation charge for the year	-	14,501	154,082	6,668	2,738	-	177,989
Transfers	-	-	-	-	-	-	-
Disposals	-	(20)	(80)	(1,169)	-	-	(1,269)
At 31 December 2010	-	62,738	996,140	30,498	16,026	-	1,105,402
Net book value							
At 1 January 2009							
Owned assets	106,598	133,602	781,792	17,290	-	273,965	1,313,247
Assets under finance leases	-	-	-	-	8,830	-	8,830
	106,598	133,602	781,792	17,290	8,830	273,965	1,322,077
At 31 December 2009 and 1 January 2010							
Owned assets	106,598	204,999	676,886	11,909	-	272,342	1,272,734
Assets under finance leases	-	-	-	-	5,288	-	5,288
	106,598	204,999	676,886	11,909	5,288	272,342	1,278,022
At 31 December 2010							
Owned assets	106,598	220,635	753,987	12,074	-	29,267	1,122,561
Assets under finance leases	-	-	-	-	3,326	-	3,326
	106,598	220,635	753,987	12,074	3,326	29,267	1,125,887

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2010 and 2009

The gross amount of the Company's fully depreciated property, plant and equipment that was still in use as at 31 December 2010 amounted to Baht 930.8 million (2009: Baht 1,219.9 million).

As at 31 December 2010, land of subsidiaries valued at Baht 123.7 million comprises land of which the legal ownership has yet to be transferred to the subsidiaries, which is in accordance with the agreements to purchase and to sell the land.

As at 31 December 2010, subsidiaries have machines under sales and financial lease-back agreements with net book values totalling Baht 65.6 million (2009: Baht 58 million).

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

During 2010, the subsidiaries capitalised interest amounting to Baht 4.1 million (2009: Baht 2.2 million) to the costs of plant construction and machinery installation the Company capitalised interest were borrowing costs of loans obtained for general purposes but utilised for this specific project. The weighted average rates used to determine the amount of borrowing costs eligible for capitalisation were 3.01% - 4.99% per annum. (2009: 2.2% - 4.8% per annum).

12 Intangible assets

	Consolidated financial statements		
	Software licences	Software under installation	Total
	<i>(in thousand Baht)</i>		
Cost			
At 1 January 2009	21,789	16,240	38,029
Additions	6,231	12,924	19,155
Transfers	-	-	-
Disposals	-	(16,910)	(16,910)
At 31 December 2009 and 1 January 2010	28,020	12,254	40,274
Additions	10,075	36,276	46,351
Transfers	23,546	(23,546)	-
Disposals	-	-	-
At 31 December 2010	61,641	24,984	86,625
Amortisation			
At 1 January 2009	12,260	-	12,260
Amortisation charge for the year	4,660	-	4,660
Disposals	-	-	-
At 31 December 2009 and 1 January 2010	16,920	-	16,920
Amortisation charge for the year	7,187	-	7,187
Disposals	-	-	-
At 31 December 2010	24,107	-	24,107
Net book value			
At 1 January 2009	9,529	16,240	25,769
At 31 December 2009 and 1 January 2010	11,100	12,254	23,354
At 31 December 2010	37,534	24,984	62,518

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2010 and 2009

	Separate financial statements		
	Software licences	Software under installation	Total
	<i>(in thousand Baht)</i>		
<i>Cost</i>			
At 1 January 2009	10,016	5,124	15,140
Additions	3,969	1,785	5,754
Disposals	-	(5,479)	(5,479)
At 31 December 2009 and 1 January 2010	13,985	1,430	15,415
Additions	2,395	11,794	14,189
Disposals	-	-	-
At 31 December 2010	16,380	13,224	29,604
<i>Amortisation</i>			
At 1 January 2009	1,836	-	1,836
Amortisation charge for the year	2,208	-	2,208
At 31 December 2009 and 1 January 2010	4,044	-	4,044
Amortisation charge for the year	2,642	-	2,642
Disposals	-	-	-
At 31 December 2010	6,686	-	6,686
<i>Net book value</i>			
At 1 January 2009	8,180	5,124	13,304
At 31 December 2009 and 1 January 2010	9,941	1,430	11,371
At 31 December 2010	9,694	13,224	22,918

13 Assets not used in operations

Assets not used in operations represent land of its subsidiaries, which have been placed as collateral for credit facilities of the subsidiary.

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2010 and 2009

14 Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in thousand Baht)</i>			
Current				
Bank overdrafts				
secured	-	23	-	-
Short-term loans from financial institutions				
- promissory notes				
unsecured	861	-	-	-
Bank overdrafts and short-term loans from financial institutions	<u>861</u>	<u>23</u>	<u>-</u>	<u>-</u>
Short-term loans from financial institutions				
- trust receipts				
secured	-	80,444	-	-
unsecured	26,520	134,983	-	-
	<u>26,520</u>	<u>215,427</u>	<u>-</u>	<u>-</u>
Current portion of long-term loans from financial institutions				
secured	255,996	428,817	94,414	258,606
Current portion of finance lease liabilities	16,710	13,284	1,094	1,445
Total	<u>300,087</u>	<u>657,551</u>	<u>95,508</u>	<u>260,051</u>
Non-current				
Long-term loans from financial institutions				
secured	2,083,737	1,644,193	778,557	1,305,174
Finance lease liabilities	41,553	45,587	20	1,016
	<u>2,125,290</u>	<u>1,689,780</u>	<u>778,577</u>	<u>1,306,190</u>
Total	<u>2,425,377</u>	<u>2,347,331</u>	<u>874,085</u>	<u>1,566,241</u>

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

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in thousand Baht)</i>			
Within one year	283,377	644,267	94,414	258,606
After one year but within five years	1,528,066	1,644,193	560,114	1,305,174
After five years	555,671	-	218,443	-
Total	<u>2,367,114</u>	<u>2,288,460</u>	<u>872,971</u>	<u>1,563,780</u>

The bank overdrafts are secured by the mortgage of the majority of the Company's and a subsidiaries' land with premises and part of their machineries.

Short-term loans from financial institutions - trust receipts carry interest at rates of 2.18% to 2.85% per annum, and are secured by the pledge of inventories of two subsidiaries, the mortgage of the majority of the Company's and its two subsidiaries' land with premises and part of their machineries.

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2010 and 2009

On 30 July 2009, the Company and a subsidiary agreed to amend their loan agreements with a bank. Under these amendments, there are one year grace periods for payment of principal, from 30 July 2009 to 30 July 2010, and then payment is to be made in accordance with the existing conditions, such that due date of the final installment will be extended consistent with the grace period. During the grace period, the Company and its subsidiary must continue to comply with the conditions regarding maintenance of certain financial ratios and dividend payment. The Company and its subsidiary fully paid the loans in September 2010.

Long-term credit facility of a subsidiary company contain certain covenants such as dividend payment, pertaining to matters such as there shall be no effect on the total debt to equity ratio, loan repayment ability, and other conditions stipulated by the bank

On 28 September 2010, the Company and its subsidiaries had entered into the loan agreements with new domestic bank regarding the financial supports in term of short-term and long-term credit facilities, which comprise of working capital facility and to expand future investment projects. Credit facilities are totalling in the amount of Baht 3,804 million and agreement term is 8 years. As at 30 September 2010, the Company and its subsidiaries had paid the existing term loan by refinancing loan to close the long-term loan agreements.

On 26 August 2010, the Company has entered into interest rate swap agreement amounting to Baht 500 million and agreement term is 8 years in order to manage the risk of finance cost of the Company's long-term loan of Baht 901 million. The agreement has been effective on 29 September 2010.

As at 31 December 2010, the long-term credit facilities of the Company and its subsidiaries which have not yet been drawn down amounted to Baht 894 million.

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

Due to the new loan agreement, the Company and its subsidiaries must be complied with certain conditions while utilising the credit facility, pertaining to matters, such as the maintenance of certain financial ratios stipulated by the agreement.

Finance lease liabilities

Finance lease liabilities as at 31 December were payable as follows:

	Consolidated financial statements					
	2010			2009		
	Principal	Interest	Payments	Principal	Interest	Payments
	<i>(in thousand Baht)</i>					
Within one year	16,710	2,945	19,655	13,284	3,637	16,921
After one year but within five years	41,553	3,897	45,450	45,587	6,842	52,429
After 5 years	-	-	-	-	-	-
Total	58,263	6,842	65,105	58,871	10,479	69,350

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2010 and 2009

	Separate financial statements					
	2010			2009		
	Principal	Interest	Payments	Principal	Interest	Payments
	<i>(in thousand Baht)</i>					
Within one year	1,094	155	1,249	1,445	212	1,657
After one year but within five years	20	3	23	1,016	158	1,174
After 5 years	-	-	-	-	-	-
Total	1,114	158	1,272	2,461	370	2,831

The Company and its subsidiaries have entered into the finance lease agreements with leasing companies for rental of vehicles for use in their operation, whereby they are committed to pay rental on a monthly basis. The terms of the agreements are generally between 4 and 5 years. Finance lease agreements are non-cancelable.

Interest-bearing liabilities of the Group and the Company as at 31 December 2010 and 2009 were denominated entirely in Thai Baht.

15 Trade accounts payable

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
		<i>(in thousand Baht)</i>			
Related parties	4	2,890	122	-	-
Other parties		1,061,894	705,299	348,529	250,149
Total		1,064,784	705,421	348,529	250,149

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

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in thousand Baht)</i>			
Thai Baht (THB)	938,314	603,736	329,980	241,312
United States Dollars (USD)	80,077	28,483	4,010	6,356
Yen (JPY)	46,393	73,202	14,539	2,481
Total	1,064,784	705,421	348,529	250,149

16 Other current liabilities

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in thousand Baht)</i>			
Accrued operating expenses	196,847	120,770	61,361	39,953
Deposits and advances received	2,886	4,649	-	-
Total	199,733	125,419	61,361	39,953

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2010 and 2009

17 Share capital

	Par value per share (in Baht)	2010 Number Baht (thousand shares / thousand Baht)		2009 Number Baht	
<i>Authorised</i>					
At 1 January					
- Ordinary shares	1	300,000	300,000	300,000	300,000
Increase of new shares	1	<u>40,000</u>	<u>40,000</u>	<u>-</u>	<u>-</u>
At 31 December					
ordinary shares	1	<u>340,000</u>	<u>340,000</u>	<u>300,000</u>	<u>300,000</u>
<i>Issued and paid-up</i>					
At 1 January					
- Ordinary shares	1	300,000	300,000	300,000	300,000
Issue of new shares	1	<u>39,923</u>	<u>39,923</u>	<u>-</u>	<u>-</u>
At 31 December					
ordinary shares	1	<u>339,923</u>	<u>339,923</u>	<u>300,000</u>	<u>300,000</u>

At the Extraordinary General Meeting of Shareholders held on 20 July 2010, the shareholders passed resolutions to increase the authorized share capital from Baht 300 million to Baht 340 million by issuing 40 million new ordinary shares of Baht 1 par value, which allocate 25 million new ordinary shares to be reserve for the exercise of TSRs and 15 million new ordinary shares to be offer for private placement. There were 24.92 million shares of TSRs was exercised at Baht 14 per share and issued 15 million shares at Baht 21.80 per share for the private placement. The Company had registered the increase of shares capital with the Ministry of Commerce on 22 September 2010.

18 Additional paid-in capital and reserves

Share premium

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

Legal reserve

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

19 Segment information

Business segments

Management considers that the Group operates in a single line of business, namely manufacture and sale of auto parts, and has, therefore, only one major business segment.

Geographic segments

Management considers that the Group operates in a single geographic area, namely in Thailand, and has, therefore, only one major geographic segment.

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2010 and 2009

20 Provident fund

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

21 Expenses by nature

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

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in thousand Baht)</i>			
Salary and wages and employee benefit expenses	886,044	612,606	292,845	232,074
Depreciation and amortisation expense	438,389	433,585	179,619	158,985
Raw materials and consumables used	2,353,254	1,884,774	1,062,495	657,684
Changes in inventories of finished goods and work in process	66,758	59,030	16,875	12,504
Others	<u>1,703,583</u>	<u>888,478</u>	<u>291,666</u>	<u>276,134</u>
Total cost of sales of goods, selling expenses and administrative expenses	<u>5,448,028</u>	<u>3,878,473</u>	<u>1,843,500</u>	<u>1,337,381</u>

22 Income tax expense

Income tax reduction

Royal Decree No. 387 B.E. 2544 dated 5 September 2001 and No. 421 B.E. 2547 dated 11 October 2004 grants companies listed on the Stock Exchange of Thailand, which registered their stocks not later than 31 December 2005 a reduction in the corporate income tax rate from 30% to 25% for taxable profit for five consecutive accounting periods beginning on or after enactment.

The current tax expense in the consolidated and separate statements of income is less than the amount determined by applying the Thai corporation tax rate to the accounting profit for the year principally because:

- (a) a significant portion of the Company's profit was derived from promoted activities for which concessionary tax rates apply;
- (b) of the different treatment for accounting and taxation purposes of certain items of income and expenses; and

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2010 and 2009

23 Promotional privileges

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

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

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

Summary of revenue from promoted and non-promoted businesses:

	Consolidated financial statements					
	2010			2009		
	Promoted businesses	Non- promoted businesses	Total	Promoted businesses	Non- promoted businesses	Total
	<i>(in thousand Baht)</i>					
Export sales	52,361	157,942	210,303	1,022	263,972	264,994
Local sales	3,066,279	4,016,535	7,082,814	2,748,240	2,011,427	4,759,667
Eliminate	<u>(875,704)</u>	<u>(1,082)</u>	<u>(876,786)</u>	<u>(668,455)</u>	<u>(8,428)</u>	<u>(676,883)</u>
Total Revenue	<u>2,242,936</u>	<u>4,173,395</u>	<u>6,416,331</u>	<u>2,080,807</u>	<u>2,266,971</u>	<u>4,347,778</u>

	Separate financial statements					
	2010			2009		
	Promoted businesses	Non- promoted businesses	Total	Promoted businesses	Non- promoted businesses	Total
	<i>(in thousand Baht)</i>					
Export sales	52,361	11,599	63,960	1,022	31,432	32,454
Local sales	1,290,957	815,111	2,106,068	895,106	510,048	1,405,154
Other income	<u>17,203</u>	<u>198,815</u>	<u>216,018</u>	<u>16,466</u>	<u>182,080</u>	<u>198,546</u>
Total Revenue	<u>1,360,521</u>	<u>1,025,525</u>	<u>2,386,046</u>	<u>912,594</u>	<u>723,560</u>	<u>1,636,154</u>

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2010 and 2009

24 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2010 and 2009 were based on the profit for the years attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
	<i>(in thousand Baht / thousand shares)</i>			
Profit attributable to equity holders of the Company (basic)	<u>771,343</u>	<u>314,439</u>	<u>436,569</u>	<u>202,265</u>
Number of ordinary shares outstanding at 1 January	300,000	300,000	300,000	300,000
Effect of shares issued on 22 September 2010	<u>11,047</u>	<u>-</u>	<u>11,047</u>	<u>-</u>
Weighted average number of ordinary shares outstanding (basic)	<u>311,047</u>	<u>300,000</u>	<u>311,047</u>	<u>300,000</u>
Earnings per share (basic) (in Baht)	<u>2.48</u>	<u>1.05</u>	<u>1.40</u>	<u>0.67</u>

25 Dividend

At the Board of Directors' meeting of the Company held on 20 July 2010, the Board of Directors approved the payment of interim dividend at the rate of Baht 0.40 per share, totaling Baht 120 million from the first half year of 2010 promoted business (BOI). The dividend was paid to shareholder on 19 August 2010

26 Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

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

Capital management

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

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2010 and 2009

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because loan interest rates are mainly fixed. The Group is primarily exposed to interest rate risk from its borrowings (Note 14). The Group mitigates this risk by ensuring that the majority of its borrowings are at fixed interest rates and uses derivative financial instruments, principally interest rate swaps, to manage exposure to fluctuations in interest rates on specific debt securities and borrowings.

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

	Interest rate (% per annum)	Separate financial statements			Total
		Within 1 year	After 1 year but within 5 years	After 5 years	
2010					
Current					
Short-term loans to subsidiaries	2.9 - 3.6	310,000	-	-	310,000
Total		310,000	-	-	310,000
2009					
Current					
Short-term loans to subsidiaries	2.9 - 3.6	263,000	-	-	263,000
Total		263,000	-	-	263,000

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

	Interest rate (% per annum)	Consolidated financial statements			Total
		Within 1 year	After 1 year but within 5 years	After 5 years	
2010					
Current					
Loans from financial institutions	FDR.3M + fixed	283,377	-	-	283,377
Non-current					
Loans from financial institutions	FDR.3M + fixed	-	1,528,066	555,671	2,083,737
Total		283,377	1,528,066	555,671	2,367,114
2009					
Current					
Loans from financial institutions	MLR - fixed	644,267	-	-	644,267
Non-current					
Loans from financial institutions	MLR - fixed	-	1,644,193	-	1,644,193
Total		644,267	1,644,193	-	2,288,460

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2010 and 2009

	Interest rate (% per annum)	Within 1 year	Separate financial statements		Total
			After 1 year but within 5 years (in thousand Baht)	After 5 years	
2010					
Current					
Loans from financial institutions	FDR.3M + fixed	94,414	-	-	94,414
Non-current					
Loans from financial institutions	FDR.3M + fixed	-	560,114	218,443	778,557
Total		94,414	560,114	218,443	872,971
2009					
Current					
Loans from financial institutions	MLR - fixed	258,606	-	-	258,606
Non-current					
Loans from financial institutions	MLR - fixed	-	1,305,174	-	1,305,174
Total		258,606	1,305,174	-	1,563,780

Foreign currency risk

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

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

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<i>(in thousand Baht)</i>					
United States Dollars					
Trade accounts receivable	6	12,739	5,547	9,596	4,611
Trade accounts payable	15	(80,077)	(28,483)	(4,010)	(6,356)
Gross balance sheet exposure		(67,338)	(22,936)	5,586	(1,745)
Currency forwards		-	5,214	-	-
Net exposure		(67,338)	(17,722)	5,586	(1,745)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<i>(in thousand Baht)</i>					
Yen					
Trade accounts receivable	6	9,099	7,029	-	-
Trade accounts payable	15	(46,393)	(73,202)	(14,539)	(2,481)
Gross balance sheet exposure		(37,294)	(66,173)	(14,539)	(2,481)
Currency forwards		-	30,258	-	-
Net exposure		(37,294)	(35,915)	(14,539)	(2,481)

Credit risk

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2010 and 2009

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

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

Liquidity risk

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

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Since the majority of financial assets and financial liabilities of the Company and its subsidiaries are short-term in nature, interest rates of loans and borrowings are approximate to the market rate, the fair value of financial assets and financial liabilities are presented as the amount stated in the balance sheet.

Fair value of interest swap contract as at 31 December 2010 has net value in amounting of Baht 500.48 million.

27 Commitments with non-related parties

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
<i>Capital commitments</i>				
<i>Contracted but not provided for</i>				
Land	55.4	65.7	-	-
Machineries and equipments	303.7	3.7	-	-
Intangible assets	0.3	21.6	0.3	5.8
Building constructions	144.4	-	1.6	-
Total	503.8	91.0	1.9	5.8

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2010 and 2009

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
<i>Non-cancellable operating lease commitments</i>				
Within one year	23.2	43.1	15.6	16.4
After one year but within five years	24.8	28.4	18.2	26.2
After five years	-	-	-	-
Total	48.0	71.5	33.8	42.6
<i>Other commitments</i>				
Forward contracts	-	35.5	-	-
Bank guarantees	48.0	42.9	13.3	12.3
Total	48.0	78.4	13.3	12.3

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 cost of the machining process minus material cost of products. The agreement is for 5 years, expiring in 2010 and is renewable for a further 5 years.

The Company has entered into a technical assistance agreement with another foreign company covering the forging process whereby the Company is to pay fees at a rate of 3% of the forging process minus material costs of products. The agreement is for 5 years, expiring in 2014 and is renewable for a further 5 years.

A subsidiary has entered into a technical assistance agreement with a foreign company regarding the process of machining, whereby the subsidiary is to pay a fee at 1.5% of the cost of the machining process minus material costs of products. The agreement is for 5 years, expiring in the year 2014, and is renewable for a further 5 years.

Another subsidiary company has entered into a technical assistance agreement with a foreign company regarding the process of casting, whereby the subsidiary is to pay a monthly fee of Yen 1 million. The agreement is for 5 years, expiring in the year 2010, and is renewable for a further 5 years.

As at 31 December 2009, the Group had outstanding forward exchange contracts to hedge accounts payable amounting to approximately U.S. Dollars 5.2 million and Yen 30.3 million.

As at 31 December 2010, the Company had an interest rate swap agreement to maintain interest rate of long term loan amounting to Baht 487.5 million from floating rate to fixed rate as stipulated by the agreement.

28 Events after the reporting period

At the Board of Directors' meeting of the Company held on 24 February 2011, the Board of Directors approved the payment of annual dividend at the rate of Baht 0.90 per share, totaling Baht 290 million from the profit of the promoted business (BOI). The interim dividend was paid to shareholder on 19 August 2010 at the rate of Baht 0.40 per share, totaling Baht 120 million. Therefore, there is the remaining of Baht 0.50 per share, totaling Baht 170 million. The dividend will be paid on 18 May 2011.

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2010 and 2009

29 Thai Financial Reporting Standards (TFRS) not yet adopted

The Group has not adopted the following new and revised TAS/TFRS that have been issued as of the reporting date but are not yet effective. The new and revised TAS/TFRS are anticipated to become effective for annual financial periods beginning on or after 1 January in the year indicated.

TAS/TFRS	Topic	Year effective
TAS 1 (revised 2009)	Presentation of Financial Statements	2011
TAS 2 (revised 2009)	Inventories	2011
TAS 7 (revised 2009)	Statement of Cash Flows	2011
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors	2011
TAS 10 (revised 2009)	Events after the Reporting Period	2011
TAS 12	Income Taxes	2013
TAS 16 (revised 2009)	Property, Plant and Equipment	2011
TAS 17 (revised 2009)	Leases	2011
TAS 18 (revised 2009)	Revenue	2011
TAS 19	Employee Benefits	2011
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates	2013
TAS 23 (revised 2009)	Borrowing Costs	2011
TAS 24 (revised 2009)	Related Party Disclosures	2011
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements	2011
TAS 28 (revised 2009)	Investments in Associates	2011
TAS 31 (revised 2009)	Interests in Joint Ventures	2011
TAS 33 (revised 2009)	Earnings per Share	2011
TAS 34 (revised 2009)	Interim Financial Reporting	2011
TAS 36 (revised 2009)	Impairment of Assets	2011
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets	2011
TAS 38 (revised 2009)	Intangible Assets	2011
TFRS 2	Share-based Payment	2011
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations	2011

Management expects to adopt and apply these new TFRS in accordance with the FAP's announcement and is presently considering the potential initially impact on the consolidated and separate financial statements.

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2010 and 2009

However, instances where application of a new or revised standard or standards will clearly have a material impact on the Company and management will have initially made an assessment of the potential impact of these standards on the Company's financial statements are as follow;

TAS 16 (revised 2009) – Property, plant and equipment

The principal changes introduced by the revised TAS 16 and affecting the Group/Company are that (i) costs of asset dismantlement, removal and restoration have to be included as asset costs and subject to annual depreciation; (ii) the depreciation charge has to be determined separately for each significant part of an asset; and (iii) in determining the depreciable amount, the residual value of an item of property, plant and equipment has to be measured at the amount estimated receivable currently for the asset if the asset were already of the age and in the condition expected at the end of its useful life. Furthermore, the residual value and useful life of an asset have to be reviewed at least at each financial year-end.

The revised TAS 16 permits as a transitional provision that these changes may be introduced prospectively from the year of introduction. Management intends to adopt this transitional provision and accordingly the introduction of the revised TAS 16 from 1 January 2011 has no impact on the financial statements of 2010 or prior years. Management is currently reviewing the impact on the financial statements of introducing the revised TAS 16 from 1 January 2011.

TAS 19 – Employee benefits

There is currently no Thai accounting standard covering employee benefits and the Group/Company does not presently account for the costs of post-employment benefits under defined benefit plans; other long-term employee benefits; and termination benefits until such costs are incurred. The new TAS 19 includes the requirements to recognise and account for such costs in the period in which the service is performed. The requirements are complex and require actuarial assumptions to measure the obligation and expense. Moreover, the obligations are measured on a discounted basis because they may be settled many years after the employees render the related service. The transitional provisions of TAS 19 permit the transitional liability to be recognised and accounted for in one of four different ways:

- (i) retrospectively;
- (ii) immediately in equity (retained earnings) at the transition date;
- (iii) immediately in profit or loss at the transition date;
- (iv) as an expense on a straight-line basis over up to five years from the transition date.

Management has determined that the transitional liability as at 1 January 2011 for post-employment benefits is Baht 102.4 million for the Group and Baht 46.6 million for the Company. Management intends to adopt transitional provision (i) to recognise and account for this liability.

Somboon Advance Technology Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2010 and 2009

30 Reclassification of accounts

Certain accounts in the 2009 financial statements have been reclassified to conform to the presentation in the 2010 financial statements as follows:

	Consolidated financial statements			2009 Separate financial statements		
	Before reclass.	Reclass.	After reclass. <i>(in thousand Baht)</i>	Before reclass.	Reclass.	After reclass.
<i>Balance sheet</i>						
Trade accounts receivable						
- related parties	51,309	(51,309)	-	3,466	(3,466)	-
Net trade accounts receivable						
- unrelated parties	922,392	(922,392)	-	337,409	(337,409)	-
Trade accounts receivable	-	973,701	973,701	-	340,875	340,875
Trade accounts payable						
- related parties	122	(122)	-	-	-	-
Trade accounts payable						
- unrelated parties	705,299	(705,299)	-	250,149	(250,149)	-
Trade accounts payable	-	705,421	705,421	-	250,149	250,149
		<u>-</u>			<u>-</u>	

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the Group's business.