

ANNUAL REPORT 2011

SOMBOON ADVANCE TECHNOLOGY PUBLIC COMPANY LIMITED



Cost Leadership

Product Design &
Development

Product Quality &
Service Excellence

Quality of working life

Corporate Social
Responsibility

50th
Anniversary
SOMBOON GROUP

วิเศษ, ๔๘๐ VIRTUES
SBG FOLLOWS THE KING'S FOOTSTEPS



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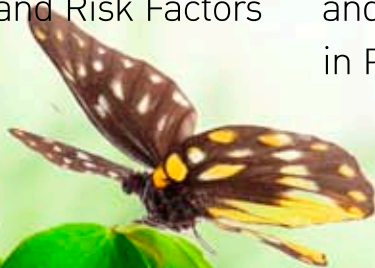
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FINANCIAL HIGHLIGHT

For the Fiscal year ended December 31	Consolidated Financial Statements			Separate Financial Statements		
	2011	2010	2009	2011	2010	2009
Stock Data						
Par value (Baht)	1.00	1.00	1.00	1.00	1.00	1.00
Book value (Baht)	12.30	13.09	9.56	8.81	9.52	6.76
Earning per share (Baht) *	1.20	2.44	1.05	0.96	1.38	0.67
Operating						
Sales revenue	6,420,730	6,263,137	4,295,430	2,121,724	2,172,200	1,437,608
Total income	6,567,669	6,416,331	4,347,778	2,346,961	2,386,046	1,636,154
Net profit	408,164	759,150	314,438	326,740	430,421	202,264
Balance Sheet (Thousand Baht)						
Current assets	2,161,693	2,670,201	1,594,717	1,168,798	1,264,969	930,349
Total assets	8,830,964	8,077,170	6,191,911	4,456,240	4,312,917	3,901,455
Current liabilities	1,865,152	1,760,952	1,601,149	487,618	522,982	564,600
Total liabilities	4,648,696	4,004,400	3,323,735	1,460,276	1,352,566	1,874,405
Paid-up capital	339,923	339,923	300,000	339,923	339,923	300,000
Shareholders' equity	4,182,268	4,072,771	2,868,176	2,995,964	2,960,351	2,027,050
Financial Ratio						
Returns on shareholders' equity (%)	9.89%	21.87%	11.58%	10.97%	17.26%	10.50%
Returns on fixed assets (%)	17.77%	26.72%	17.74%	40.61%	49.97%	27.79%
Returns on assets (%)	4.83%	10.64%	5.01%	7.45%	10.48%	5.18%
Gross profit (%)	15.14%	19.70%	17.86%	23.38%	27.67%	23.24%
Current assets ratio to items of current liabilities (times)	1.16	1.52	1.00	2.40	2.42	1.65
Liquidity ratio to liabilities (times)	0.72	1.21	0.73	0.89	1.62	0.80
Debt ratio to shareholders' equity (times)	1.11	0.98	1.16	0.49	0.46	0.92

Note:

In year 2011 the use of the weighting average ordinary share numbers of 339.923 million shares

In year 2010 the use of the weighting average ordinary share numbers of 311.047 million shares

In year 2009 the use of the weighting average ordinary share numbers of 300 million shares



BOARD OF DIRECTORS' REPORT



(Mr. Verayut Kitaphanich)
President

(Mr. Sansern Wongcha-um)
Chairman



Tsunami disaster in Japan and flood disastrous crisis in Thailand in 2011, had resulted in vehicle industry and vehicle parts manufactures in Thailand to be recessed from 2010. The total number of manufactured automobiles in 2011 was 1,457,795 or a decrement of 11.40 percent which among this number, 748,451 automobiles were manufactured for domestic sales or a decrement of 0.13 percent and 709, 343 of them for exporting or a decrement of 20.82 percent from the preceded year while the agricultural machinery (Tractor) industry accounted for a total productions of 59,412 machines or an increment of 9.22 percent from 2010.

Such impact consequently resulted in that, in the Year 2011, Somboon Advance Technology Public Co., Ltd., had accounted for the total sales with a little bit increase at the rate of 3 percent, but the turnovers were decreased from the previous year by having net profit tantamount to 408 million Baht or a decrement of 47 percent (47%) which was derived from the gross profit of the Company ate rate of 15.14 percent or being decreased by 21 percent from year 2010. In this business slow down, the Company Board of Directors was not motionless, but, keeping pace closely with the situation in order to put the Company in the position of readiness to cope with any changes resultant from both the external and internal factors, giving the importance on the carrying of business operations for flexibility, organizational risk management in order to maintain financial liquidity and heed the benefits of all groups of the stakeholders simultaneously with the Company personnel development in order to make them smart and good people, possess righteousness, ethics and the quality of life, cause the rising of the better working environmental development with transparency, righteousness for sustainable growth.

For a sustainable growth and a firm determination to be a true Corporate Governance Organization, in 2011, the Company jointly declared its intention on anti corruption of the Thai private Sector in order to express its awareness on the prevention of corruption in the carrying out of operations on the monitoring of controls over the Organization seriously. The Company was presented with the SET Award of Honor 2011 for being the Company with the Excellence in Corporate Governance Report 2009 – 2011 for consecutive period of 3 years and Best Corporate Social Responsibility Awards from the Stock Exchange of Thailand. In addition, the Company has been evaluated under the Corporate Governance Survey Project conducted by The Institute of Thai Director Promotion Association and rated in the level of "Excellent" for a consecutive period of 4 years.

On behalf of the Company Board of Directors, we wish to express our appreciations to all stakeholders including employees and the Managements of the Company and may we be assured that the Company Board of Directors will definitely adhere to and monitor controls over the business for its continuous growth on the equilibrium and sustainability of the Organization in the long term.

VISION

To be a leader in quality automotive parts manufacturing in the ASEAN region, to provide end-to-end services, and to grow together with customers

MISSION

- Focus on creating values to the organization, shareholders and all other stakeholders
- Fulfill the customer expectations with high product quality and excellence services
- Participate in the design and development of products with customers
- Continue to improve production capabilities and attain cost leadership
- Enhance the capability and the quality of life of the workforce
- Ensure that good corporate governance system, risk management system, internal control system, and corporate social system are in place



COMPANY'S GENERAL INFORMATION

Company's Name	: Somboon Advance Technology Public Company Limited
Business	: Motor vehicle part manufacturing. The major products are axle shaft for selling to "OEM" (Original Equipment Manufacturer) inside and outside the kingdom and to invest in other companies who are engaging in the motor vehicle part manufacturing for more product diversification.
Head Office and plant	: 129 Moo 2, 15th KM. Bangna-Trad Road, Bangchalong Sub-district, Bangplee District, Samutprakarn : 300/100 Moo 1 Eastern Seaboard Industrial Park, Tasit Sub-district, Plueak Daeng District, Rayong
Company's registration	: PCL. 0107574700660
Telephone	: 02-728-8500
Fax.	: 02-728-8513, 02-728-8517
Website	: www.satpcl.co.th
Registered Capital	: 341,723,287 Baht
	: 1. Bangkok Spring Industrial Co., Ltd. Motor vehicle part manufacturing. The major products are Leaf Spring, Stabilizer Bar and Coil Spring
	: 2. Somboom Malleable Iron Industrial Company Limited. Motor vehicle part manufacturing. The major products are Disc Brake, Drum Brake and part of agriculture machine
	: 3. International Casting Products Company Limited. Motor vehicle part manufacturing in Casting Products. The major products are Disc Brake, Drum Brake, Bracket and part of agriculture machine
	: 4. SBG International Japan Co., Ltd. Marketing of the group company
	: 5. Somboon Forging Technology Co., Ltd. Motor vehicle part manufacturing from Hot/Cold Forging process



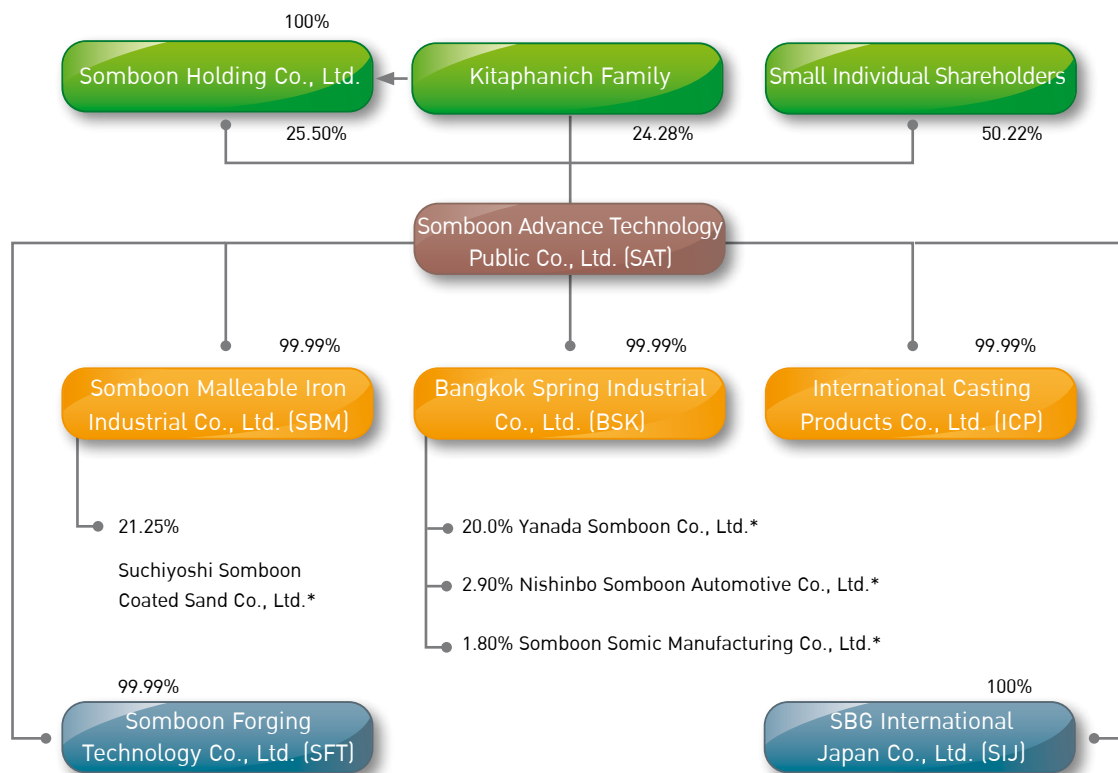
NATURE OF BUSINESS OPERATION

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

The operation of each company in the group has the policy to growing together with customers, focus on creating values to the organization and stakeholder with differential products. In term of operation, each company shall operate its business like the business unit ("BU") of the organization. The Company's Directors shall act to set up the overall policy to enable each company in the group, meaning to SAT, SBM, BSK and ICP and the all vice president have to report on their performances to the president. Each company had fixed goal, strategy and together following up the performance through the joint regular meetings of the executive committee.

The shareholding structure of the Company

as at March 14, 2012



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



Income Structure divided in accordance with products

The income structures of the Company and subsidiaries divided into major products in 2009, 2010 and 2011 can be classified as following;

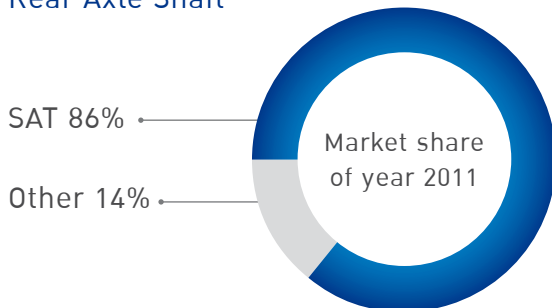
Products	Operated by	% of share holding	Balance Sheet 2011		Balance Sheet 2010		Balance Sheet 2009	
			Income	%	Income	%	Income	%
Axle shaft	SAT		2,057	31	2,080	32	1,376	32
Leaf Spring	BSK	99.99	765	12	570	9	461	11
Disc& Drum Brake	SBM	99.99	605	9	615	10	471	11
Stabilizer Bar	BSK	99.99	469	7	491	8	331	8
Coil Spring	BSK	99.99	514	8	500	8	310	7
Exhaust Manifold	SBM	99.99	221	3	234	4	152	3
Fly wheel& Comp	SBM	99.99	354	5	387	6	263	6
Agricultural engine parts	SBM	99.99	464	7	491	8	234	5
Others*			972	16	895	14	698	16
Total income from sale			6,421	98	6,263	98	4,296	99
Other incomes			147	2	153	2	52	1
Total income			6,568	100	6,416	100	4,348	100

Note:

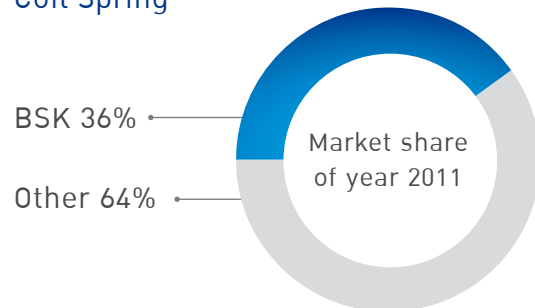
* Other products such as spring shaft, valve, push rod, brackets and other products for the total of more than 20 items

MARKET SHARE OF MAJOR PRODUCTS

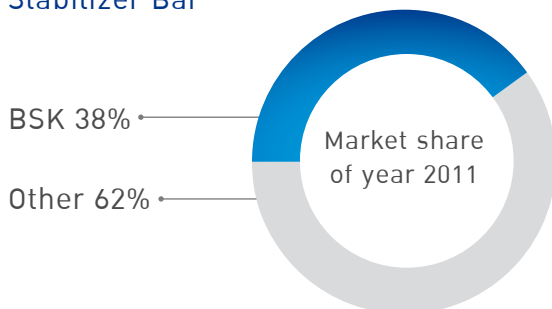
Rear Axle Shaft



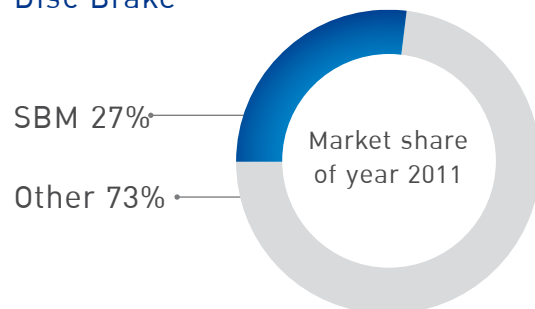
Coil Spring



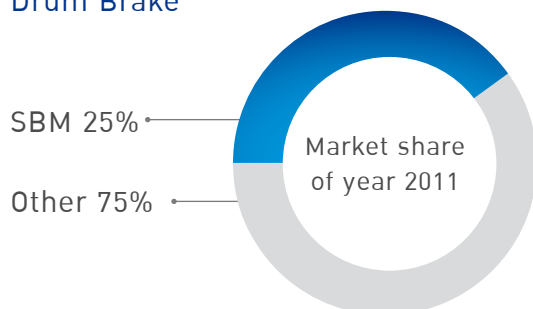
Stabilizer Bar



Disc Brake



Drum Brake



SBG AND SUSTAINABLE DEVELOPMENT

The Company Board of Directors is firmly determined to develop the Organization for sustainable growth; to become a transparent Organization and to have a true corporate governance, responsibility and maintain the benefits of the stakeholders and society in the overall, develop personnel to become good people with righteousness, promote knowledge and quality of life along with the environmental development and the better environment in order to head for the effectiveness of the corporate social responsibility through the way of Sustainability Report in accordance with the framework on the making of Report which is internationally acceptable, as follows:

1. Corporate Governance:

The Company Board of Directors maps out the Corporate Governance Policy as 1 of the 6 main Missions of the Organization Strategy in order to enable the business operations to proceed with sustainable growth in accordance with the Principle of Sufficiency Economy Philosophy and build up good immunity in carrying out the business operations and promote all levels of employees throughout the Organization to have knowledge, understanding, consciousness in performing their duties with responsibilities, due care, honesty through training and seminar under the course so called CG, on the Subject of the Participation for the Growth and Sustainability, for a consecutive period of 4 years.

In 2011, The Company Board of Directors made a development on the aspect of business control as follows:

1. Stipulated the Policy on Anti - Corruption in the Corporate Governance Policy under the Subject of the "Receipt of Thing or Other Benefit" and giving a bribe in order to lead to an illegal duty performance and cause the rising of the conflict of interest.
2. Improved Handbook on "Corporate Governance Policy" and "Code of Conduct and Work Practice" of the Company according to Corporate Social Responsibility Policy of Thai Listed Company.
3. Announced the use of Handbook on "Corporate Governance Policy" and "Code of Conduct and Work Practice" of the Company by distributing the 2 Handbooks to Board members and all levels of employees of the Company to acknowledge the receipts and strictly comply with.
4. Made "Director Handbook" and "Induction Program Handbook" for use as guidelines for good practical performances of the Corporate Governance Policy from January 1, 2012.
5. Corporate Governance Awards:

5.1 SET Awards from Stock Exchange of Thailand;

- (1) SET Awards of Honor for the excellence as the outstanding Corporate Governance report for a consecutive period of 3 years from 2009 to 2011.
- (2) Corporate Social Responsibility Outstanding and Excellence Award.

5.2 Was evaluated to be 1 of the 47 listed companies receiving the score

in the level of "Excellent CG Scoring" based on the Report on the Control of Listed Company for the Year 2011, for a consecutive period of 4 years by having the scores of all each groups of item being rated as "Excellent" and when it was compared with highest and average scores of 497 surveyed companies in overall and individual group which is higher than the average scores of all companies being surveyed (Industrial product group and SET100 group)



5.3 The Company's board of directors received the outstanding Board of the Year 2010/2011 on February 21, 2011 for Distinctive Practices arranged by Thai Institute of Director Association in conjunction with the Stock Exchange of Thailand for a consecutive of second time.

In addition, the Company complied with the corporate governance in 5 categories namely, shareholders' right, Equitable Treatment of shareholders, Role of Stakeholders, Disclosure and transparency, and Board Responsibilities with the details as follows:



1. **Shareholders' right :** The Company gave the opportunity to the shareholders to participate in the corporate governance and share their opinion on business operation. This year, the Company added the good conduct on publicizing on the shareholders' meeting report in order to provide the information to shareholders and enabling them to investigate the correctness via SET channel and Company's website within 14 days from the meeting date as well as conduction on shareholders' rights for sustainability on the following matters:
 - 1.1 Give an opportunity for shareholder to present the issue to be considered as the meeting agenda during October to December 2010 and send the questions regarding ordinary shareholder's meeting agenda for 2011 during March 19, 2011 to April 7, 2011. The shareholders were notified by news system of the SET as well as the announcements on the rules and processes in the company's website at www.satpcl.co.th in the investor relations section under shareholders' meeting topic.
 - 1.2 Inform the scoring method and score counting method prior to shareholders' meeting and use the voting card.
 - 1.3 Present the directors' remuneration to the shareholders to consider and approve every year as well as presenting the policy and guidelines on remuneration specification.
 - 1.4 The directors shall not hold the shares more than 25 percent of issued share altogether.
 - 1.5 The Company did not add the meeting agenda or change the significant information without information to the shareholders in the ordinary shareholders' meeting for 2011. The Company also provided the opportunity for shareholders to question and give opinion at the meeting. The details were recorded in the shareholders' meeting report.
2. **Equitable Treatment of shareholders:** The Company had the policy for fair shareholders' practice on both major and minor shareholders, institutional investor or foreign shareholders to create the true fairness: such as; arrange the shareholders' meeting, specify the process to facilitate shareholders to join the meeting easily, protect shareholders' from being exploited and providing the control power to shareholder, etc. The Company practiced the shareholders' practices for sustainability on the following matters:
 - 2.1 Provide the opportunity for shareholders to nominate the directors during October to December 2010 by announcing the information in the SET news channel and announcing the process on www.satpcl.co.th in the investor relation under shareholder's meeting.
 - 2.2 Give the equal right to vote to the shareholder
 - 2.3 No transaction among the associate companies that would create the significant conflict of interests.



- 2.4 The Company had attached the Proxy form B of which shareholders could vote independently for each period with an appointment letter in order for unavailable shareholders to give the power of attorney to others to join and vote as well as publicizing these in the Company's website so that shareholders could easily download.
- 2.5 In 2011, the Company arranged 1 shareholders' meeting which was an ordinary shareholder's meeting on April 19, 2011. Ten directors in total had joined the meeting and assigned the Thailand Securities Depositories Co., Ltd which was the Company's registrar to process on delivering invitation to shareholders 26 days prior and publicized it in both Thai and English on the Company's website 30 days prior to the meeting for the shareholders to study.
- 2.6 No financial aids to other companies besides the subsidiaries.
- 2.7 The Company's director was prevented from applying the opportunity or information received from being in the position of director, executive or employee for private use or for competing with the Company or related business as well as not applying the internal information for stock trading purpose. The director and executive must report their shares holding at first and report the changes in shares according to the section 59 of Stock and Stock Market Act B.E. 2551 (A.D. 2008)
- 2.8 The Company's director has specified the guideline for the directors of the Company and subsidiaries and executive to report their equity and related person's equity according to the section 89/14 of Stock and Stock Market Act B.E. 2551 (A.D. 2008).

They are also required to revise the report within January each year and/or every time the information is changed by submitting to the Company's secretary within 7 working days. The guideline is also extended to be enforced on the employee at the management level of the Company and subsidiaries from the department manager and above and related employees below the manager level. The deputy director of the section agrees on reporting according to the policy. In 2011, there were 102 reports and 1 transaction with the Company's equity by the employee at the foreman level. It was also registered and report to the chairman and the chairman of Audit & corporate governance committee for inform in Board of directors' meeting.

- 3. Role of Stakeholders:** The Company gave the importance on the environmental and corporate social responsibility including the other groups of stakeholders and was aware of the roles and importance of groups of stakeholders. In 2011, the Company added good ways of practical performances as follows;
- (1) Stipulated Anti Corruption Policy on the Receipt and Giving of Thing or any other Benefit in order to motivate the illegal performance and cause the rising of the conflict of interest.
 - (2) Policy on Political Right, International Human Right and Non-infringement of Intellectual Property Right.
 - (3) Increased notification channels for complaints and recommendations, complaints receiving process, complainant protection measures.
 - (4) Prescribed the rule of "Code of Conduct and Work Practice" as the Discipline with which all Board Members, Executives and employees must strictly comply. Any violation or non-compliance shall be deemed to be a disciplinary violation against Personnel Administration Regulation.

Nevertheless, the Company has promoted the use of resources with efficiency and worthiness, directed employees to be definitely attentive and perform duties with consciousness by taking into account the safety and environment, encouraging stakeholders of the Company to participate in the developments of the community and societies and still adhering to and developing the practical performance towards the stakeholders continuously; such as,

- 3.1 Develop the clear policy regarding the stakeholder namely; shareholder, customer, trade partner, environment and society in the Business Ethics handbook and desired working practices as well as giving importance on different social activities.
 - 3.2 Publicize a clear policy and guideline for every stakeholder such as employee, safety, customer/trade partner/debtor environment and shareholder.
 - 3.3 Provide the Provident Fund to the employee and the offering of shares to senior executives of the Company and its subsidiaries under the ESOP Scheme
 - 3.4 Provide the channel for shareholder/stakeholder to contact or claim with the independent committee as well as specifying the channel to receive the complaints regarding corporate governance from employees through the Company's secretary by reporting the corporate governance to the audit committee quarterly.
4. **Disclosure and transparency:** The Company gives important on the presentation of significant information of the Company regarding their correct, timely and transparent manner such as shareholder's structure, business operation, financial results, governance, business policy, investigation and control process and various channels for the presentation of information.

In 2011, the Company Renovate website for the investors and stakeholders to be able to access the information by categorized the presentation, rules and guideline on good governance according to the law, regulation, and SET and Securities and Exchange Commission's regulation in the following matters:

- 4.1 Submit the financial report to the Securities and Exchange Commission's regulation/ Stock Exchange of Thailand within the specified period of time and no transaction reported with condition by the auditor.
- 4.2 Present the complete information regarding annual report and website such as financial statement, corporate governance policy and business ethics, corporate social responsibility policy, analysis from the analyst from many institution, business type, annual report, annual report presentation form, shareholder's meeting, names of major shareholders, announcement from the SET and publication.
- 4.3 The Company has the investor relations section as a contact channel and communicate various information such as organizing the analyst meeting and publicizing the operating result quarterly as well as organizing the Road Show domestically and internationally.
- 4.4 Disclose the guideline on directors and executives' remuneration in the annual report.
- 4.5 Disclose the information regarding directors and executives' share hold in the Company and specify the guideline on directors and executives to report as follows;
 - 4.5.1 Report of changes in securities holding
 - 4.5.2 Conflict of Interest report of directors and executives



To prevent the Conflict of Interest of directors and executives, the Company's secretary will be report to chairman and adding in agenda for Board of director' meeting quarterly.

4.6 No record of financial statement revision order by the Stock Exchange of Thailand and Securities Exchange Commission.

4.7 Present the directors and executives' information in the Company's website such as name, position, education background, shares held, working experience and picture.

5. Board Responsibilities: The Company gives high important on directors' role and responsibility to protect the shareholders and stakeholders' interests such as create the business strategy, investigate business operation, conduct the transparency business. However, the Company is conducting on the following matters in order to create the sustainability:

5.1 The Company's directors consist of person with knowledge and competency. The Company specified the number of the directors appropriated with the business size. Currently, the Company has 10 directors, 3 of them are the Company's executives, and 7 of non executives which contain of 6 independent directors. Each of them takes the position for 3 years and does not have the restriction period.

5.2 The Company's directors reviewed powers and duties of the Company's Board of Directors and its subsidiaries at least 1 times a year.

5.3 The Company Board of Directors, meanwhile, is under the period of study and reviewing the good practice for directors such as (1) their service retirements, (2) office term and (3) rotations of the Sub-Committee.

5.4 Create the policy on the number of the Company directors can hold the committee position according to the guideline on corporate governance as follows;

5.4.1 Director can take the position in the listed companies not exceed 5 companies

5.4.2 President and Senior executives can take the position at other companies not exceed 3 companies with the approval from the Company's directors

5.5 The Company's directors has revised the handbook on corporate governance and business ethics to be in accordance with the business direction in writing and applied as a operation guidelines from January 1, 2011 as follows;

(1) The chairman of the director can take the position at other company with the approval from the Company's directors.

(2) Establish the channel for claim for suggestion on any matters as well as report on the action that violates the law. The employee and stakeholder can give their opinion independently and apply the opinion to the management process. They can also complain to the independent committee directly by e-mail or post to the Company's secretary.

(3) The business ethic handbook is enforced on the director, executive and all employees to seriously comply with. If violating, it is accounted for violating discipline according to the regulation on human resources management

(4) Create the policy on conflict of interests in the business ethic manual to prevent the self-benefit action.

5.6 No record on violating the Securities and Exchange Commission's regulation / Stock Exchange of Thailand.

- 5.7 Clearly separate the roles, authority and duty of the president and chairman of the committee as they are different person. Also, assign the president, managing director and sub-committee.
- 5.8 The Company has the Policy on non-Executive Committee members to have the opportunity to hold their own meeting for discussions on various problems regarding the management in their interests without a participation of the Management, at least, once a year and then inform the managing Director on result of the meeting. In 2011, a meeting was held on December 14, 2011, in which all members expressed their opinions on the 360 degree assessment form for president assessment and follow up the succession plan of president, in this respect, the Chairman have already informed the President on result of the discussions.
- 5.9 The Company Board of Directors has taken part in the participations with the Management in mapping out the Vision, Mission, Strategy, Goal, Business Plan and Budget of the Company by holding independent expressions on the opinions in order to jointly prescribe the direction of the Organization through on-the-job seminar between the Company Board of Directors members and high level Executives regularly every year and subsequent to the seminar, Business Plan and Goal, will be communicated to all levels of the employees throughout the Organization to comply with under the Activity literally so called in Thai, "Jub Khao Khui Gun" (or in English, "Face to Face Discussions") in which the President will be the person to give the explanations and the operational results twice a year).
- 5.10 The Company Board of Directors plays an important role in correcting the Company's situations or problems by jointly holding discussions with the Management in order to stipulate Measures and Operational Plan to prevent the impact from contingently arising to the Company.
- 5.11 The Company's director appointed the sub-committee namely; corporate governance management and audit committee, nomination and remuneration committee, and risk management committee. The responsibility of each committee has been clearly specified.
- 5.12 The Company's director creates the internal control system covering from financial dimension, operation in accordance with the law, rules and regulations, the appropriated risk management, as well as creating the effective investigation mechanism and balance to protect the assets. The Company also initiates the internal control department which is the independent organization reporting directly to the audit and corporate governance committee as well as compiling the quality report and submit to the audit committee consisted of complete set of necessary information and clearly specifies the risk management policy.
- 5.13 The Company's director fosters the Company to have the necessary risk management and follow up frequently. Therefore, the directors has set up the Enterprise Risk Management Committee to evaluate the appropriated risk management and assigned to follow up, supervise, and analyze the risk management at the operating level through Risk Champion and report the result to the Company's director quarterly.
- 5.14 The Company Secretary has been appointed since 2006 to be in accordance with Section 89/15 of Securities and Exchange Act to perform the following duties: (1) To be a center point in making/keeping documents, (2) Handling Board/Committees members registrations, (3) Arranging shareholders meetings, (4) Reporting the interests of Board/Committees members as well as the Executives, (5) Holding activities between Board/Committees members and the Executives to promote better relationships among them, (6) Coordinating work to ensure the compliance with the resolution of the Company Board of Directors, (7) Giving opinions relating to the Laws of various Notifications/Announcements, (8) Others, (as assigned by the Company Board of Directors)



5.15 The Company's director and audit committee has established the CG Committee by assigning the Company's secretary as a chairman to follow up on the corporate governance task and report it to the Company's director quarterly.

5.16 Director's meeting: The Company's director plans the meeting one year prior and will organize at least 6 meetings a year as well as arrange the special meeting as necessary. At each meeting, both acknowledge and consideration agenda are clearly set, the document is well-prepared and delivered to the directors 7 days prior to the meeting so that the director can study the information before the meeting. In the meeting, everybody can freely discuss. The chairman will analyze the suggestion and conclusion from the meeting. Minute of meeting is recorded by the secretary. After the approval from the meeting, the information will be stored in the shelf on the 2nd floor, 11th building at the head office for the directors and related person to examine. The details of attending meetings are as following:

Name	Position	Attended (Times)				
		Board of Directors	Executive Board	Audit & CG Committee	Nomination & Remuneration Committee	NED
1. Mr. Sansern Wongcha-um	Independent director /Chairman	10/10	-	-	-	1/1
2. Mr. Yongyuth Kitaphanich	Vice Chairman /Executive Board	10/10	17/17	-	-	1/1
3. Mr. Panja Senadisai	Independent director /Chairman of the Audit & CG Committee/Member of the Nomination& Remuneration Committee	10/10	-	6/6	5/5	1/1
4. Mr. Sobson Ketsuwan	Independent director /Chairman of the Executive Board	10/10	17/17	-	-	1/1
5. Mr. Ajarin Sarasas	Independent director/Member of the Audit & CG Committee	9/10	-	6/6	-	1/1
6. Mr. Paitoon Taveebhol	Independent director/Member of the Audit & CG Committee /Chairman of the Nomination and Remuneration Committee	10/10	-	6/6	5/5	1/1
7. Mr. Verayut Kitaphanich	Director/Executive Board	9/10	15/17	-	-	-
8. Mr. Yongkiat Kitaphanich	Director	9/10	-	-	-	-
9. Ms. Napatsorn Kitaphanich	Director	10/10	-	-	-	-
10. Mr. Surasak Khaoroptham	Independent director/Executive Board/Member of the Nomination & Remuneration Committee	10/10	16/17	6/6	5/5	1/1

5.17 Self-evaluation of the director: The Company's director evaluated themselves at least once a year in order to review the appropriateness of governance and/or execution. This information will be used to improve/develop the management to be at most effective. The evaluation will be conducted using form adapted from the self-evaluation form by the Stock Exchange of Thailand as appropriated and in line with the Company's director's characteristic. The evaluation result will be informed to the Company's directors and make the analysis for the management team.

5.18 President's function evaluation: The Company's director arrange the president's function evaluation every year by applying the goal and guideline on evaluation linked to the success of the strategy to consider the appropriated remuneration and commission.

5.19 Director and executive development

- Orientation

The Company's director organizes the orientation for every person to create the understanding in business and practices to prepare the directors. At the same time, policy to foster the knowledge and vision to the director in terms of corporate governance, industry condition, technology business and new innovation to support the effectiveness operation. The Company's secretary is responsible for the following:

- (1) Acknowledged matter: business structure and director structure, scope of authority, and law.
- (2) Business information operation guideline and manufacturing process
- (3) Arrange the discussion section with the chairman, and managing director for the in-depth information on business operation.

Even in 2011, the Company did not hold any new Board members orientation, however, in order to enable them to be informed on the up-to-date information, The Board Member Orientation Handbook is, therefore, improved for distributing to them in order that they could have the opportunity to study the information data in respect of the related laws including the general knowledge of the Company.

Moreover, the Company supports the directors and top executives to participate in the seminar that will benefit their function as well as exchange the idea with the Company's directors. The Company's secretary will coordinate with the director to participate in the courses provided by Thai Directors Institute such as Directors Certification Program (DCP) Directors Accreditation Program (DAP) Audit Committee Program (ACP) and apply those experiences to their function.

- Knowledge development

The Company's director promotes and supports the director, executive and Company's secretary to participate in the seminar arranged by the Thai Directors Institute, Stock Exchange of Thailand, Securities Exchange Commission or other independent organization to extend their knowledge, improve their working process and benefit their function.

For 2011, the Company Board of Directors held the knowledge promotions for the Board members and the Executives, as follows:



1. Holding Training;

1.1 In-House Training to increase knowledge to member high level Executives by collaborating with Thai Institute of Directors to hold the Training Course on "Board's Role on Anti Corruption" on July 21, 2011 and mapping out Work Plan for leading towards concrete Organizational Management as follows"

- Signing the Collective Action Coalition Declaration of Thai private sector on Anti corruption.
- Organizing publicity to inform all levels of employees and stakeholders through internal communication channels; such as, Weekly Journal, Supplier Meeting, etc.
- Holding sessions to enhance knowledge and understanding for all levels of employees through trainings on the Topic of "Employees Role on Anti Corruption" and Counter Corruption Law which they ought to know.
- Prescribing procedure on the follow-ups, audits of the Plan through Internal Audit Organization; such as, reviewing the Audit Committee Management System, etc.

1.2 Taking part in the Training/Seminar Course relating to the duty performances of the Board members:

- Taking part in Financial Instruments for Directors Course held by the stock Exchange of Thailand in order to gain knowledge on various Financial Instruments that can be of the assistance in the Company's Liquidity Management.
- Taking part in Anti Corruption Course for the Executives in order to push forward for concrete anti corruption held by the Institute of Thai Directors.
- Taking part in the Seminar on new Anti Corruption Law and Development of Thai Organizations towards the Transparency in order to be prepared for the creation of knowledge and understanding for use in the development of the management system in accordance with the law held by the Institute of Thai Directors.

2. On The-Job-Training in order to enhance Board members and the Executives to gain knowledge on a specific field relating to business operations; such as, visiting new production line, new investment project on which the investment has been approved, visiting the production line of main customer or Vehicle and Auto Part Industry Group in order to gain knowledge on general situations, etc.

5.20 Succession Plan of the President and Vice President in order to ensure that the Company has the Executives with knowledge and competency sufficient to perform duties, as follows:

- (1) The Company Board of Directors shall prescribe the requirement to avail the Executive Potential Development Plan in order to make the Plan on the Position Succession consisting of Presidents and Vice Presidents of all lines of work.
- (2) Nomination and Remuneration Committee shall make consideration in prescribing knowledge, competency and experience of each position in order to select the Executive having qualifications in compatibility with the prescribed qualifications and capable to succeed work under each position.

- (3) The President shall evaluate the duty performances and knowledge of the Executives having the qualifications comparatively equal to the level of required competency in order to make the Individual Development Program in reducing the competency gap.
 - (4) Assigning HR Executive Committee to perform duty in monitoring controls and follow-ups on the trainings and the development of the knowledge and competency of the successor of the Vice President.
 - (5) The President shall cause the rotations of duty and responsibility of the Executives with compatible qualifications and assign the Executives of the Vice President to participate in the Executive Board of Directors in order to gain understandings, experiences and readiness in the administration of the Organization in the future.
 - (6) The President shall make reports on result of the operations and development in accordance with the Individual Development Program of the Executive having the compatible qualifications, for submission to Nomination and Remuneration Committee twice a year.
 - (7) Nomination and Remuneration Committee shall review and conclude result on the Plan on the Position Succession of the President and Vice President on a regular basis and submit reports on the same to the Company Board of Directors twice a year.
- 5.21 Board Members and Executives Selection: In order to conform with the Corporate Governance Policy, the Company Board of Directors, therefore, prescribed the policy, rules and procedures on the selections of the Board members and high level Executives of the Company by assigning the Nomination and Remuneration Committee to be the Selector of persons suitably qualified to be nominated and selected which, in this respect, suitable persons will be nominated for selection by the Nomination and Remuneration Committee who will prescribe the rules and procedures on the nominations and selections which will be dependable on the suitability of the situation of the Company for such time being. In 2011, the Company had no nomination and selection of the Company's Board members and the Executives.

2. Business operations with fairness:

The Company's Board of Directors stipulates practices for trading partners with equality and fairness based on fair return for both sides and is aware of the anti corruption prevention both inside and outside the Organization by stipulating the anti Corruption Policy on "Receiving of Thing or any other Benefits having influence over the Decisions with Unfair Practices towards Duty Performances" and "the Giving of Bribes" in the Company Business Ethics Handbook by prescribing the ways as follows:

1. Regularly and continuously Arrange distributors' meeting to publicize recruitment and procurement policies for trading partners so that the Company's sales representatives have channel to acknowledge policy, information, operation in terms of recruitment and procurement with equality and fairness. It is also opportunity to jointly try to understand business execution and operation in accordance with the Company' policy annually. It also provides channel to file grievance for the Company's distributors if they are not treated fairly when running business operation with the Company, or are threatened, or are demanded with bribe by the Company's officials, such as directly from independent directors' website.



2. Strictly and fairly comply with conditions agreed upon with distributors and creditors according to obligation and agreements reached for mutual business operation.
3. Promote operation in term of distributors' corporate social responsibility and create opportunity for distributors to continuously participate directly and indirectly in the Company's operating activities for society. For example jointly developing, repairing and improving education places in various areas which need assistance, or development, improvement, construction residence for the poor who need assistance. Either distributors or trading partners can participate in the project, either directly by labour volunteer, or indirectly by funding or distributing stuffs according to distributors' capability.
4. Prohibit employees from receiving or distributing any stuffs to any other benefits from persons with duty or business relating to Organization, including distributors, subcontractors, contractors. Clear guidelines of the matter are stipulated to prevent problems of non-transparency and non-fairness of trade between distributors, dishonesty, and non-fairness of business operation from occurring.
5. Take steps of actions in checking the connections and involvements between all level of employees and the sellers of the Company continuously in order to prevent the occurrence of unfairness and inequity in carrying out business operations among each buyer with the Company.

3. Human rights and fair practice towards labour

Respect for human rights is foundation of taking care of and developing personnel which plays important part in building up added value and increasing product. The Company realizes well that employees are very valuable resource of the Organization. Consequently, it emphasizes improvement of environment at work, promotes good quality of lives of the Organization's employees, extends opportunity for employees to participate in expressing their views and opportunity of learning and development, so as to sustainably promote their progress. The Company has given utmost weight to regularly communication through various channels and cover all areas in the Organization, both from top to bottom and vice versa with various activities favorable to opening up opportunity for employees to participate so as to create relationship, unity and feeling of the Organization's well wishing towards employees and their families. The Company is determined to take such care of employees when appropriate opportunity exists as follows;

Total Employees by Gender and Type of Employment Contract

Company	Number (Persons)			
	31 December 2011		31 December 2010	
	Male	Female	Male	Female
1. Somboon Advance Technology Public Co., Ltd.	492	162	457	146
2. Somboon Malleable Iron Industrial Co., Ltd.	1,060	173	1,060	147
3. Bangkok Spring Industrial Co., Ltd.	399	74	421	64
4. International Casting Products Co., Ltd.	403	49	281	32
Total	2,354	458	2,219	389

Number of employees in accordance with employment category.	Male	Female	Male	Female
Permanent Employees	2,197	438	1,950	365
Contracted Employees	157	20	269	24

3.1 **Take care of return and welfare:** Apart from basic welfare as that being stipulated by laws, the Company is determined to pay return and welfare as it sees fit and as the case may be by regularly comparing with the market's rate. In 2011, the Company increased contributions to provident fund accounting for 1-2 percent in accordance with employees' working period so as to encourage saving among employees. They could choose saving rates in accordance with their working period while the Company would contribute in the same amount which they chose.

3.2 **Personnel development:** The Company implements personnel development policy via developing their competency in line with each department's demand so as to create the Organization's competitiveness in terms of products' quality, competitive costs, on time delivery, knowledge in connection with production engineering and management so as to respond to satisfaction of the Organization's customers and interested persons (Q C D E M).

Overall Picture of Personnel Training and Development in 2011.

Training	Training Goal		Total Actual Training Participants	
	Course	Class	Course	Class
Training Department				
Organization Development: Q,C,D,E,M Course	31	58	104	137
Q = Quality: Organization Development on Quality management	15	36	34	64
C = Cost: Organization Development on Cost.	2	3	37	37
D = Delivery: Organization Development on Delivery Management	0	0	1	1
E = Environment: Organization Development on Environmental Development	7	12	11	11
M = Moral: Organization Development on Moral and Ethics.	7	7	21	24
Training & Development Course	16	24	372	372
Function Training or Technical	10	12	284	284
Managerial Training or Soft Skills Training	6	12	88	88
Total Courses	47	82	476	509



3.2.1 Develop and upgrade potentiality in line with the Organization's strategy by emphasizing personnel development in accordance with strategy via distributing for all positions as well as paying attention to strategic positions to be able to be source of driving force to respond to the Organization's strategy both in short and long terms, based on a concept to create SBG's DNA under following slogan: "Work by creating value with happiness, having fun with continuous development " by creativity of quality at work so as to respond to customers' satisfaction and expectation, based on following concept: 1. Smile @ Change 2. Best Quality 3. Growth by Team Learning so as to achieve objective to be competitive in the future, and, for supervisory positions, emphasize on development to create leadership, management, planning, work's assignment and monitoring, as well as creating atmosphere at work favorable to innovative thinking so as to respond to plan connecting the Organization's strategy to achieve the Organization's target in term of Q C D E M.

3.2.2 Development of preparedness in terms of management and leadership: by aiming to concentrate on upgrading leadership of all levels of executives, as well as assignment of power distribution process for rapidity of strategic management and possessing constructive ideas, in addition to preparing to develop potentiality of executives, both high and middle levels, to be prepared for change which may arise from both internal and external factors.

Moreover, regarding high and middle executives (including managers, general managers, and Vice Presidents), they receive succession plan by evaluating under Performance Management System (PMS) to discover executives who are talent people and access to Management Development Program. Under this program, executives will be developed in terms of knowledge in management, studying and observation both domestically and internationally, as well as coaching by role model executives under Mentoring Program. Successors' qualification must be evaluated under Succession Plan with 1-3 Succession Frame Work out of 9 Frame Work.

3.2.3 Personnel development under Knowledge Management: so as to lead to be Learning Organization creating exchange, transfer knowledge within internal Organization, and keep knowledge under the Organization's production system by concentrating on process affecting products' Key Process and Safety Process towards users, especially the Organization's Product Champion, through creating activities as follow:

- (1) Work out structure of knowledge management and collect, classify, keep and transfer the knowledge under Knowledge Management.
- (2) Develop and promote learning through libraries and KM Website.
- (3) Develop learning process under Team Based Learning by concentrating on building up knowledge and transfer it to operators. The system is designed to create both Team Based Learning and Cross Functional Team.
- (4) Self assessment through Knowledge Management Assessment to add process of knowledge management as a part of the Organization's strategy.

3.2.4 Process stipulating personnel development: Stipulation training needs of personnel development to be in line with the Organization's strategy and competency of Organization Standard. The needs will be analyzed and worked out as personnel development according to Individual Development Plan (IDP), dividing into levels of competency according to responsibility or positions in line with the Organization's Competency Model).

Moreover, the Company also emphasizes on personnel development under On the Job Training System so as to develop potentiality of preliminary supervisors' leadership and emphasize developing employees' skills and professional competency to be prepared for responding to customer's needs in term of QCD. All employees' levels will be developed based on learning capability towards suitable knowledge and skills for professional practice. And finally, they will be developed to possess sufficient potentiality and experiences to be promoted to higher rankings.

Every year, test of knowledge and assessment of competency according to Competency Model will be held so as to find out gap to develop competency of all levels of employees, which is a process to be systematically and continuously developed to ensure stable growth and sustainability of the Organization.

In order to compatibly conform with the operations under the Strategic Plan of the year 2011 on the Employees Capability Increase and Employees Quality of Life Promotion, the Company Board of Directors, therefore, approved the Investment Project for the construction of Learning and Development Center in order to make it the Company Employees Development Center both Theory and Practice in order to back up the current and future business

4. Responsibility towards consumers

The Company's Board of Directors implements a policy to respond to customers' satisfaction so as to lead to success of the Company's business by strictly, fairly and systematically abiding by conditions agreed with customers. Customers' filing grievance process in connection with safety or products and services as well as products' warranty within suitable duration is available.

In 2011, the company received no significant grievance from use of the Company's products, or defying Product Liability Law. In addition, it extended correct and sufficient information to customers to create benefit towards management both for manufacturers and consumers.

The Company also paid attention to products' development and manufacturing monitoring process by establishing test centre of products' development and manufacturing process at the Company's Head Quarters in Samut Prakarn province. The centre can test brakes, shafts, spring coils, leaf spring, stabilizer bar control, and spare parts of agriculture machines. The test covers selection of raw materials to suit each type of product. Test during all manufacturing process is to find out the best manufacturing parameter. And test of finished products via testing equipments emulated from virtual use and test during specified period. On the whole, these tests aim to ensure that designed and developed products offer good quality and can respond to customers' needs.

5. Operation on environment;

The Company Board of Directors has a policy to carry out the business on the base of the environment by a firm determination to strictly comply with the Law, Rules and Regulations, Standard and various Directives relating to the environment and stands readily to take steps of actions to seriously develop the Environmental Management Process within the Organization and make the improvements continuously which, in this respect, in 2011, the company had adopted the Principle of "Sustainable Business Development Along With the Environment and Sociality" as the frame in business driving consequently resulting in the rising of the advantageous business innovation, the creation of competitive capability and added value to the Organization through the development and enhancement on the energy conservation which have been continuously carried on and clean energy has begun to be used as are sampled by the following Projects:



- Solar Energy System Car Park Building Project which can generate electric power of 23,000 kWh/year. On such quantity of the electric power which can be generated, it can be computed to be a reduction in greenhouse gas of 14.3 ton of CO₂ /year.
- LPG Use Reduction Project by way of reducing the size of kiln and the reduction in the loss of thermal from steam ducts in order to emphasize the objective on the reduction of unnecessary thing and a futility in the production process which results in the reduction in the quantity on the use of LPG to be 28,080 Kg/year and the reduction of greenhouse gas, CO₂ to be 82.8 ton/year.
- kW On Peak Control Project in the melting process is the process in which the use of electric power is at its peak. The Company, therefore, foresees the importance on the control on the use of electricity during the period of the peak on the use of electricity of the country or so called the Peak Load which, as a result, the Semi Auto Measurement and Control System Device is installed in order to reduce the maximum use of electricity down to 800 kW (the period from 18.30 to 21.30 hours everyday).
- The Project emphasizing the reduction in unnecessary thing and the futility; such as, the project on the reduction on the use of air compressor power by continuous development. With the campaign project on the reduction in the leaking cracks of the air compressor system in order to reduce the use of the air compressor system power, the Company has designed the air duct system running of 2 type circuit in order to increase the efficiency to better the air mass ventilation where the project is anticipated to be complete within April of 2012. The result expected to gain from the project is to be able to reduce the use of air compressor by 75kW in number of 1 air compressor.

In 2011, the Company took steps of action on the reduction in the quantity on the use of electric power by clean energy from solar cell in the total of 23,000 kWh and reduction in the use of LPG fuel in the overall by 28,080 kg of LPG/year or computed to be the quantity of CO₂e in the overall by approximately 97.1 ton of CO₂e or tantamount to the use of the overall energy of all SBG which can be reduced in ratio by zero point three one percent (0.131%).

6. The Company Group Corporate Social Responsibility.

In order to carry out operations on corporate social responsibility in accordance with the strategy on conducting oneself to a good citizen of Thai society and providing co-operations to various organizations as well as promoting the stakeholders to have a participation in the community and society sustainable development, the followings are implemented:

6.1 Encouraging employees to follow the footsteps of H. M. the King in doing virtuous deeds.

The Company has encouraged the Company's employees to take part in doing virtuous deeds continuously in accordance with the way to weave smart people and create good people through the Project so called, "98,480 Virtues, SBG Follows the King's Footsteps," which is the Project to do good deeds for a continuous period of 4 years (2008-2011) as an offering of contributions to the Royal Charity in commemoration on the occasion of H. M. the King's 84 Years Anniversary in 2011, H. M. the Queen to turn 80 years old in 2012, with the goal to persuade the employees to do good deeds of up to 98,480 good deeds through 6 ways of making good deeds as follows: Devoting time to do thing for public interest, Making merits, Donating money or thing, Conducting oneself to be good people and virtue which is made by own self.



In 2011, the Company carried actions on the significant matters as follows:

Doing Virtuous Deeds via Way 1: By taking part in the activity as an offer of the benefit for the interest of the society and environment (Total of 414 virtues are accounted for in the merit making) by participating with various organizations both of the government and private sector or network for doing activity for the society. The continuous carrying out of the activity in developing the community and society all around are tree plantings in the community under the Project so called, “Thai Locals Assembling Minds with Loyalty to H. M. the King to conserve Green Area” and doing things for public interest by encouraging the employees to help improve the residences of the disadvantageous people under the Program so called, “Thai Locals extolling H. M. the King” in the community of Bangchalong Local Administration Organization, Samut Prakan Province and jointly coming to helping hands to improve children playground at Ban Surasak School and restore the Ubosot (Temple Hall) of Wat Sripoombodi in Chonburi Province, encouraging the employees to make merits continuously every 3 months through the Project so called, “1 Bottle of Mind Which Elder Brother is giving to Younger Brother” and presented school supplies to Disable Intelligent Person Association, Nonthaburi Province.



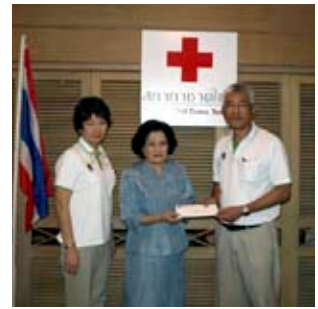
Doing Virtuous Deeds via Way 2: Merit Making for Religion (Total of 1,617 virtues are accounted for in the merit making).

To make the society of goodness and promote Buddhism Institution as well as expressing loyalty for offering as a Royal Charity contribution to H. M. the King on the occasion of the Grand Auspicious Year, the Company, therefore, held the important Buddhism Religious Ceremony by organizing a Group Ordination under the Project so called, “SBG Making Group Ordination in Commemoration of H. M. the King’s 84th Birthday Anniversary Celebration” by giving the opportunities to the employees and sons of the employees desiring to study Dharma (Buddhism Teachings) to be ordained as the Buddhist monks and novices in total number of 9 in each category, at Wat Bangchalong in Samutprakan Province, and Wat Pansadet in Chonburi Province and the Company Management Group and employees play the host as a sponsor to make presentation ceremony of the Annual Kanthin (Yellow Robe Presentation to Buddhist Monks) to the Community Temple and the activity so called, “Taking Mother to worship 9 Buddha Images in Nakhon Nayok Province” in order to enable the employees to take their for merit makings and worshipping the Buddha images and monks on the occasion of the National Mother’s Day.



Doing Virtuous Deeds via Way 3: Donation of Money (Total of 1,295 virtues are accounted for in the merit making).

As the Company has supported the employees in Doing Virtuous Deeds, the Company, therefore, has a policy to donate money in contribution in addition of one time of the money received through donations by the employees in all activities and open the opportunities to all groups of the stakeholders to take part in providing assistances to victims of Tsunami in Japan and enormously serious flood disaster in Thailand whereby the amount of 900,000 Baht collected through the donations.



Doing Virtuous Deeds via Way 4: Donation of Things (Total of 873 virtues are accounted for in the merit making).

The Company opened for the donations of various things for donating to people with whom the Company had participated in the activities and running short of things which was yet another way to in making good deeds in conjunction with the Company's trading partner; such as, donations of used desk calendars to The Bangkok School for the Blind for use in making Bell Letters, taking unused school student uniforms for trading in with tree plants for planting at homes and taking donated school student uniforms for further donations to needy school students. Working in conjunction with Toyota Motors to donate second handed books to schools in rural isolated areas. Donating X-ray films for use in making bulletproof vests to military personnel in 3 deep Southern border provincial areas under the Project so called, "Project for one Virtue for offering to H. M. the King."



Doing Virtuous Deeds via Way 5: Conducting oneself to be a good people (Total of 1,423 virtues are accounted for).

In order to make the Policy, "Weave smart people and create good people" the beginning point to lead to conducting oneself to become a good people, various Projects: such as; "Stop Drinking Alcoholic Beverage During Buddhist Lent," was supported and campaign launched to reduce, suspend and stop drinking all types of alcoholic beverages and there were over 1,020 employees calculated to be forty percent (40%) of the total employees expressing their desires to participate in the Project. Received blood donations from the Executives/Management level persons, employees of the Company and people in the neighboring communities by taking part in the donation operations with the Thai Red Cross Blood Center to organize the activity in receiving blood donations regularly on an annual basis which in 2011, a total of 3 activities were organized and there were over 403 blood donors. Organized special activity so called, "Consuming Vegetarian Food, Redeeming the Life, Setting the Minds, as a Charitable Practice for Offering to H. M. the King" under the Project, "98,480 Virtues, SBG Follows the King's Footsteps," by consuming Vegetarian Food for 1 day on December 4, 2011, in order to refrain from killing animals on the occasion of the Father's Day and donating money in the amount of 45,306 Baht for use in the redemptions of the lives of cattle and buffaloes.



Doing Virtuous Deeds via Way 6: Doing Virtuous Deeds by Oneself
(Total of 25,673 virtues are accounted for).

The company supportively encourages employees to do virtuous deeds by their own selves at all times and all places without clinging to the activities organized by the Company only which, in this connection, when an employee has done a virtuous deed by himself/herself, a note as a data of doing virtuous deed shall be recorded down in conjunction with the Company's activities, as well, such as, making a merit by presenting alms to the monks with the family members, participating in and supporting Buddhism religious activities; such as, presenting united Phapa (necessary items) and Kathin (yellow robes) to Buddhist monks including the participations in the social-benefited activities with the external organizations; doing virtuous deeds on any special days; such as, paying respect to parents on Songkran (Water Festival) Day, Fathers Day, Mothers Day or taking parents on tour to visit various places. The employees can jointly record all these down as doing virtuous deeds, as well.



**Conclusion on the Number of Virtues under 98,480 Virtues Project,
SBG Following the Footsteps of H. M. the King.**

Way on Doing Virtuous Deeds	2008	2009	2010	2011
Way 1: Taking part in the activity as an offer of the benefit for the interest of the society and environment	968	611	480	414
Way 2: Merit Making for Religion	613	883	1,587	1,617
Way 3: Donation of Money	2,496	793	970	1,295
Way 4: Donation of Property	64	618	2,236	873
Way 6: Conducting Oneself to be good people	1,848	1,252	1,423	1,423
Way 5: Doing Virtuous deeds by own self (not the Company organized activity)	-	22,126	38,700	25,673
Total Number of Virtues	5,989	26,283	45,396	31,295
				108,963 Virtues

6.2 Educational Supports:

The Company is aware that education is the foundation of self-development, thus, scholarships have been granted to the employees, employees' children and juveniles in the surrounding communities regularly every years being continued for a consecutive period of 13 years and that in 2011, the Company presented a total of 118 scholarships or in a total monetary values of 558,000 Baht divided into (1) 4 scholarships for employees, (2) 108 scholarships for sons and daughters of employees and 12 scholarships for the communities (for a continuous period of 3 years) and SBG Program for Beloved Sons and Daughters which is the Program to promote learning outside the classroom during the school semester holidays for sons and daughters of the employees which is held regularly every year



6.3 Local Custom Promotion and Hometown Development.

In the Co-existence with the surrounding communities by having the participations with the community developments including local custom and culture promotions is yet another Company's Policy on which the Company has given importance continuously; such as, the custom of receiving the lotus flowers which is the ancient custom of the local habitants of Bangplee District, Songkran Traditional Custom in which elder persons from Bangchalong Ender Person Grouping are invited to take part in the ceremony of pouring water into their hand palm hands as gesture of paying respect to the elderly and asking their blessings in return including Buddha image bathing before returning homes.

6.4 Community Development Voluntary Trainer.

Besides organizing the advantageous activities in which the employees have taken part, the Company also extends the result of the sustainable social development by transferring experiences in carrying out the activities for social benefits in favor of the trading allies, Thai Hino Co-operation Club (THCC) and Social Activity Network of the Stock Exchange of Thailand, CSR Club in jointly becoming a Survey Team to survey the places and give advices including way on the organizing of the activities in rehabilitating the schools affected by flood disaster under the Project so called, Giving the School Back to the Offspring and Weaving Relationships with Community which is yet another Project in which companies in the Stock Exchange of Thailand have been invited to participated in the sustainable development of the Thai society.

7. Research and development from operating of social responsibility

For sustainable development to the Organization so as to develop products' quality and continuously increase efficiency in manufacturing process so as to increase competitiveness, the Company has invested in constructing test centre and products' development. The Development of Manufacturing Process and Products' Development is directly responsible for this project. Apart from development of products' quality, the Company has also simultaneously developed knowledge and understanding skills among personnel. Experienced foreign experts of designing and products' development have jointly trained the Company's personnel.

In 2011, the Company was operating research and development to design brake discs including the expansion of the capability in the test and development of Module to be prepared for change in automobile manufacturing technology in the future to respond to customers' demand in the future and has registered a patent already.

COMPETITION AND INDUSTRIAL TREND

Trends on Market Situation in Auto Parts Industry

2011 is the year in which Thai economy was affected by natural disaster no matter what it was the ever historic flood disaster in Thailand including earthquakes and Tsunami in Japan which caused an enormous damage to the economic value and resulted in the economic growth not to be as anticipated which, in this connection, GDP in 2011 is anticipated to grow from 2010 only 1.5 percent from the original anticipation to grow from 3 percent up to 5 percent.

The consequence of the above mentioned natural disaster has seriously affected the automobile industry, not only in Thailand but also the automobile industry throughout the World resultant from the cessations on the manufactures of the auto parts, being the important component parts, of the manufacturers to the extent of resulting in the automobile manufacturing companies to be unable to continue the manufactures and deliver automobiles to customers as usual. Not only that, the impact resultant there from has continuously affected the supply chain of a great number of the existing vehicle industry. Therefore, 2011 is considered to be yet another year of the Thai automobile industry crisis other than the rising of Hamburger Crisis in 2009. Notwithstanding the other crisis, however, this is the crisis directly affecting the manufactures, consequently resulting in the total automobile manufactures to decrease from 2010 as much by 11.40 percent whereby a total of 1,457,795 automobiles were manufactured which could be divided into category as that 748,451 of them were manufactured for domestic sales or a decrease of 0.13 percent and 709,343 of them manufactured for exporting or a decrease of 20.82 percent. Statistics of automobile assemblies in Thailand are shown in Table 1.

Table 1 Statistics of automotive assembly in Thailand

Year	Passenger Car (Car)	1-Ton Pick Up Truck (Car)	Other Commercial Purpose Car (Car)	Total Commercial Purpose (Car)	Total Total (Car)	Growth Rate (%)
2005	277,603	822,867	24,846	847,713	1,125,316	21.25
2006	298,819	866,990	22,235	889,225	1,188,044	5.57
2007	315,444	948,388	23,514	971,902	1,287,346	8.36
2008	401,309	974,642	17,791	992,433	1,393,742	8.26
2009	313,442	670,737	15,199	685,936	999,378	-28.29
2010	554,387	1,066,759	24,158	1,090,917	1,645,304	64.63
2011	537,987	899,200	20,608	919,808	1,457,795	-11.40

Source: Thai Automotive Industry Association

Thai economic trend in 2012 has been anticipated to recover subsequent to flood disaster in 2011, with significant factors from the economic stimulations of government sector and investments to revive the occurring damage under mega projects of flood prevention where the Thai economy is anticipated to increasingly grow at the rate of 45.5 to 5 percent from 2011 which indeed will result in a positive effect to the domestic automobile markets which is expected to recover, as well, subsequent to the automobile manufacturing companies being able to resume their full capacity of manufactures once again and, in addition, with the supporting force from the so



called, First Car Policy, and the gradual releases of Eco-Car of the Automobile Camp, it will be yet another means to definitely help stimulate the domestic automobile market. It is anticipated that Thai vehicle industry by the end of 2012 will account for the increasing manufactures in quantity of 42.5 percent comparing with the Year 2011 or the manufacturing quantity of 2.08 million vehicles with 1.02 million of them manufactured for domestic distributions or an increase of 36.05 percent and 1.06 million of them manufactured for exporting or an increase of 49.31 percent.

On the part of the agricultural machinery industry (Tractors), it is obvious that a total number of 59,412 new tractors were registered in 2011 or a soaring up of 9.22 percent.

Nevertheless, the situation of Thai economy is still at risk from the country external factors, i.e. the World economic situation which is still frangible, particularly, the solving of problem on public debt of European countries which are required to keep close watch on them while the domestic factors will be dependable on the creation of clarity of the government sector policy in order to bring back the confidence from the production sector, investors and consumers on the matter of water management and economic revival.

Thai auto parts industry situation in 2012 will be somewhat at an increasing competitiveness in which the strategy on cost leader compatibly responding to the customer policy will be adopted for use. At the same time, automobile manufacturers have a trend to reduce the supply chain risk by having the manufacturers of the same auto parts of more than one including having the production line or network in foreign countries, as well. Based on such trends, Thai entrepreneurs are required to map out strategy to increase the competitiveness competency. Contrarily, at the same time, the production costs of the parts manufacturers has a trend to continuously soar up, particularly, the labor costs derived from the Policy of the minimum wage increase as well as the increase in oil prices consequently resulting from the cancellation of the subsidy from the government sector coupled with the grouping of ASEAN Economic Community (AEC) in full form in 2013 may result in more skilled labor shortage in this industry, thus, the problem is the essential one which both the government and non-governmental sector must come to a co-operation to find the way out for Thai entrepreneurs to survive in this market with sustainability.

RISK MANAGEMENT AND RISK FACTORS

The company is aware of the importance in adopting the risk management for use as a tool in the organizational management under the international risk management frame level with the Risk Management Committee responsible for monitoring controls and supervisions on the developments and implementations in accordance with the risk management frame, making follow-ups on the important risks and the operations in order to ensure that the organization has availed the adequate and proper risk management system. The Company has taken steps in accordance with the Development Plan and uplifting the level of Risk Management Roadmap to be in concordance with the Company's Strategic Plan and Business Plan continuously which are the stipulations of Risk Management Policy, the review of Standard Operating Procedures Manual and the adoption for implementations throughout the organization including the clear designations of the roles, duties and responsibilities of the Management and staffs which eventually link to the operational result assessment. There is a continuous risk follow-up development and report monitoring system in order to cause the increase in more quality and efficiency in practical operations on risk management ranging from the analysis and, assessments, plan making, follow-ups and evaluations.

In 2010, the Company is firmly determined to develop working system for connection with the risk management process to be harmoniously compatible with the making of the Strategic Plan. The strategy has been specified under the risk appetite by carefully considering the return and risk, allocating the resources in accordance with business trend and competencies as well as expanding the risk management systematically to the project and investment management.

Risk factors in 2010

The Company conquered the obstacle from the economic crisis by planning by considering risk management and created the prevention method ahead of time. The Company could recovery to the normal condition even though the Company had been affected on investment, and capital resources to support the cash flows. Due to the characteristic of automotive part industry and swiftly changes in business condition, the Company could not escape from certain risks that may significantly affect the achievement in business target or the Group operation. The Company had planned and managed the risk continuously and systematically. From the risk management in the previous year, the major risks were categorized as follows;

1. Strategic Risk

Risk derived from political and economic uncertainty within the country

From the world economic crisis, the Company had remained the operating results at the automotive industry rate resulting from the dispersing the investment which was not relies on only on customer as well as increasing the portion of revenue from non-auto parts. In 2010, the Company had revenue from non-auto parts at 8 percent and 2009 at 5 percent. The total sales revenue increased 46 percent from 2009 when crisis occurred. The application of strategy assured that in the middle and long-term investment, the Company could expand steadily.

The estimation of 2011 in which the world economic conditions still fragile in the USA, EU and Japan although there are signal of recovery, it is on the uncertainly foundation. Moreover, oil price, unemployment rate and economic stimulus policies not create the confidence has resulted in some countries to extend the stimulus policy. In addition, the political conflict in the Middle East is expected to evolve to the world economic crisis if the situation is out of control. The new rise in Asia especially China is still growing strongly and needs the strict control to



force the economic system to grow at the appropriated rate. The different in growth rate among two groups of countries may result in the unusual movement of investment which may affect Thai economy. Moreover, the political trend and situation is still uncertain which may provide either good or bad effect on Thai economy. If the political situation is intense, it may result in lack of confidence to invest. On the other hand, if the political situation is at ease, it may create the confidence to invest and consume which is benefit to the economy.

Furthermore, as the Company has applied the sufficient economy philosophy as a operational guideline to achieve the target on the adequate basis that is be cautious, adequate, reasonable and protectable by giving importance to the balance in financial, customer, operation process and organizational management. The Company considers the possibility, reasons, sufficiently balance and acceptable risk. From this management philosophy, it becomes an immune to the organization in the future.

2. Financial Risk

Risk derived from currency exchange rate fluctuation

The Company's investment expansion has consequently required the Company to import machineries and equipments from a foreign country including raw materials (steels) where the orders for the purchases on those are placed through both the domestic distributing agent and directly to the foreign country which, in this connection, the Company may be affected on the aspect of the cost derived from currency exchange rate fluctuation. In 2010, the Company imported the machinery, tool and metal amounted to 40 percent of total purchasing value. It increased from the previous year amount of 20 percent. The increase was mainly from the import of machinery and tool for the new investment project. Therefore, to reduce the effect on the assets and liabilities balance which was in the foreign currency, the Company had the policy to manage the risk from the exchange rate by using forward contract as well as analyzing and following the trend on exchange rate. The Company also had the policy to increase sales revenue by exporting to the countries that could help reduce the risk from exchange rate. In 2010, the Company had gain from exchange rate amounted to 17 million baht. However, the fluctuation of exchange rate is an uncontrollable factor and is accounted for business risk needed to be managed and follow up closely.

3. Operational Risk

3.1 Risk derived from price fluctuation and source of raw materials

Because of the reason that the main raw materials used in the manufactures of the Company's products are steels calculated to be thirty-four percents (34%) of the total cost of sales and that approximately eighty-five percents (85%) of the values of the steel totally placed on order for the purchases are imported from foreign countries due to the reason that the steels cannot be manufactured in the country, therefore, if the price of the steels should be adjustably increased, the production costs and the Company's competitiveness will definitely be affected. In 2010, the apparent steel price was risen approximately 20-22 percent year-over-year from the global demand had been risen from the automotive industry in China and India. Both countries are major steel manufacturer in the world.

From trend of steel in the global market tends to rise, the Company applies the marketing information to support price prediction to be used as a guideline for the management and purchasing strategy, as well as sourcing to reduce the risk from fluctuating price of raw materials. The Company found that the price raw material sourced by the Company had been increased continuously at the average of 10-15 percent which was below the average increase in price in the global market which was at the rate of

20-22 percent. In 2011, the Company estimates that the price of steel is still at the rise in accordance with the demand from India and China, although China has announced the policy to slow down its economic growth. However, the catastrophe in Australia who is a major exporter of steel will lead to the shortage of mineral and coal which are the raw materials for steel manufacturing at the beginning of 2011. This situation will result in the highly fluctuated price but it is expected to adjust to the normal rate in the 2nd quarter. However, the Company still applies the policies on following on the news and movement of the global steel price, and analysis of demand and production capacity at different period. The Company can apply that information to support the decision making or price negotiation or specifying the price of raw material to purchase better. Moreover, the Company plans to find other raw material suppliers to gain the quality steel at the competitive cost to reduce the risk from cost.

3.2 Risk on the aspect of a compliance with the Regulations

- **Risk derived from being sued by consumers because of a problem on goods quality and may consequently result in a compensation of damages under Product Liability Law**

As the automotive parts manufactured by the Company has been used in the car assembly which is distributed domestically and internationally, therefore if the part is defected, it may affect the end user and the end user can claim for the damage at the manufacturer under Product Liability Act. If it found that the damage is caused by which manufacturer, the manufacturer needs to be fine under the court decree. The value of penalty depends on the value of the damage. Currently, the Act is applied to many countries in the world as well as Thailand.

With the reason that it is unacceptable effect to the Company, the Company gives important on the strategy at the organizational level that every employees needs to comply with the quality assurance system namely; ISO/TS 16949 strictly, manage the manufacturing process to be able to investigate, final checking before deliver to the customer to assure the high quality product at the least defect rate specified by the customer as well as targeting on zero claim from customer. Currently, the Company is on the process of sourcing the insurance company to insure the risk.

- **Risk on the aspect of safety, environment and community**

Stakeholders, therefore the Company aims to manage to reduce the risk to the quality of lives of all personnel along with improving for the organizational excellent. In 2010, the Company had 3 main activities which were;

1. Revise and create the policy on occupational health and safety for the year by focusing on the employee involvement to reduce the risk and prevent the accident through the Completely Check Completely Find out or CCCF activity which was arranged twice a year. It had resulted on reducing more than 300 risk spots.
2. Plan on creating the good sense to the employee through many activities such as safety week, drive safety, drive don't drive, no alcohol during Buddhist rent, safety magazine as well as safety training. These could reduce the accident from reckless. Last, revise and conduct the activity according to customer's demand such as CCCF activity, SPI as well as according to the regulations such as checking on electrical appliances, lifting car, crane, steam boiler, annual check up, and environmental check. It had resulted in gaining the excellent level from customer's evaluation and 100 percent complying with the law.



MAJOR CHANGES AND DEVELOPMENTS IN PAST 3 YEARS

- January 2011 SAT and BSK received the CSR-DIW Continuous Award 2010 for CSR guidance for operator from the Department of Industrial Work.
- April 2011 The Company's directors had resolutions approving the settlement of SBG Learning Academy
- May 2011 The Company's directors had resolutions approving the establishment new company in Japan named SBG International (Japan) Co.ltd.
- June 2011 SBG received the National Best Co-operative Education Award from the Office of the National Education Commission
- December 2011
 - 1) The Company's directors had resolutions approving the establishment new company named Somboon Forging Technology Co.,Ltd for supporting business expansion.
 - 2) SAT was granted awards from the SET Awards 2011 and Bank& Finance magazine in the field of
 - SET Awards of Honors for Top Corporate Governance Report
 - CSR Excellent Awards

Awards from Customers for 2011

- Quality Award: Excellence in zero defects from MMth (BSK)

- March 2010 SAT received the Bronze Award- KANO Quality Award from Technology Promotion Association (Thailand-Japan)
- June 2010
 - 1) SAT received the National Best Co-operative Education Award from the Office of the National Education Commission
 - 2) The Company's directors had resolutions approving the following subjects:
 - 2.1 Approve ICP to increase the productivity of 2,500 tons/month (Phase 1= 450 tons/month, Phase 2 = 2,500 tons/month). The approximate investment is 1,203 million baht (One thousand two hundred and three million baht). The Company will construct a new molding plant at Amata City Industrial Estate, Rayong province to support the current purchase order and new purchase order for the product in the automotive sector and part for agricultural machinery.
 - 2.2 Approve SAT and its subsidiaries to reimburse all the credit facility owing to Ayuddhaya Bank (pcl) and receive the new credit facility from the new financial institution for the new investment project according to the company investment plan.
 - 2.3 Approve issuing the transferable subscription rights of 25,000,000 units free of charge to distribute to the present shareholders at the ratio of 12 current shares per 1 transferable subscription right.

2.4 Approve to increase the company's share capital of 40,000,000 baht by issuing 40,000,000 common shares at 1 baht each. The previous share capital of 300,000,000 baht increased to 340,000,000 baht can be divided into 340,000,000 common shares at 1 baht each. The memorandum of association, clause 4 was revised in accordance with the increase in share capital.

2.5 Approve to allocate 40,000,000 equity shares at 1 baht each with details as follows:

2.5.1 Allocate 25,000,000 equity shares to support the exercising of pre-emptive right to buy the transferable subscription right.

2.5.2 Allocate 15,000,000 equity shares to sell at the same or different time to the Private Placement.

- July 2010 BSK received the National Best Operator in Occupational Safety, Health and Environment award.
- August 2010
 - 1) Three companies in Somboon Group, SAT, SBM and BSK were chosen by Department of Labour Protection and Welfare as the Best Practice Workplace in Labor Relations and Welfare 2010 and Best Practice Workplace in Labor Relations and Welfare for 5 years.
 - 2) BSK received Bronze Award- Thailand Kaizen Award 2010 from the Technology Promotion Association (Thailand-Japan).
 - 3) SAT, SBM and BSK received the certificate on the Best AIDS and TB management (ASO-T), Bronze Award from the Department of Labour Protection and Welfare, the Ministry of Labour.
- October 2010 SBM and ICP received the certificate on the Best Practice Workplace in AIDS and TB management (ASO-T) from the Department of Labour Protection and Welfare, the Ministry of Labour.
- November 2010
 - 1) The Company won the NACC Integrity Award for Private Sector for 2010 from the National Anti-Corruption Commission.
 - 2) The Company received the Top Corporate Governance Report Awards from SET Awards 2010 which was the second years in a row from Stock Exchange of Thailand with the Journal of Banking and Finance.
 - 3) The Company's directors approved the Company to increase the capital in ICP to maintain the shareholder portion.
 - 4) The Company received the "Skill Labour in the Workplace Standard" mark from the Ministry of Labour.
 - 5) BSK received the certificate from "TCC HRD (Toyota Co-operation Club)" HDR Activity 2010.
- December 2010 ICP increased the registered capital from 185,000,000 baht to 785,000,000 baht. The total increase was 60,000,000 baht to invest in investment project in expand the molding production capacity, reimburse the debt owing to the Company and reserve as working capital.



Awards from Customers for 2010

- Receive the CSR-DIW certificate for 2010 from DIW (SAT2)
- Award of Quality Zero Defects from MMTh (SAT)
- Second Winner in QCC Supplier Contest from Thai NOK (SBM)

February 2009

1. The board of directors of the company approved BSK to invest in the testing machine for coil spring to enhance the competitiveness with the budget of 60 million baht and to invest in the project on manufacturing of rotary blade with the budget of 135 million baht for Siam Kubota Industry Co., Ltd. The production started in November 2009.
2. The board of directors of the company approved to the Company and its subsidiaries to pending project investment due to economic downturn which had affected to automotive industry.
 - 2.1 The new investment project for iron casting plant at Amata City Industrial Estate, Rayong province, with a total investment of Baht 1,219 million which the board had approved project and disclosed to the SET on August 14, 2008.
 - 2.2 The joint venture project with Kuse Iron Works Co., Ltd. (Kuse), Japanese, for establishing a new firm with a total investment of Baht 19.60 million which the board had approve project and disclosed to the SET on November 13, 2008.

• May 2009

The board of directors of the company made a resolution to approve that SAT could invest in the axle shaft manufacturing project for the trucks/ agricultural engines parts for Kubota Tractor Co., Ltd. with a total investment of Baht 81 million. The production process will be expectation to start in February 2010.

• July 2009

- 1) The board of directors of the company made a disclosure to the Stock Exchange of Thailand on the extension of the repayment term to the financial institute for one year and the grace period starting from July 31, 2009 to July 30 2010 with the dividend payment condition during the grace period to maintain the liquidity of the company during the economic crisis and the prepare for the prospective investment projects.

• August 2009

- 1) Mr. Sap Bandarn, an employee of BSK, was granted with Golden Award – Thailand Kaizen Award 2009 from Technology Promotion Association (Thai-Japan).
- 2) SBM was granted with a Bronze Award (no accident from the work until there is a work suspension from 1,000,000 – 2,999,999 working hours from the Labor Ministry.

• September 2009

- 1) The board of directors of the company made a resolution to approve that SBM to invest in production of bracket injection pump for 42 million baht for Nissan Motor Thailand Co., Ltd. and to invest in enhancement of machining production capacity of the parts of tractors for 228 million baht for Kubota Tractor Co., Ltd. Both projects were anticipated to start the production in May 2010.
- 2) SAT, SBM and BSK were selected by the Department of Labor Welfare and Protection the outstanding business premise on labor relations and welfare.

3) SAT and BSK were granted with the certificate on responsibility standard of the manufacturing entrepreneurs toward the society, B.E. 2552 (CSR-DIW) from the Department of Industrial Works

- October 2009 The companies in Somboon Group received an honor shield for management system in quality work life (MS-QWL) continuously since 2006 until present.
- November 2009 1) The board of directors of the company made a resolution to approve the investment of 121.20 million baht by SBM in Assy Front & Rear Line for Kubota Tractor Co., Ltd. The production was anticipated to start the operation in September 2010 and to invest in the factory building in Rayong for 52 million baht to facilitate the growth. The new factory building was anticipated to be completed in March 2010.
- 2) The company was granted awards from the SET and Bank & Finance magazine in the field of Top Corporate Governance Report Awards, IR Excellence Award and outstanding listed company certificate on CSR in SET Awards 2009.
- 3) The Company's board of directors received the outstanding Board of the Year 2008/2009 for Distinctive Practices arranged by Thai Institute of Director Association in conjunction with the Stock Exchange of Thailand, Federation of Thai Industries, Thai Banks Association, Thai Listed Companies Association and Thai Capital Market Business Council.
- 4) SAT, SBM and BSK, received certification on Thai labor standard (Mor Ror Thor 8001-2546) Level Perfect, Initiative Step from the Department of Labor Welfare and Protection.

Awards granted by customers in year 2009

- QA Improvement Activity: 1st Runner Up from Toyota Co-operation Club (BSK)
- The 27th QCC Presentation Contest 2009 from Toyota Co-Operation Club (BSK)
- Quality Award: Excellence in zero defects from MMth (BSK)
- Quality Award: Excellence in zero defects from MMth (SAT)

- February 2008 The Board of Directors resolved to approve the Company's expansion of its axle shaft manufacture (in the part of Machine Line H) at Eastern Seaboard Industrial Park, Rayong, with an investment fund Baht 269.60 million, already commencing on December 2008.
- March 2008 The Board of Directors resolved for BSK's investment in the construction of a new plant to expand coil spring production capacity at Amata City Industrial Park, Rayong, with an investment fund of Baht 286 million, already commencing on February 2009.
- March 2008 The Board of Directors resolved for ICP's purchase of land in Amata City Industrial Park, Rayong, to accommodate the expansion of production capacity in the future with an investment fund Baht 104 million.
- March 2008 The Board of Directors resolved for SBM's investment in the establishment of a testing and supply center of brake discs and brake drum at its headquarters in Samutprakan province, with an investment fund Baht 55 million, expected for an initial trial use in 3rd quarter of 2009.



- March 2008 The Board of Directors resolved to approve the Company's expansion of its axle shaft manufacture (in the part of Forging Line) at Eastern Seaboard Industrial Park, Rayong, with an investment fund of Baht 163 million, expected to manufacture by end of 2009.
- April 2008 The Board of Directors resolved to approve SBM's investment the construction of a warehouse at Amata City Industrial Park, Rayong, with an investment fund of Baht 21.5 million.
- May 2008 The Board of Directors resolved to approve the Company's installation of an ERP (Enterprise Resource Planning) with an investment fund of Baht 47.75 million.
- May 2008 The Board of Directors resolved to approve the Company's expansion of its axle shaft manufacture for big truck at Eastern Seaboard Industrial Park, Rayong, with an investment fund of Baht 259.76 million. After project review, partial investment in machinery was allowed, and the investment in machine line should be delayed until the automotive industrial situations have a good trend.
- May 2008 The Board of Directors resolved to approve the SBM's expansion of Hub Front's production capacity at its headquarters in Samutprakan province, with an investment fund of Baht 14.18 million.
- May 2008 The Company received an award for outstanding, provincial establishment in terms of safety.
- September 2008 The Board of Directors resolved to approve SBM's investment in the manufacture of new products - Differential Case and Differential Case Bearing - at Amata City Industrial Park, Rayong, with an investment fund of Baht 104 million.
- September 2008 Somboon Group's three companies i.e. SAT, SBM and BSK have been award by the Department of Welfare and Labor Protection to be an establishment with outstanding labor relations and labor welfare.
- October 2008 The Company was conferred an outstanding social activities honor plaque for 2008 from the Ministry of Social Development and Human Security.

Awards granted by customers in year 2008

- Best Quality Award from Honda& Direct Delivery Award from Isuzu (SBM)
- Quality Award: Excellent in zero defects from MMTh (BSK)
- Quality Award: Excellent in zero defects from MMTh (SAT)

MAJOR SHAREHOLDERS

Shareholders	No. of shares hold	Percentage
1. SOMBOON HOLDING COMPANY LIMITED	86,665,800	25.50
2. KITAPHANICH FAMILY	82,524,273	24.28
3. SOMPONG CHOLKADEEDAMRONGKUL	23,420,000	6.89
4. MR.KENNETH RUDY KAMON	10,651,008	3.13
5. AMERICAN INTERNATIONAL ASSURANCE COMPANY, LIMITED-APEX	9,858,533	2.90
6. MR.SUTTIPONG VESVARUT	8,872,000	2.61
7. THAI NVDR CO., LTD.	8,116,218	2.39
8. AMERICAN INTERNATIONAL ASSURANCE COMPANY, LIMITED-TIGER	5,791,133	1.70
9. CACIES BANK LUXEMBOURGS	4,595,225	1.35
10. SOMERS (U.K.) LIMITED	4,317,108	1.27

Remarks:.

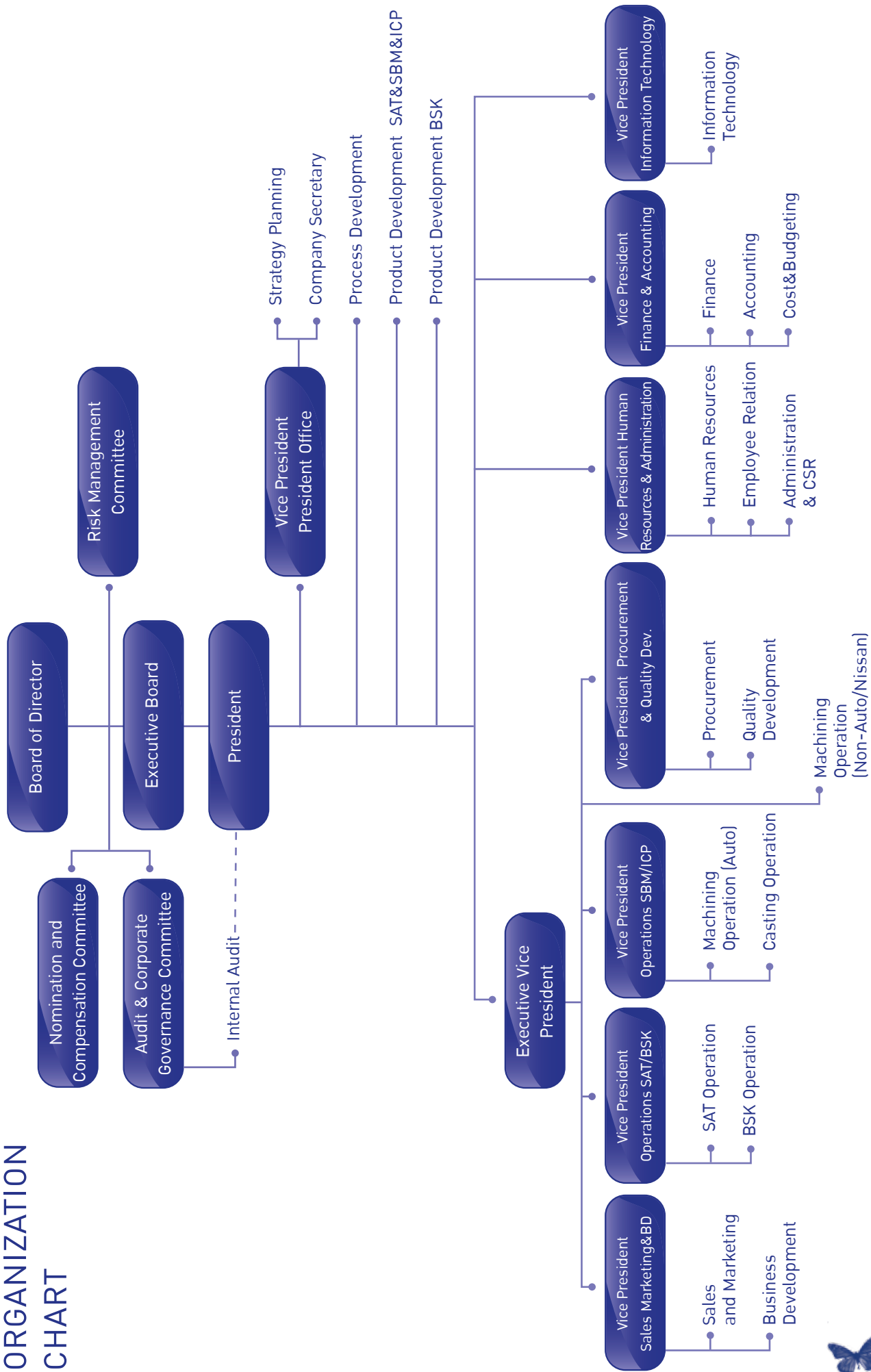
- *Fund's major shareholders consist of International Finance Corporation (IFC), California Public Employees' Retirement System (CalPERS), Asian Development Bank (ADB), the Ministry of Finance etc.*

Limited of Foreigner Shareholder

The foreign shareholders cannot hold shares of the company more than 49 percent of the outstanding and paid-up shares on March 14, 2012, and they held shares of the company for 16.02 percent.



ORGANIZATION CHART



MANAGEMENT STRUCTURE

The Company's management structure consists of 5 groups of committee are the board of directors, the executive board, the audit and corporate governance committee, the nomination and remuneration committee and the risk management committee the name listed by duty as following.

Board of Directors consists of

	Name		Position
1.	Mr. Sansern	Wongcha-um	Independent Director/ Chairman
2.	Mr. Yongyuth	Kitaphanich	Director/ Vice Chairman
3.	Mr. Panja	Senadisai	Independent Director
4.	Mr. Sobson	Ketsuwan	Independent Director
5.	Mr. Ajarin	Sarasas	Independent Director
6.	Mr. Paitoon	Taveebhol	Independent Director
7.	Mr. Verayut	Kitaphanich	Director
8.	Mr. Yongkiat	Kitaphanich	Director
9.	Ms. Napatsorn	Kitaphanich	Director
10.	Mr. Surasak	Khaoroptham	Independent Director

Mr. Thanakit Permpoonkantisuk is a Company Secretary

Authorized Directors

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

Powers and Duties of the Company's Board of Directors

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

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

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

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



1. Policy, business conducts strategy guidelines, targets, plans and annual budget of the company and subsidiaries.
2. The Company's monthly and quarterly business performances comparing to the plan and budget and the consideration of the further trends of the year.
3. The investment in the annual non-budgetary project.
4. Spending on the investment capital at 5% in excess of the investment budget in the approved project and 10% in excess of the other investment budgets that are not the project investment budget.
5. The purchase and sale of assets, the purchase of business and the participation in the co-investment project that is not contradicted to the Stock Exchange of Thailand's criteria and not exceeding in values authorized to the President.
6. The transaction or any actions that shall result in the major impact against the Company's financial status, debt burden, business operation strategy and reputation.
7. Any contract execution that is not related to the normal business operation and the contract related to the major regular business operation.
8. Inter-related transaction between the Company, subsidiaries, associated companies and the related persons in part of the transactions that are not meet with the requirements of the Stock Exchange and the Securities and Exchange Commission.
9. Any transactions effecting the Company's capital structure at the debt ratio against the capital that is exceeding 1.5:1.
10. Payment of the interim dividends.
11. The charge of policy and practical methods with the significance related to the accounting, risk management and internal audit.
12. Employment of the President and senior executives.
13. Determination and change of the approval authority conferred to the President and senior executives.
14. Approval of the amount of salaries and bonuses or bonus formula adjustment or the formula of the annual remuneration adjustment of the executives and employees.
15. The appointment proposal and the termination of the Company's Directors and secretary status.
16. Authorization of power and duties to any of the Company's President or Director, including the revision of the said power and duties authorization, however, this must not be in contradiction with the criteria and requirements of the Stock Exchange and Securities and Exchange Commission.
17. The appointment and the determination of authority of the Sub-committee.
18. Arrangement and supervision for having the management available in accordance with the good corporate governance principle.
19. The appointment of Directors in the subsidiaries.
20. Approval to change and modify the organization structure in Vice President Level
21. Any other actions to be in accordance with laws, objectives, Articles of Association and resolutions of the meeting of shareholders.

Executive Board consists of Chairman who is an independent director

	Name		Position
1.	Mr. Sobson	Ketsuwan	Chairman
2.	Mr. Yongyuth	Kitaphanich	Director
3.	Mr. Verayut	Kitaphanich	Director
4.	Mr. Surasak	Khaoroptham	Director

Mr. Thanakit Permpoonkantisuk is a Secretary to the Executive Board

The Executive Director holds a term of three years.

Powers and Duties of the Executive Board

1. Audit
 - Policy, direction, business strategies and management structure,as well as business operational criteria of the Company are screened in alignment wit the economic conditions and competitions
 - Business plan and annual budget
 - Every Investment project
2. Approve or not approve
 - Investment project in the capital not exceeded 100 million baht which should be involved the main business of the company and IRR not less than 15% excepted investment for maintenance, improve efficiency or machinery compensate.
 - Open and Close the account of the Company in other Financial Institute
 - Written-off assets
 - Sell non-operation assets not more than of 10 million baht
 - Approval to change and modify the organizationstructure in Department Level and report to the Board of Directors (the lower level would be approved by President)
3. Follow and Supervisory the operations
 - Strategy, plan and project including in annual business plan which have to approved by the Board of Directors
 - Financial performance of the Company
4. Report to Board of Directors
 - Monthly of financial performance of the Company
 - The lists of Executive Board approved or not approved
5. Perform any acts designated by the board of directors



Audit and Corporate Governance Committee consists of all Independent Director

Name			Position
1.	Mr. Panja	Senadisai	Chairman
2.	Mr. Ajarin	Sarasas	Director
3.	Mr. Paitoon	Taveebhol	Director

Mr. Witsarut Boonto is a secretary to the Audit & CG Committee.

The Audit Committee holds a term of three years.

Powers and Duties of Audit and Corporate Governance Committee

1. Review financial reports against the accounting standard and ensure adequate disclosure.
2. Review the internal control and internal audits to ensure suitability and effectiveness; consider independency of the Internal Audit Unit.
3. Review the Company's performance against the law on securities and stock exchange, Stock Exchange's requirements, or applicable laws.
4. Review related-party transactions or any actions with potential conflicts of interests against applicable rules and ordinances.
5. Review the suitability and adequacy of risk management of the Company.
6. Consider, select, nominate, appoint and propose Company auditor emolument; determine auditor independency; hold a meeting with auditors at least once a year without management participation.
7. Concur with appointment, transfer and laurels of the Chief of Internal Control Unit; consider concurring with plans, budgets and manpower of the Unit.
8. Furnish a corporate governance report of the Audit Committee inside the Company's annual report, signed by the Chairman of Audit Committee and containing at least the following key attributes:
 - (1) Accuracy and reliability of the financial report.
 - (2) Adequacy of the internal control.
 - (3) Compliance with the law on securities, SET requirements or applicable laws.
 - (4) Auditors' fitness.
 - (5) Transactions with potential conflicts of interests.
 - (6) Audit Committee meetings and attendance of individual members.
 - (7) Opinions or notices arising out of performing duties.
 - (8) Any other matters the shareholders and general investors should know.
9. In performing its duties, the Audit Committee is empowered to invite the management or pertaining staff of the Company to give opinions, join a meeting, or submit documents deemed relevant or necessary.
10. Have power to hire a consultant or third parties to provide opinions or consultancy in case of necessity, the expenses borne by the Company.
11. Consider and review the scope of powers and duties and responsibilities and evaluate the Audit Committee's performance regularly on a yearly basis.
12. Report the Audit Committee's performance to the Board of Directors every quarter.

13. Conduct an audit and report the preliminary audit to the SEC Office and auditors. In case the Audit Committee is informed by the auditors of any reasonably suspicious events, action must be taken within 30 days from its receipt of such notification.
14. Acknowledge a copy of report of Company directors and executives regarding their or other related persons' conflicts of interests in relation to the business management of the Company or its subsidiaries, subject to the criteria, conditions and methods stipulated under the Capital Market Commission's notifications.
15. Review the corporate governance policy and business ethics; monitor compliance with the policy regularly at least once a year.
16. Consider appointing working groups to undertake supporting corporate governance and business ethics as appropriate.
17. Perform any acts designated by the Board of Directors.

Nomination and Remuneration Committee consists of Chairman and director who is an independent director

	Name		Position
1.	Mr. Paitoon	Taveebhol	Chairman
2.	Mr. Panja	Senadisai	Director
3.	Mr. Surasak	Khaoroptham	Director

Mr. Wasant Chawajaroenpan is a Secretary to the Nomination and Compensation Committee

Note:

- *Mr. Wasant Chawajaroenpan is a Secretary to the Nomination and Compensation Committee replacing Mr. Thanit Viriyarat from January 1, 2012*
- The Compensation Committee holds a term of three years.*

Powers and Duties of the Nomination and Remuneration Committee

1. To formulate policies for submission to the board of directors of the company as follows.
 - 1.1 Policy, criteria and method for selection of the directors and president
 - 1.2 Policy, criteria and method for payment of remunerations and other benefits to the board of directors of the company, subcommittees and managing directors.
2. To select and nominate the persons with suitable qualifications to the board of directors of the company as follows.
 - 2.1 Directors
 - 2.2 Subcommittee members of various sub-committee assigned with authority, duty and responsibility directly from the board of directors of the company.
 - 2.3 President and vice president . For the vice president position, the president is required to make an initial screen before submission is made to the selection committee for approval and to the board of directors for consideration.
3. To supervise the board of directors of the company to ensure that its size and components are suitable to the organization, including adjustment in response to the changing environment



4. To supervise directors and managing director to ensure that their remuneration is suitable to their duties and responsibilities assigned.
5. To determine guideline, present and approve the performance evaluation on the directors and managing director for adjustment of remuneration and bonus payment annually.
6. To monitor the preparation of the succession plan for the president and vice president for submission to the board of director of the company for consideration at least twice a year.
7. To submit a performance report to the board of directors of the company once a year.
8. Perform any acts designated by the board of directors.

Risk Management Committee consists of

	Name		Position
1.	Mr. Verayut	Kitaphanich	Chairman
2.	Mr. Yongkiat	Kitaphanich	Director
3.	Ms. Napatsorn	Kitaphanich	Director
4.	Mr. Worapote	Chutchaikulsiri	Director
5.	Mr. Wasant	Chawajaroenpan	Director
6.	Mr. Phakorn	Thongcharoen	Director
7.	Mr. Wichai	Srimavon	Director
8.	Mrs. Jiraporn	Srisomwong	Director

Mr. Hiran Poblal is a Secretary to the Risk Management Committee

Note:

- *Mr. Hiran Poblal is a Secretary to the Risk Management Committee replacing Mr. Sompop Pratumsuwan from February 8, 2012*

Powers and Duties of the Risk Management Committee

1. To supervision of the other sections in the formulation and implementation of risk management plan.
2. To advice and approve the principles of planing for risk management of the organization and adequate control measures
3. To responsible for the preparation of risk assessment and oversight of the implemention of risk management plan in corporate risk.
4. To submit the matter to the Executive committee or the Board of Directors to determine the direction of management, the risk management strategy and the risks acceptable for review and approval.
5. To held a meeting to review the implementation of risk management system with reporting to the Executive committee or the Board of Directors.

Management consists of

	Name		Position
1.	Mr. Verayut	Kitaphanich	President
2.	Mr. Yongkiat	Kitaphanich	Executive Vice President and acting for Vice President - Operation SBM/ ICP
3.	Ms. Napatsorn	Kitaphanich	Vice President - President Office
4.	Mr. Worapote	Chutchaikulsiri	Vice President - Finance & Accounting
5.	Mr. Wasant	Chawajaroenpan	Vice President - Human Resources and Administration
6.	Mr. Phakorn	Thongcharoen	Vice President-Operation SAT/ BSK
7.	Mr. Wichai	Srimavon	Vice President - Procurement and Quality Development
8.	Mrs. Jiraporn	Srisomwong	Vice President - Information Technology

Powers and Duties of the President

1. To prepare the policy, business conduct strategy guidelines, target, work plan and annual budget of the company and subsidiaries submitted to the Board of Directors for the approval.
2. To undertake in accordance with the policy, business conduct strategy guidelines, target, work plan and annual budget of the company and subsidiaries as approved by the Board of Directors.
3. To report the monthly and quarterly business performance of the company and subsidiaries in comparison of the plan and budget to the Company's Board of Directors together with the recommendations.
4. To approve the expenses and investment capital that are not in the annual budget for not exceeding one million baht on each occasion but the report has to be made to the Board of Directors for acknowledgement.
5. To approve the investment projects in an amount not exceed 20 million baht by the investment project has to associate with the main business of the Company. The rate of return on investment (IRR Project) not less than 15 percent and conforms to the pricing policy of Executive committee. In addition, the investment projects shall be reported to Executive committee except those projects do not along to the criteria that would be approved by Board of Director including the investment project for maintenance, increasing efficiency or replacement.
6. Approval to change and modify the organizational structure below Department Level
7. Other matters assigned by the board of directors.

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



Evaluating President's Resulting Performance

The Board of Directors requires the President's resulting performance to be evaluated regularly on a yearly basis against the goals and evaluation criteria linked to the success of the strategic plan in order to determine appropriately his remuneration and incentive reward.

Structure of Board of Directors and its Element

The number of Board members should fit the size of the business. Currently, there are 10 directors, 7 of which are non-executive directors and the remaining 3 are not. The Company has 6 independent directors.

Independent Director is 60% of the Board of Directors, consists of;

1. Mr. Sansern Wongcha-um
2. Mr. Panja Senadisai
3. Mr. Sobson Ketsuwan
4. Mr. Ajarin Sarasas
5. Mr. Paitoon Taveebhol
6. Mr. Surasak Khaoroptham

The Company definition of Independent Director as following;

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

8.2 Nominating of Directors and Executives

To make it to be conformed to the corporate governance policy, the Company's board of directors has set up the policy, criteria and methods of the recruitment of the Company's directors and high ranking executives, assigning the nomination and remuneration committee to recruit the qualified persons to be directors of the Company. The qualified persons shall be selected by the nomination and remuneration committee who set up the criteria and procedures for the recruitment, however, depending on the Company's situation during that time.

8.3 Directors and Executives Development

Board of directors has promoted, supported, provided the training and knowledge relating to the directors and executives to have them continuously improved. For examples, to promote the meeting between directors and high executives for the exchange of each other's ideas and opinions, to encourage the preparation of the potential development plan of the president, vice president by assigning the nomination and remuneration committee to pursue the preparation of the plan to succeed the positions of president and vice president to guarantee that the Company has employed the executives with sufficient knowledge and competency to perform their duties as follows:

1. The Company's board of directors has determined to provide the executive potential development plan to perform succession plan consisting of president and all vice president.
2. The nomination and remuneration committee shall set up the knowledge, competency and experiences of each position in order to recruit the qualified executives as required who are able to inherit the words of each position.
3. President shall assess the performance and knowledge of executives with comparable qualifications to the required competency in order to prepare the individual development plan to reduce the competency gap.
4. Human resources executive is assigned to supervise and follow up the training and development of knowledge and competency of the successors of the vice president positions.
5. President shall arrange for the work flow, responsibility of executives with comparable qualifications and to assign the vice president to attend the meeting of the executive board for gaining experiences and be ready for the organizational management in the future.
6. The president shall report the operation and development performances according to the individual development plan of executives with comparable qualification to the nomination and remuneration committee twice a year.
7. Nomination and remuneration committee shall regularly review and conclude the result of the succession plan consisting of president and vice president and report to the Company's Board of Directors for acknowledgement on twice a year basis.



THE BOARD OF DIRECTORS AND MANAGEMENT

Mr. Sansern Wongcha-um Age 64

Chairman of the Board/Independent Director

Education

- Master of Business Admin. University of Bridgeport, USA
- Bachelor of Economic Thammasart University
- Academic of National Defense College of Thailand, 37

Training Program

- Role of the Chairman Program (RCP) 8/2003
- Finance for Non-Finance Directors (FND) 17/2005
- Director Accreditation Program (DAP) 42/2005

Share hold % None

Work experience in the last 5 years

- 2008-Present
- Chairman/Independent Director, Somboon Advance Technology Public Company Limited
 - Chairman, Bualuang Securities Public Company Limited
 - Chairman of the audit committee/Independent Director, The Erawan Group Public Company Limited
 - Chairman of the nomination and remuneration committee /Independent Director, Deves Insurance Public Company Limited
- 2006-2008
- Deputy Minister of Transport Transportation Ministry



Mr. Yongyuth Kitaphanich Age 60

Director/Vice Chairman

Executive Board/Authorized Director

Education

- Mini MBA, Thammasart University
- Bachelor: Commerce and Accountancy, Chulalongkorn University
- Diploma, National Defense Course for the Joint State-Private Sector, Class 9, The National Defense College

Training Program

- Director Certification Program (DCP) 2/2000
- Role of the Chairman (RCP) 7/2000

Share hold % 2.22

Work experience in the last 5 years

- 2004-Present
- Vice Chairman/Executive Board, Somboon Advance Technology Public Company Limited
- 1998-Present
- Vice Chairman, Tsuchiyoshi Somboon Coated Sand Co., Ltd.
 - Vice Chairman, Yamada Somboon Company Limited
- 1994-Present
- Director, Somboon Malleable Iron Industrial Company Limited
 - Director, Bangkok Spring Industrial Company Limited





Mr. Panja Senadisai Age 63

Independent Director/Chairman of the Audit & CG Committee
Member of the Nomination & Remuneration Committee

Education

- Master of Business Admin. Suffolk University, (USA)

Training Program

- Director Certification Program (DCP) 20/2002
- Audit Committee Program (ACP) 2/2004
- Role of Compensation Committee (RCC) 2/2007
- Certificate of Capital Market Academy Leadership Program
- Advanced Certificate Course in Politics and Governance in Democratic System for Executives, Class 2, King Prajadhipok's Institute
- Top Executive Program in Commerce and Trade (TEPCoT) class 4

Share hold % None

Work experience in the last 5 years

- 2007-Present • Member of the Nomination & Remuneration Committee, Somboon Advance Technology Public Company Limited
- 2006-Present • Chairman of the Audit & CG Committee, Somboon Advance Technology Public Company Limited
- 2005-Present • Director/Chairman of the Audit Committee, Pylon Public Company Limited
- 2004-Present • Independent Director, Somboon Advance Technology Public Company Limited
- 2003-Present • Director/Member of the Audit Committee, Rasa Properties Development Public Company Limited
- 2002-Present • Director/Member of the Audit Committee/ Chairman of the Compensation Committee, Trinity Wattana Public Company Limited
- 1983-Present • Director, KCE Electronics Public Company Limited
- 2004-2011 • Chairman, Deva Property Public Company limited
- 2006-2009 • Director/Executive Board/Remuneration Committee, Government Saving Bank
- 2004-2007 • Chairman of the Remuneration Committee, Somboon Advance Technology Public Company Limited



Mr. Sobson Ketsuwan Age 66

Independent Director/Chairman of the Executive Board

Education

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

Training Program

- Finance for Non-Finance Directors (FND) 37/2007
- Audit Committee Program (ACP) 19/2007
- Director Certification Program (DCP) 97/2007

Share hold % None

Work experience in the last 5 years

- 2011-Present • Chairman, SBG International Japan Company Limited
- Advisor, Minsen Machinery Company Limited
- 2008-Present • Chairman of the Executive Board, Somboon Advance Technology Public Company Limited
- 2007-Present • Independent Director, Somboon Advance Technology Public Company Limited
- 2009-Present • Advisor, Noritake (Thailand) Company Limited
- 2003-2007 • Advisor, to the Management The Siam Cement Public Company Limited



Mr. Ajarin Sarasas Age 66
Member of the Audit and CG Committee
Independent Director

Education

- Honorary Doctor of Business Administration Industrial Management Kensington University, USA
- Diploma, National Defense Course for the Joint State-Private Sector, Class 1, The National Defense College
- Certificate/Industrial Engineering license

Training Program

- Director Certification Program (DCP) 130/2010

Share hold % None

Work experience in the last 5 years

- | | |
|-----------|--|
| Present | • Member of the Audit & CG committee/Independent Director, Somboon Advance Technology Public Company Limited |
| Present | • TQM Promotion Consultant |
| Present | • Honorary President, Thai Autoparts Manufacturers Association (TAPMA) |
| Present | • Quality Control Promotion Lecturer |
| Present | • Honorary Chairman, Automotive Industry Club of the Federation of Thai Industry |
| Present | • Advisor, TSL Auto Corporation Company Limited |
| Present | • Advisor, to Board of Directors Technological Promotion Association (Thai-Japan) |
| Present | • Advisor, to Board of Directors Thai Automotive Industry Association |
| Present | • Advisor, (TQM Project) Cobra International Group |
| 2006-2009 | • Operation Director, Summit Auto Seat Industry Company Limited |



Mr. Paitoon Taveebhol Age 65
Chairman of the Nomination & Remuneration Committee
Member of the Audit & CG Committee/Independent Director

Education

- M.B.A., Kasetsart University
- B.A. (Accounting), Ramkhamhaeng University
- Certificate in Auditing, Thammasat University

Training Program

- Director Accreditation Program (DAP) 4/2003
- Director Certification Program (DCP) 38/2003
- Audit Committee Program (ACP) 6/2005
- Role of the Chairman (RCP) 11/2005
- Chartered Director Program of the Audit Committee
- Advanced Audit Committee

Share hold % None

Work experience in the last 5 years

- | | |
|--------------|---|
| 2009-Present | • Chairman of the Nomination & Remuneration Committee, Somboon Advance Technology Public Company Limited |
| Present | • Independent Director/Chairman of the Audit Committee/Member of Corporate Governance Committee, Big C Supercenter Public Company Limited |
| 2008-Present | • Independent Director/Member of the Audit & CG Committee, Somboon Advance Technology Public Company Limited |
| 2008-Present | • Audit and Evaluation Committee, Walailak University |
| 2004-Present | • President, Mater Dei Institute |
| 2002-Present | • Independent Director/Chairman of the Audit Committee /Chairman of Risk Management Committee, Central Pattana Public |





Mr. Verayut Kitaphanich Age 54

Director/Executive Board

Authorized Director/President

Education

- Bachelor of Mechanical Eng., Eckert Technology Institute (Germany)

Training Program

- Director Accreditation Program(DAP) 29/2004

Share hold % 2.95%

Work experience in the last 5 years

- 2004-Present • Director/Executive Board/ President,
Somboon Advance Technology Public Company Limited
- 1994-Present • Director/President, Somboon Malleable Iron Industrial Company Limited
- 1994-Present • Director/President, Bangkok Spring Industrial Company Limited
- 1994-Present • Director/Vice President,
Nisshinbo Somboon Automotive Company Limited
- 1994-Present • Director/ Vice President,
Somboon Somic Manufacturing Company Limited



Mr. Yongkiat Kitaphanich Age 49

Director/Authorized Director/Executive Vice President

Education

- M.B.A., National Institute of Development Administration
- Master of Industrial Engineering, Waseda University (Japan)
- Bachelor of Mechanical Engineering,
King Mongkut's Institute Technology Ladkrabang

Training Program

- Director Accreditation Program (DAP) 28/2004
- Finance for Non-Finance Directors (FND) 15/2005
- Director Certification Program (DCP) 53/2005

Share hold % 2.12%

Work experience in the last 5 years

- 2011-Present • Director, SBG International Japan Company Limited
- 2007-Present • Executive Vice President,
Somboon Advance Technology Public Company Limited
Somboon Malleable Iron Industrial Company Limited
Bangkok Spring Industrial Company Limited
- 2007-Present • Chairman, International Casting Products Company Limited
- 2004-Present • Director, Somboon Advance Technology Public Company Limited
- Present • Chairman, Auto Parts Industry Club of the Federation of Thai Industries
- 2006-2007 • Senior Vice President-Operation,
Somboon Advance Technology Public Company Limited
- 2010-Present • Advisor of Automotive Engineering, Thai-Nichi Institute of Technology
- 2009-Present • Director, Technology Promotion Association (Thai-Japan)
- 2007-Present • Honorary President, Thai Auto-Parts Manufacturers Association
- 2006-Present • Senior Vice President, Thai Automotive Industry Association



Ms. Napatsorn Kitaphanich Age 48
Director/Authorized Director/Vice President - President Office

Education

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

Training Program

- Director Accreditation Program (DAP) 28/2004

Share hold % 1.65%

Work experience in the last 5 years

- 2007-Present • Vice President-President Office,
 Somboon Advance Technology Public Company Limited
- 2007-Present • Director, International Casting Products Company Limited
- 2007-2010 • Director/ Executive Director/ Member of the Nomination & Remuneration Committee, Thai Listed Companies Association



Mr. Surasak Khaoroptham Age 46
Independent Director/Executive Board
Member of the Nomination & Remuneration Committee

Education

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

Training Program

- Director Accreditation Program (DAP) 9/2004

Share hold % None

Work experience in the last 5 years

- 2011-Present • Independent Director,
 Somboon Advance Technology Public Company Limited
- 2011-Present • Director, Nok Airlines Company Limited
- 2008-Present • Director, SNC Former Public Company Limited
- 2008-Present • Director, Asiasoft Corporation Public Company Limited
- 2007-Present • Member of the Nomination & Remuneration Committee,
 Somboon Advance Technology Public Company Limited
- 2006-Present • Executive Board, Somboon Advance Technology
 Public Company Limited
- 2006-Present • Director, Mermaid Maritime Public Company Limited
- 2006-Present • Director, Easy Buy Public Company Limited
- 2003-Present • Managing Director, Altus Advisory Company Limited
- 2006-2011 • Chairman, Asia Books Company Limited
- 2004-2011 • Director, Somboon Advance Technology Public Company Limited





Mr. Worapote Chutchaikulsiri Age 54

Vice President Finance & Accounting

Education

- M.A. Executive Master of Accountancy, Chulalongkorn University
- Bachelor of Commerce and Accountancy, Thammasat University

Share hold % None

Work experience in the last 5 years

- 2007-Present • Director, International Casting Products Company Limited
- 2004-Present • Vice President - Finance & Accounting,
Somboon Advance Technology Public Company Limited



Mr. Wichai Srimavon Age 50

Vice President Procurement & Quality Development

Education

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

Share hold % None

Work experience in the last 5 years

- 2008-Present • Vice President - Procurement & Quality Development,
Somboon Advance Technology Public Company Limited
- 2007-2008 • Vice President - Procurement & Logistics,
Somboon Advance Technology Public Company Limited



Mr. Wasant Chawajaroenpan Age 48

Vice President Human Resources & Administration

Education

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

Share hold % None

Work experience in the last 5 years

- 2011-Present • Vice President-Human Resources & Administration,
Somboon Advance Technology Public Company Limited
- 2008-2011 • Vice President Operations SBM/ICP,
Somboon Advance Technology Public Company Limited
- 2007-Present • Director, International Casting Products Company Limited
- 2007-2008 • Vice President - Human Resources & Administration
Somboon Advance Technology Public Company Limited



Mr. Phakorn Thongcharoen Age 50

Vice President Operation SAT/BSK

Education

- Mini MBA, Eastern Asia University
- Bachelor of Mechanical Engineering, King Mongkut's Institute Technology Ladkrabang

Share hold % None

Work experience in the last 5 years

- 2008-Present • Vice President Operation SAT/BSK,
Somboon Advance Technology Public Company Limited
- 2004-2008 • Factory Manager, Polymatech (Thailand) Company Limited



Mrs. Jiraporn Srisomwong Age 44

Vice President Information Technology

Education

- M.B.A., University of San Francisco, USA
- Bachelor of Commerce and Accountancy, Chulalongkorn University

Share hold % None

Work experience in the last 5 years

- 2008-Present • Vice President Information Technology,
Somboon Advance Technology Public Company Limited
- 2004-2008 • Country IT Manager (Thailand and Malaysia),
Tyco Electronics (Thailand) Company Limited



SHAREHOLDING OF THE BOARD OF DIRECTORS AND MANAGEMENT

as at December 30, 2011

Name	Ordinary shares				
	December 30, 2011	December 30, 2010	August 4, 2010 Capital Increase	June 29, 2010	December 30, 2009
1. Mr. Sansern Wongcha-um	-	-	-	-	-
2. Mr. Yongyuth Kitaphanich	7,215,975	7,215,975	7,215,975	6,660,900	6,660,900
3. Mr. Panja Senadisai	-	-	-	-	20,000
4. Mr. Sobson Ketsuwan	-	-	-	-	-
5. Mr. Ajarin Sarasas	-	-	-	-	-
6. Mr. Paitoon Taveebhol	-	-	-	-	-
7. Mr. Verayut Kitaphanich	10,009,274	10,009,274	10,909,274	10,070,100	10,410,100
8. Mr. Yongkiat Kitaphanich	7,215,975	7,215,975	7,215,975	6,660,900	6,660,900
9. Mrs. Napatsorn Kitaphanich	5,612,641	5,612,641	5,612,641	5,180,900	5,180,900
10. Mr. Surasak Khaoroptham	-	-	-	-	-
11. Mr. Worapote Chutchaikulsiri	-	-	-	-	-
12. Mr. Wasant Chawajaroenpan	-	-	-	-	-
13. Mr. Wichai Srimavon	-	-	-	-	-
14. Ms. Jiraporn Srisomwong	-	-	-	-	-
15. Mr. Phakorn Thongcharoen	-	-	-	-	-
16. Mr. Thanit Viriyarat	-	-	-	-	-

- Information from report on securities holding of the Board of Directors as at December 30, 2011



REMUNERATIONS

The director remuneration policy has been clearly and transparently established by the Board of Directors, with the Nomination and Compensation Committee considering the policy for such directors and top management as President and Vice President. The final policy will then be proposed to the Board of Directors for consideration before presenting to the shareholders meeting for consideration and approval.

1. The Remuneration of Directors Policy and Payment Criteria

The remunerations of directors determined by the Board of Directors comprise 1) yearly director bonus 2) monthly paid remuneration and 3) remuneration paid as meeting allowance with regard to the tasks, responsibilities and performance of directors being beneficial to the Company, compared to other companies of comparable size and nature of business. Directors will receive remuneration commensurate with more duties and responsibilities assigned.

2. The Remuneration of Management Policy and Payment Criteria

The Nomination and Compensation Committee will consider and review the President's remuneration and propose it to the Board of Directors for consideration and approval. Such remuneration will be appropriately fixed based on the remuneration structure of the Company and compared to 1) surveyed information about remuneration payment by recognized institutes, organizations and entities 2) the growth rate of the gross domestic product, inflation rate and net profits 5 years backward, including his performance and consistency with the duties and responsibilities assigned.

The President will consider the suitability of determining remunerations and adjusting yearly wages of the Vice President, with consideration of his performance and Company results of operations and his attainment to the pre-defined goals.

Remunerations of Directors

1. Monthly compensation and meeting allowance

Position	Monthly Compensation		Meeting Allowance (Baht)		
	Board of Directors	Executive Board	Board of Directors	Audit and Corporate Governance Committee	Nomination and Remuneration Committee
1 Chairman	18,000	45,000	27,000	22,500	22,500
2 Vice Chairman	12,500	-	18,750	15,000	15,000
3 Other Board members	10,000	30,000	15,000	15,000	15,000

2. Bonus

Paid to all directors, payable to chairman at the rate of 1.8 times and vice chairman 1.25 times of the Board members rate

The Remuneration of Board of Directors in form of allowances and remuneration totally Baht 7,275,998.00 are as following;

		Bonus of 2010	Meeting Allowance (Baht)				Total
			Board of Directors	Executive Board	Audit & CG Committee	Nomination& Remuneration Committee	
Name							
1	Mr. Sansern Wongcha-um	407,240	486,000	-	-	-	893,240
2	Mr. Yongyuth Kitaphanich	282,806	337,500	360,000	-	-	980,306
3	Mr. Panja Senadisai	226,244	270,000	-	135,000	75,000	706,244
4	Mr. Sobson Ketsuwan	226,244	270,000	540,000	-	-	1,036,244
5	Mr. Ajarin Sarasas	226,244	255,000	-	90,000	-	571,244
6	Mr. Paitoon Taveebhol	226,244	270,000	-	90,000	112,500	698,744
7	Mr. Verayut Kitaphanich	226,244	255,000	-	-	-	481,244
8	Mr. Yongkiat Kitaphanich	226,244	255,000	-	-	-	481,244
9	Ms. Napatsorn Kitaphanich	226,244	270,000	-	-	-	496,244
10	Mr. Surasak Khaoroptham	226,244	270,000	360,000	-	75,000	931,244
Total							7,275,998

Note:

1 Bonus was calculated from the 2010 Company's business performance but was paid in the year 2011

Remunerations of Management

1. Remuneration in cash for the Company's executives in the form of salary and bonus

Units :Baht	Number of executives	2011	Number of executives	2010
Salary	9	27,422,056.67	9	26,633,850.00
Bonus	9	6,311,661.00	9	6,716,858.28
Total		33,733,717.67		33,350,708.28

Note:

- Year 2011 consists of 9 managements are Mr. Verayut Kitaphanich, Mr. Yongkiat Kitaphanich, Mr. Worapote Chutchaikulsiri, Mr. Wasant Chawajaroenpan, Mr. Wichai Srimavon, Ms. Napatsorn Kitaphanich, Mrs. Jiraporn Srisomwong and Mr. Phakorn Thongcharoen
- Year 2010 consists of 9 managements are Mr. Verayut Kitaphanich, Mr. Yongkiat Kitaphanich, Mr. Worapote Chutchaikulsiri, Mr. Wasant Chawajaroenpan, Mr. Wichai Srimavon, Ms. Napatsorn Kitaphanich, Mrs. Jiraporn Srisomwong and Mr. Phakorn Thongcharoen



2. Other remunerations

Contributions to the Provident Fund

In 2011, the Company paid the following contributions to the Company's executives

Units : Baht	Person	2011	Person	2010
Provident Fund	8	1,129,541.50	8	917,384.20

Note:

- Year 2011 consists of 8 managements are Mr. Verayut Kitaphanich, Mr. Yongkiat Kitaphanich, Mr. Worapote Chutchaikulsiri, Mr. Wasant Chawajaroenpan, Mr. Wichai Srimavon, Ms. Napatsorn Kitaphanich, Mrs. Jiraporn Srisomwong and Mr. Phakorn Thongcharoen
- Year 2010 consists of 8 managements are Mr. Verayut Kitaphanich, Mr. Yongkiat Kitaphanich, Mr. Worapote Chutchaikulsiri, Mr. Wasant Chawajaroenpan, Mr. Wichai Srimavon, Ms. Napatsorn Kitaphanich, Mr. Phakorn Thongcharoen and Mrs. Jiraporn Srisomwong

INTERNAL CONTROL

The Company Board of Directors held its 2/2012 Meeting on February 28, 2012 with the Internal Audit Committee participating in the Meeting and expressing the sufficiency and suitability of the Internal Audit System by citing the "Internal Audit System Sufficiency Evaluation Form" of Office of the Securities and Exchange Commission at the reference.

The Internal Audit Committee gave a report on the result of the internal audits along with the recommendations on the audits which were focally emphasized on the active performance audits to cause continuously efficient and effective development in which the follow-ups to make corrections on the same were made in accordance with the Internal Audit Result Report and then reported it to the Company Board of Directors regularly. On the aspect of safeguarding the assets, the Company has a good protective system and no corruption nor illegal taking of the company's asset for use is found. Result of the verifications found that practical implementations in accordance with the prescribed steps of actions were complied with and in compatibility with the Requirements of Law of the Government Sector and the Business Control Plan. Where on the part of the discussions with the auditor, the auditor was of the opinion that the Company had prepared the Financial Statements in accordance with the accounting standard and had the internal audit control system sufficient to thoroughly cover both the Organization and environmental condition, risk management, operational control and information and data communications system by monitoring a follow-up over the internal audit control evaluation continuously without any material defects whereby the significant substances can be summarized as follows:

1. Organization and Environmental Condition:

The Company has set the goal on business operations by mapping out the Business Plan, Annual Budget and express indication in increasing the gross sales in order to lead the Company to be placed in Top 3 rank among the group of companies in ASEAN Region by adding the strategy on the increase of the gross sales, on the customer services in complete circuits as expected by customers, on product developments and production process to be rated as Excellence, potential development and personnel and organization readiness compatible with the Strategic Plan for business growth all along with the customers, wage adjustments and payment of incentive money for 2011 which was the evaluation from the capabilities and behaviors of the employees in accordance with the Organization culture to conform with the behavior of the Organization in order to cause the rising of benefits on the aspect of quality development for the betterment of duty performances.

The Company designated Command Structure classified by line of work compatible with business operation and control strategies by having the Internal Audit as an independent Organization reporting directly to the Audit Committee including the promotions, supports on Corporate Governance Policy and Code of Conduct to insure the clarity and transparency. The Policy and Operational Plan were mapped out by taking into account the equity towards the employees, customers, trading partners including the responsibilities to shareholders, societies and environments by reviewing Corporate Governance and Code of Conduct handbook as well as Corporate Social Responsibility (CSR) previously existing in order to give importance on the safeguarding of the benefits of the investors and stakeholders of all parties equally, disclosing accurate information data with accuracy, completeness, transparency in a timely manner, having available the efficient and sufficient Internal Audit Control System, standard and efficient Risk Management System which were announced for promulgation on January 1, 2011 including holding the training to give explanations to inform the employees relevant thereto which, in this respect, the Company had announced its intention to be the Private Sector United Front on Anti Corruption. The Audit Committee has monitored controls over the Company to comply with the Corporate Governance and Code of Conduct Policy which, in this connection, the Company has been directed to make a report on the operational results, at least, 4 times a year.



2. Risk Management:

The Company maps out Risk Policy as the essential Policy by appointing the Risk Management Committee consisting of Directors and Executives of each line of work having the President as the Chairman performing duty on the assessment of the risks both from the external factors which are economic condition, government sector policy and raw material price fluctuations and the internal factors affecting the goal and business operations of the Company and designating persons to be responsible for the risk in various Organizations as well as prescribing the Risk Management to be the responsibilities of all Executives. There are planning and stipulation of measures on Risk Management; assessment of risk factors which may affect the Company's business operations and goal; follow-ups on Risk Management of various Units within the Organization have been monitored by placing the emphasis on the compatibility with the Company Strategic Plan including the management to educate employees of all levels to be more understandable and aware of the importance of the Risk Management where the result of which has been reported to the Company Board of Directors. The Audit Committee is the party monitoring control over the sufficiency and suitability of the Risk management.

3. Control over the Management Duty Performances:

The Company Board of Directors has appointed 3 subsidiary Committees consisting of Executive Committee, Audit and Corporate Governance Committee and Director and Executive Nomination and Remuneration Committee and that these 3 Committees perform their duties under the scope, assigned powers and duties in controlling over the duty performances of the Management as follows:

- (1) Stipulating the provision in writing the express scope of powers and duties and the approval of money line of all Management Factions and Levels by prescribing the Position of the person having the power to approve the money line, issue orders, create and perform the obligation in writing including a review of the suitability, at least, once a year.
- (2) Making work performance system and power and duty on the approvals in accordance with the nature of business operations and the organizational structure.
- (3) Causing the making of the Particulars on the Points of Law or Regulations relating to the Company in order to monitor control over all organizational Units to strictly comply with the Law.

Moreover, the Audit and Corporate Governance Committee has considered, reviewed and approved the Annual Audit Plan in order to ensure that the duty performance process involving high risk as well as the expectations of the Company-related persons are thoroughly covered which will make the Company assured that various organizational Units have sufficient controls, duty performances on the aspects of finance, operations, compliance with the law, various regulations, rules and basis which, in this connection, the Audit and Corporate Governance Committee has considered the important issue and problem found consequently as a result of the audits and proposed such matter to the Management to take corrective actions and report back the result of such corrective actions as well as the implementation of the preventive measures to stop the previous problem to repeatedly occur.

In the case where there is a transaction with a business enterprise or a person connected with the Company which may lead to the conflict of interest between the Company and such business enterprise or a person connected with the Company, the occurring transaction must be formalized through the step of approval in accordance with the Company Regulation in the same way as required on the normal transactions and that persons related to the undertaking of the transaction shall perform their duties to determine that if the undertaking of the transaction is reasonable and in the course of normal business practice by taking into account the maximum benefits of the Company and shareholders as if such transaction is undertaken with the a third person and

properly in accordance with the law and that on the transaction which may lead to the conflict of interest, the stakeholders shall have no right to cast the votes and there shall be a disclosure of the relevant data in accordance with the procedure prescribed by law.

The Company is firmly determined on the development of the production process to acquire standard goods internationally acceptable including the giving of very much importance on the environmental conservation which, in this respect, the Company's quality system has been recognized by being given "ISO/TS 16949" and "ISO 14001" Certificates. In this connection, the Company has an Organization independently separated from the production line to perform duty in auditing and monitoring the follow-ups to ensure the compliances with various requirements constantly. Where on the part of the financial and procurement transactions, the Company has directed the employees and Executives to comply with the "Action Power Manual" and "Procurement Control Manual" which are prescribed in writing by expressly specifying the rules, conditions and power in approving money disbursements and the entering into a Procurement Contract in order to ensure that prudence, comprehensiveness and counter corruption prevention relating to financial transactions have been exercised.

4. Information and Data Communications System:

In submitting matters to a Committee for consideration, the Company has provided variously and sufficiently important data in order to enable the Committee to use them in supporting their consideration by making comparative analysis report on the principle and rationale together with providing documents supporting the facts and forwarding such data to the Committee in advance of 7 days with the Company Secretary being the party to carry out the duty in giving advices on the aspect of various regulations and rules, taking care of the activities of the Company Board of Directors as well as coordinating work to ensure the compliance with the resolution of the Company Board of Directors as well as becoming the Central Organization in making and keeping important documents; such as, Directors Registration, Company Board of Directors Meeting Summon Letters, Minutes of Company Board of Directors Meeting, Shareholders Meeting Summon Letters and Minutes of Shareholders Meeting in systematic order in order to enable the shareholders to check the suitability on the performances of the Board members.

On the part of the keeping of documents supporting the account entries and various accounts, the Company keeps such documents in full accounts in groups of all transactions for the purpose of transparency and being the data in duty performances without any notifications from the auditor that there has been any defects on this matter.

The Audit and Corporate Governance Committee has jointly worked in conjunction with the auditor, Internal Audit Department and persons relating to the preparations of the Company Financial Statements every quarter to be assured that the Company has adopted the accounting policy in accordance the generally accepted accounting principles and suitable to the nature of the Company's business including the appropriate data disclosures.

5. Follow-up System:

The Company has monitored the follow-ups on the result of duty performances to determine if the set goal has been fulfilled as planned by holding a total of 10 Company Board of Directors meetings in 2011, and duty performance follow-up system in the sequence of ranks beginning from the Company Board of Directors, the Executive Committees and the Management Group in order to follow up the goal and monitor the operational controls in accordance with the Strategic Plan, Work Plan and Projects in the Annual Business Plan approved by the Company Board of Directors on a monthly basis as well as solving the contingent problems and adjusting the Operational



Plan to conform with the changing situation and when result of the operation is found to be variedly different from the set goal, the responsible person is directed to submit a report accordingly in order that the operation can be reviewed and the pertinent cause analyzed as well as taking part in the consideration to give an approval on the Problem Solving Plan and submitting the reports on the duty performances continuously.

The Company has arranged to make available the audit on the compliance with the internal control constantly by responsible person in the responsible line of work in monitoring controls over the compliance with the internal control system and make available the Internal Audit Control Department to audit the performances and make a report independently for submission to the Audit and Corporate Governance Committee which, in 2011, there were a total of 6 Audit and Corporate Governance Committee meetings.

RELATED TRANSACTION

The Company and its subsidiaries related transactions with person(s) who would have been involved in the dispute during the year 2010 and 2011 were as follows;

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

	Total amount remaining (Million Baht)		
Description of important items	2010	2011	Conditions of price/ Necessity
List of ordinary transactions			
1. SAT sold scraps material to SBM	2.06	2.31	Market price/ to increase income to SAT by selling scraps material which was normal loss from the production
2. SAT was the short-term loan lender of SBM	310.00	440.00	According to loan agreement
3. SAT received interest of loan from SBM	14.70	13.47	Charged interest at the fixed rate, MLR- fixed rate a year and MMR a year
4. SAT paid utilities fee for SBM	0.03	0.01	Price was close to the Cost/ SAT used utilities of SBM
5. SAT received utilities payment from SBM	21.74	19.23	Price was close to the Cost/ SBM used utilities of SAT
6. SAT received management fee from SBM	68.84	81.83	Price was close to the Cost/ Services for SBM

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

Bangkok Spring Industrial Co., Ltd. (BSK)

Description of important items	Total amount remaining (Million Baht)		Conditions of price/ Necessity
	2010	2011	
List of ordinary transactions			
1. SAT bought Jig Fixture from BSK	2.57	-	Price was close to the Cost (Year 2008: Cost plus additional profit of 15-20% on average)/ SAT needed to utilize Jig Fixture in production process continuously and BSK must to have capability to support SAT's demand



Description of important items	Total amount remaining (Million Baht)		Conditions of price/ Necessity
	2010	2011	
2. SAT received interest of loan from BSK	9.70	-	Charged interest at the fixed rate, MLR- fixed rate a year and MMR a year
3. SAT paid utilities fee for BSK	1.47	1.23	Price was close to the Cost/ SAT used utilities of BSK
4. SAT received utilities payment from BSK	2.61	4.53	Price was close to the Cost/ BSK used utilities of SAT
5. SAT received management fee from BSK	49.52	54.77	Price was close to the Cost / Services for BSK

Remark: Item 1 – 5 are the items indicated in the notes for financial statement.

International Casting Products Co., Ltd. (ICP)

Description of important items	Total amount remaining (Million Baht)		Conditions of price/ Necessity
	2010	2011	
List of ordinary transactions			
1. SAT sold scraps material to ICP	4.61	1.48	Market price/ to increase income to SAT by selling scraps material which was normal loss from the production
2. SAT was the short-term loan lender of ICP	-	90.0	According to loan agreement
3. SAT received interest of loan from ICP	4.76	1.08	Charged interest at the rate of MMR a year
4. SAT received utilities payment from ICP	0.76	1.13	Price was close to the Cost/ ICP used utilities of SAT

Remark: Item 1 – 4 are the items indicated in the notes for financial statement.

SBG International Japan Co.,Ltd. (SIJ)

Description of important items	Total amount remaining (Million Baht)		Conditions of price/ Necessity
	2010	2011	
List of ordinary transactions			
1. SAT was the short-term loan lender of ICP	-	10.0	According to loan agreement

Remark: Item 1 is the item indicated in the notes for financial statement.

Kitaphanich Group is the directors, executives and shareholders of the Company

Description of important items	Total amount remaining (Million Baht)		Conditions of price/ Necessity
	2010	2011	
List of ordinary transactions	199.90	130.5	Pricing of goods sold to Yong Kee (1995) Co., Ltd. was set up price plus primary profit considered by the Audit Committee as a transaction item in performing ordinary business of the Company of which is pricing condition was the same as for general persons / It was an expansion of customer base of the group of company as the mentioned company is the leader of business operation on the market of REM
1. BSK got income from selling Leaf Spring to Yong Kee (1995) Co., Ltd.			
2. SAT got income from selling Axle Shaft to Yong Kee (1995) Co., Ltd.	11.30	1.1	Sold at the market price in comparison with other companies / the characteristic of selling was from time to time to mentioned company which is the leader of business operation on the market of REM
3. ICP purchased sand from TSC	9.59	17.61	Purchased at the market price / the characteristic of selling was from time to time to use in operation.



REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE

Nomination and Remuneration Committee consist of the independent members of the whole group: namely; Mr. Paitoon Taveebhol, Mr. Panja Senadisai and Mr. Surasak Khaoroptham whose terms in office are 3 years effective from 6 December 2011.

In 2011, Nomination and Remuneration Committee held its meetings 5 times and all 3 members attended the meeting every time in order to follow up and consider the important matters assigned from the Company Board of Directors which can be concluded as follows:

1. Considering the rules on the issuances of shares for employees of the Management level in order to create the motivation, morale and enthusiasm for employees to participate in creating Added Value to the Organization in the future and consider the Key Performance Indicators (KPIs) on the allocations of shares.
2. Adjusting the structure and elements of the Committees by increasing the proportion of the independent members to be more than a half of the whole group of the Company Board of Directors.
3. Prescribing Performance Evaluation Form and the method of performance evaluations of the President.
4. Prescribing the indicator for payment of the incentive rewards and annual salary adjustments of the President.
5. Reviewing the Policy relating to the selection and nomination and remuneration and variously important rules previously approved:
 - 5.1 Rules and nomination and selection process and appointments of the Managements.
 - 5.2 Rules on the adjustment of the annual wage rates to suitably compatible with the economic situation and trends on vehicle industry and the adjustment of the minimum wage in accordance with the Government Policy.
 - 5.3 Rules on the payment of the employee and the Management incentive rewards to be in compatibility with the remunerations of the other companies in the same industrial group.
 - 5.4 Studying the structure of Directors' remunerations to make the compatible with the responsibilities and duty performances of the Directors such as Directors' retirements, Directors' term in office and subsidiary Committee members' position rotations.
6. Making follow-ups on the progress of the President and Vice President Level Position Succession Plan.



(Mr. Paitoon Taveebhol)

Chairman of the nomination and remuneration committee

BOARD OF DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The management has prepared the financial statement ended on December 31, 2011 according to the generally certified accounting standard by choosing to use the appropriate and regularly used policy including using judgment carefully and reasonably in preparation of financial statement and disclose the important information adequately in the remarks of the financial statement.

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

From the practical methods and supervision mentioned above, the committee agreed that the financial of Somboon Advance Technology Public Company Limited as at December 31, 2011 has shown the financial statement and operational results correctly, reliably, compliance with the generally certified accounting standard and practiced in accordance with the laws and related regulations.



Mr. Sansern Wongcha-um
Chairman



Mr. Verayut Kitaphanich
President



REPORT OF THE AUDIT AND CORPORATE GOVERNANCE COMMITTEE

To: Shareholders of Somboon Advance Technology Public Co., Ltd.

The Audit Committee consists 3 independent qualified members where one of them in the Committee is knowledgeable and experienced in accountancy. Audit Committee performs duties in accordance with the scope of their responsibilities assigned by the Company Board of Directors which is compatible with the Capital Market Commission Notification and Requirements of the Stock Exchange of Thailand.

In 2011, the Audit Committee held a total of 6 meetings and regularly reported to the Company Board of Directors the operational result every quarters. Each Audit Committee member attended the meetings detailed as follows:

Mr. Panja	Senadisai	Chairman of Audit Committee	attending	6/6 meetings
Mr. Paitoon	Taveebhol	Member of Audit Committee	attending	6/6 meetings
Mr. Ajarin	Sarasas	Member of Audit Committee	attending	6/6 meetings

In some meeting, the Audit Committee jointly made discussions with President for Administration, Auditor and Internal Auditor in accordance with the reasonable Agenda in the meeting every time. The Audit Committee made a report and expressed their opinions and gave recommendations independently which can be materially concluded as follows:

Accuracy, Completeness and Reliability of Financial Report:

Verifications on Quarterly Financial Statements and Annual Financial Statements of 2011, shall made jointly with the Management and Auditor in order to give the approval on the Financial Statements which are made correctly an reasonably in the material contents according to the generally accepted accounting principle and the disclosures of significant data, connected transactions and the transactions which may cause the conflict of interest shall be fully, adequately and reliably verified including discussions specifically with the Auditor without the Management taking part in shall be held in order to get the first hand information on the problem issue found consequently as a result of the account audits as well as considering and submitting opinions to the Audit Department and result of the audits of the Auditor prior to submitting them to the Company Board of Directors for further considerations.

In this respect, the Audit Committee, over the past years, had considered and gave the recommendations in improving the accounting practical implementations of the Company to conform with TFRS expected to affect the Financial Statements of Somboon Group of Companies.

Internal Control system and Internal Audit:

Monitoring controls over the internal audit work to conform with the professional standard by using the method of risk assessment and Internal Control System in accordance with COSO Standard as well as considering the giving of an approval on the Annual Accounting Audit Work Plan which has been made by considering from various business risk factors including Manpower Rate and Personnel Development Plan. In considering the result of the audits, recommendations were given to both the Internal Audit Department and the Management so that both outfits can make use of them in improving the duty performances as well as making a consideration and providing supports on the manpower rate and personnel development continuously.

The Audit Committee has considered the audit result in accordance with the Audit Plan, particularly, on the significant matter according to the Annual Audit Plan together with making the observation remarks and presenting the significant matter to the Company Board of Directors in order that the Management can be followed to accelerate the improvements on duty performances in accordance with the issues found by the Internal Auditor.

Compliance with the Requirements and Related Law:

The Audit Committee has constantly made verifications to ensure the Company's compliances with the Law on Securities and Exchange, the Requirements of the Stock Exchange of Thailand and the Law relating to the company's business and is of the view that the transactions compellingly required the Company to comply with the Law on Securities and Exchange, the Requirements of the Stock Exchange of Thailand and the Law relating to the company's business which have been verified are sufficient and the Management is assigned to make the follow-ups on the significant substances on the promulgation of the Securities and Exchange Notification, (No. 4), B. E. 2551 (2008) and report back to the Committee information and close consideration.

Disclosure of Connected Transactions:

Inter-transactions shall be considered and data on connected transactions disclosed in the Note to the Annual and Quarterly Financial Statements as well as expressing the independent opinions on the transactions on the acquisitions and dispositions of the assets in the investments in various important Projects of the Company and its Subsidiaries.

Selection and Nomination for Appointment of Auditor:

The Audit Committee has considered the Company's operational result of the past year. KPMG Poomchai Audit Limited performing duty as the Auditor of the Company and its Subsidiaries is of the opinion that operational results of the Company and its Subsidiaries are somewhat satisfactory. In the joint meeting, the Auditor reported the defect of the Internal Control System found including ways of practical performances in accordance with the accounting standard, to the Audit Committee every quarter. It is, therefore, expedient that a recommendation be made to the Company Board of Directors to propose to the General Shareholders Meeting in order to obtain the approval of the Meeting to appoint Mr. Ekkasit Chuthammasatid, Mr. Charoen Phosamritlert, Mr. Veerachai Rattanacharaskul and Mrs. Manchupa Singsuksawat of KPMG Poomichai Audit Limited to be the Auditors of the Company and its Subsidiaries for the Year 2012 at the total remuneration amount when summing up with those of the Subsidiaries of 3,709,000 Baht which, in this respect, the Auditors will not provide the other services the companies in the Group.

Corporate Governance:

Promoting and making follow-ups on the progress of corporate governance Development Process and Corporate Social Responsibility; the consideration on the improvements of CG Manual and the Code of Conducts including giving the guidelines and other recommendations necessary for the developments which, in this year, the Company has been bestowed upon the SET Awards of Honors, Excellent Company on Corporate Governance Report for a consecutive period of 3 years (2009-2011).



Risk Management:

Monitor controls over Risk Management System of the Company to avail the Risk Management Process in a suitably systematic standard with the efficiency and effectiveness by taking the Risk Management Result Report over the past year as the basis into consideration and give the recommendations on the overall improvements including the point of view on various risks.

Opinion on Duty Performance in compliance with the Charter of the Audit Committee:

Deriving from self-evaluation of Audit Committee of the Year 2011 on 27 January 2012, Audit Committee had verified its overall duty performances on the verifications on the preparation of Financial Statements, on Internal Control and Risk Management, on the Company's compliance with the law relating to the Company's business, the selection and nomination for the appointments of the Audits, considerations on connected transactions or the transactions which may cause the rising of the conflict of interest, the Audit Committee Report preparations where the evaluation can be concluded that the Audit Committee has absolutely fulfilled its duty performances.

Audit Committee is of the opinion that the Company has availed the appropriate and reliable preparation process and data disclosure in Financial Report including the sufficient Risk Management and Internal Control System with continuous developments in order to support the Company to have well sustainable of good governance.



Mr. Panja Senadisai
Audit and Corporate Governance Committee
27 January 2012.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE CONSOLIDATED FINANCIAL STATEMENTS

Overview of Business in 2011

The company and its subsidiaries have operated the business of vehicular components with the main revenue from selling half shafts, leaf springs, brake discs, brake drums, torsion bars and coil springs, etc. They were sold to domestic original equipment manufacturers (OEM) in the country mostly. The selling goods of company and its subsidiaries increased 3 percent from agriculture machinery products while the vehicle parts highly decreased due to Tsunami disaster and flooding in Thailand which affected to vehicle industry decrease from previous year.

Profit and Loss Analysis

Revenue Analysis

In 2011 and 2010 the company had the total revenue equal to 6,568 million baht and 6,416 million baht respectively, increased from the previous year by 152 million baht, or 2 percent, divided into the revenue from selling goods of 6,421 million baht and other revenues by 158 million baht. While the sales of agricultural machinery increased, the selling goods to customer in vehicle manufacture decreased from the previous year 11 percent from Tsunami in Japan and flooding disaster.

Cost and Expense Analysis

Cost of Sales and Services

In 2011 and 2010 the company had the cost of goods sold by 5,448 million baht and 5,029 million baht respectively, increased from the previous year by 419 million baht, or 8 percent proportional to the increased sales from depreciation by 70 million baht and cost from production line increment and the expansion of casting factory totally 42 million baht that resulted to serve the need of customers before the disaster. Included cost of material on production adjusted higher by 10 percent and cost of selling with outsource increased from the previous year by 30 percent.

Selling and Administrative Expenses

The company had the sales and administrative expense in 2011 equal to 498 million baht by increasing from the previous year by 67 million baht, or 16 percent due to the company had higher cost of operating the new facility's expansion. Included expenses for increment of research and product development along with research project and major product development

Financial Expense

The company had the financial cost in 2011 equal to 120 million baht, little increased by 9 million baht, or 8 percent.

Corporate Income Tax

In 2011 the company paid the corporate income tax by 78 million baht, a decrement from the previous year by 39 million baht or 33 percent, due to the operations reduced according to Tsunami disaster and flooding in Thailand importantly.

Operating Profit

The company had a profit from the operations without including the profit sharing from the investment in the affiliates. The financial expense and income tax in 2011 amounted to 596 million baht with the decrement from the previous year by 360 million baht, or 38 percent from the previous year due to sales of our main products heavily reduced.



Net Profit

In 2011 the company had the net profit of 408 million baht, lower than the same period of previous year by 351 million baht or 46 percent due to the company was affected by the tsunami in Japan and floods in the country that the selling goods to vehicle production do not grow as the production capacity therefore the fixed cost of operations increased. Also, there are the lost of exchange rate from purchasing machine in abroad.

Financial Standing Analysis

Assets

When considered from the consolidated financial statement of the company, it had the consolidated assets on December 31, 2011 and December 31, 2010 equal to 8,831 million baht and 8,077 million baht (respectively) increased by 754 million baht, or 9 percent caused by the main reason from increment of Land, building and materials in new project to support volume sales growth.

Account Receivables

The company had the net total debtors on December 31, 2011 was equal to 875 million baht and equal to 1,135 million baht on December 31, 2010. decreased from the value of sales down from last year according to customer orders, with the net trade debtor on December 31, 2011 reflected the average debt collection by about 52 days, due to the major customers had increased sales with the group of vehicle assembly plants had the credit terms were rather certain.

Investment Fund

When consider the consolidated financial statement on December 31, 2011 the company had the net investment in the related companies for 172 million baht, which is the investment in Yamada Somboon Ltd., Nichinbo Somboon Automotive Ltd., Somboon Somic Manufacturing Ltd. And Sushiyoshi Somboon Kotet Sand Co., Ltd. with the capital investment in these companies equaled to 73 million baht.

Property, Plant and Equipment

Land, buildings and equipment of the company on December 31, 2011 were valued at 6,145 million baht, while in 2010 was at 4,620 million baht an increase of 1,525 million baht, or 33 percent increase resulted from the investment in Axle shaft production line by 400 million baht and investment of casting factory of subsidiary by 1,300 million baht to increase the production according to customer order in the future so the company has increased its permanent assets

The company had the excess funds from its asset assessment and the subsidiaries in the part of the shareholders on December 31, 2011 and December 31, 2010 were equal to 604 and 614 million baht respectively, while the excess capital from the asset assessment had the depreciation of the assets of each type, in which during 2011 the excess fund was disposed from the assessment of its assets and the subsidiaries totaled 10 million baht.

Liabilities

On December 31, 2011 the company had the total debt of 4,649 million baht by dividing into short-term debts equal to 1,865 million baht and long-term debts equal to 2,784 million baht, which was higher than the previous year by 644 million baht, or 16 percent from the investment in machinery to expand production capacity of the plant, divided into short- term loans increase 115 million baht and long-term loans from bank increase 662 million baht. During the year the repayment of the loan term is 267 million.

Shareholders' Equity

Capital Structure

The Company's shareholders' equity as of December 31, 2011 equals to 4,182 million baht increased by 109 million baht from the profit of operation during the period.

During the year, the Company allocated the profits from the business performance of the year 2010 as a dividend payment at the rate of Baht 0.50 per share, totaling 169.96 million Baht and paid dividend to shareholders on May 2011. In addition, the company allocated the profits from the business performance of the first half year of 2011 as a dividend payment at the rate of Baht 0.35 per share, totaling 118.97 million Baht and paid dividend to shareholders on September 2011.

However, on December 31, 2011 the company had the capital structure comprising the total debt of 4,649 million baht and the net worth of 4,182 million baht, or the debt to net worth ratio was about 1.11 times.

Cash Flow Analysis

In the consolidated financial statements ended December 31, 2011 and December 31, 2010 the company had the net cash flow from the operations by 863 and 1,389 million baht respectively. The cash flow paid out from the investment activities by 1,726 and 1,078 million baht respectively; caused by the investment of Axle shaft production line amounted to 400 million baht and investment of casting factory of subsidiary in Rayong amounted 1,300 million baht. Also there was cash flow from the activity in procuring money in 2011 amounted to 331 million baht. This resulted from cash received from long-term loans of investment project by 662 million baht and paid dividend amounted to 289 million baht.

Major Factors and Influences Potentially Affecting Future Operations or Financial Standing

In 2012 the company estimated that the Thailand automotive industry will has a volumn of 2.08 million vehicles, up to 42.5 percent compared to the year 2011 from the production for sale in country by 36.05 percent and for export 49.31 percent due to the government policy on economic stimulous, first-car scheme and the introduced of energy efficient cars (ECO Car) which will help stimulate the market in another way. In addition, as Thailand is a key production base for pickup cars exported worldwide, it resulted in a continual growth of automotive industry in the future.

However, the main factor and influences potentially affecting cost of goods sold and future operations inescaply such as the adjustment of minimum wage policy, the fluctuations in oil prices and exchange rates. Also, the shortage of skilled workers in the integration of ASEAN in 2013.

The Company stipulated the strategic to support the competition by enhancing effectiveness in Q C D E M continuously, increasing the engineering design competency and developing personnel to support the changes for create value added for all stakeholders and sustainability to the organization.



AUDIT REPORT OF CERTIFIED PUBLIC ACCOUNTANT

To the Shareholders of Somboon Advance Technology Public Company Limited

I have audited the accompanying consolidated and separate statements of financial position as at 31 December 2011 and 2010, and the related statements of income, comprehensive income, changes in equity and cash flows for the years then ended of Somboon Advance Technology Public Company Limited and its subsidiaries, and of Somboon Advance Technology Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial position as at 31 December 2011 and 2010 and the results of operations and cash flows for the years then ended of Somboon Advance Technology Public Company Limited and its subsidiaries, and of Somboon Advance Technology Public Company Limited, respectively, in accordance with Financial Reporting Standards.

As explained in notes 2, 3 and 18 to the financial statements, with effect from 1 January 2011 the Company has adopted certain new and revised financial reporting standards. The consolidated and separate financial statements for the year ended 31 December 2010 have been restated accordingly.

(Ekkasit Chuthamsatid)
Certified Public Accountant
Registration No. 4195

KPMG Phoomchai Audit Ltd.
Bangkok
28 February 2012

STATEMENTS OF FINANCIAL POSITION

Somboon Advance Technology Public Company Limited and its Subsidiaries

As at 31 December 2011 and 2010

(in Baht)

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		2011	2010	2011	2010
			(Restated)		(Restated)
Current assets					
Cash and cash equivalents	6	467,219,092	999,795,158	156,213,631	391,227,783
Trade accounts receivable	5, 7	875,154,059	1,134,567,455	246,107,775	417,580,172
Other receivables - related parties	5	128,400	128,400	33,308,359	36,076,602
Short-term loans to subsidiaries	5	-	-	540,000,000	310,000,000
Inventories	8	716,734,494	442,787,870	169,760,293	99,300,059
Other receivables		82,208,182	73,169,178	21,368,495	8,894,227
Other current assets		20,248,870	19,753,405	2,039,630	1,890,458
Total current assets		2,161,693,097	2,670,201,466	1,168,798,183	1,264,969,301
Non-current assets					
Investments in subsidiaries	9	-	-	1,861,560,952	1,852,018,452
Investments in associates	10	144,950,766	140,555,375	-	-
Other long-term investments	11	26,651,146	26,651,146	-	-
Investment properties	12	101,345,000	103,645,000	-	-
Property, plant and equipment	13	6,144,764,154	4,620,461,369	1,340,241,481	1,125,887,397
Spare parts for machinery		120,301,928	88,242,247	50,453,364	37,950,319
Deposits for purchase of land and machinery		-	318,117,635	-	-
Goodwill on business combination		17,934,556	17,934,556	-	-
Intangible assets	14	63,930,433	62,518,282	25,728,274	22,918,585
Other non-current assets		49,392,983	28,843,372	9,457,477	9,172,931
Total non-current assets		6,669,270,966	5,406,968,982	3,287,441,548	3,047,947,684
Total assets		8,830,964,063	8,077,170,448	4,456,239,731	4,312,916,985



STATEMENTS OF FINANCIAL POSITION

Somboon Advance Technology Public Company Limited and its Subsidiaries
As at 31 December 2011 and 2010

(in Baht)

		Consolidated		Separate	
		financial statements		financial statements	
Liabilities and equity	Note	2011	2010	2011	2010
			(Restated)		(Restated)
Current liabilities					
Bank overdrafts	15			-	860,612
Short-term loans from financial institutions					
- trust receipts	15	141,353,814	26,520,363	-	-
Trade accounts payable	5, 16	921,478,778	1,064,783,896	269,644,694	348,529,024
Other payable - related parties	5	-	-	486,102	334,601
Current portion of long-term loans					
from financial institutions	15	373,288,900	255,995,639	155,311,717	94,413,989
Current portion of finance lease liabilities	15	16,841,169	16,709,580	333,912	1,094,019
Accounts payable - purchase of assets		203,201,854	141,884,671	935,030	599,471
Income tax payable		29,528,753	54,463,375	17,059,851	16,649,644
Other current liabilities	17	179,458,327	199,733,484	43,846,949	61,361,317
Total current liabilities		1,865,151,595	1,760,951,620	487,618,255	522,982,065
Non-current liabilities					
Long-term loans from financial institutions	15	2,628,132,694	2,083,737,164	916,358,548	778,556,985
Finance lease liabilities	15	25,713,167	41,552,960	687,104	19,640
Account payable for land purchase		11,354,000	11,354,000	-	-
Employee benefit obligations	18	116,065,580	102,412,300	53,625,047	46,615,747
Other non-current liabilities		2,279,375	4,391,865	1,987,173	4,391,865
Total non-current liabilities		2,783,544,816	2,243,448,289	972,657,872	829,584,237
Total liabilities		4,648,696,411	4,004,399,909	1,460,276,127	1,352,566,302

STATEMENTS OF FINANCIAL POSITION

Somboon Advance Technology Public Company Limited and its Subsidiaries

As at 31 December 2011 and 2010

(in Baht)

		Consolidated		Separate	
		financial statements		financial statements	
Liabilities and equity	Note	2011	2010	2011	2010
			(Restated)		(Restated)
Equity					
Share capital	20				
Authorised share capital		339,923,287	340,000,000	339,923,287	340,000,000
Issued and paid-up share capital		339,923,287	339,923,287	339,923,287	339,923,287
Additional paid-in capital	20	711,432,209	711,432,209	711,432,209	711,432,209
Retained earnings					
Appropriated	21				
Legal reserve		34,000,000	34,000,000	34,000,000	34,000,000
Unappropriated		2,492,554,235	2,373,321,973	1,851,988,141	1,814,179,699
Other components of equity					
Revaluation surplus on assets - the Company		58,619,967	60,815,488	58,619,967	60,815,488
Revaluation surplus on assets - subsidiaries		545,531,864	553,277,582	-	-
Foreign currency translation differences		206,090	-	-	-
Total equity		4,182,267,652	4,072,770,539	2,995,963,604	2,960,350,683
Total liabilities and equity		8,830,964,063	8,077,170,448	4,456,239,731	4,312,916,985



STATEMENTS OF INCOME

Somboon Advance Technology Public Company Limited and its Subsidiaries
For the years ended 31 December 2011 and 2010

(in Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2011	2010	2011	2010
			(Restated)		(Restated)
Revenue					
Revenue from sale of goods and rendering of services	5	6,420,730,044	6,263,137,203	2,121,724,678	2,172,199,743
Interest income	5	7,873,350	4,569,870	19,554,106	32,701,133
Net foreign exchange gain		-	17,300,298	-	-
Other income	5	139,065,215	131,323,576	205,681,812	181,144,696
Total revenues		6,567,668,609	6,416,330,947	2,346,960,596	2,386,045,572
Expenses					
	24				
Cost of sale of goods and rendering of services		5,448,335,531	5,029,265,229	1,625,709,737	1,571,217,810
Selling expenses		74,734,754	72,040,368	19,870,968	21,460,696
Administrative expenses		379,207,922	317,019,723	234,866,733	215,387,996
Management benefit expenses		43,823,258	41,896,531	43,067,258	41,140,531
Net foreign exchange loss		25,885,195	-	11,014,457	439,427
Finance costs		119,730,997	110,750,515	44,115,163	67,226,041
Total expenses		6,091,717,657	5,570,972,366	1,978,644,316	1,916,872,501
Share of profit of associates	10	9,966,391	30,618,821	-	-
Profit before income tax expense		485,917,343	875,977,402	368,316,280	469,173,071
Income tax expense	25	(77,753,363)	(116,827,793)	(41,576,120)	(38,750,468)
Profit for the year		408,163,980	759,149,609	326,740,160	430,422,603
Basic earnings per share (Baht)	27	1.20	2.44	0.96	1.38

STATEMENTS OF COMPREHENSIVE INCOME

Somboon Advance Technology Public Company Limited and its Subsidiaries
For the years ended 31 December 2011 and 2010

(in Baht)

	Consolidated financial statements		Separate financial statements	
Note	2011	2010	2011	2010
		(Restated)		(Restated)
Profit for the year	408,163,980	759,149,609	326,740,160	430,422,603
Other comprehensive income				
Foreign currency translation differences	206,090	-	-	-
Amortisation of revaluation surplus on assets	(9,941,239)	(11,129,088)	(2,195,521)	(3,445,088)
Total comprehensive income for the year	398,428,831	748,020,521	324,544,639	426,977,515



STATEMENTS OF CHANGES IN EQUITY

Somboon Advance Technology Public Company Limited and its Subsidiaries

For the years ended 31 December 2011 and 2010

(in thousand Baht)

Consolidated financial statements

		Other components of equity						
		Retained earnings			Other components of equity			
		Issued and paid-up share capital	Additional paid-in capital	Legal reserve	Unappropriated	Foreign currency translation differences	Revaluation surplus on assets subsidiaries	Total equity
Note								
Balance at 1 January 2010 - as reported								
		300,000,000	84,562,861	30,000,000	1,828,391,278	-	64,260,576	560,961,582
	3	-	-	-	(90,218,914)	-	-	(90,218,914)
Balance at 1 January 2010 - restated								
		300,000,000	84,562,861	30,000,000	1,738,172,364	-	64,260,576	560,961,582
2,777,957,383								
Transaction with owners, recorded directly in equity								
Contributions by and distributions to owners of the Company								
	20	39,923,287	626,869,348	-	-	-	-	666,792,635
	28	-	-	-	(120,000,000)	-	-	(120,000,000)
Total transactions with owners, recorded directly to equity								
		39,923,287	626,869,348	-	(120,000,000)	-	-	546,792,635
Comprehensive income for the year								
		-	-	-	759,149,609	-	-	759,149,609
		-	-	-	-	-	(3,445,088)	(7,684,000)
(11,129,088)								
Total comprehensive income for the year								
		-	-	-	759,149,609	-	(3,445,088)	748,020,521
Transfer to legal reserve								
	21	-	-	4,000,000	(4,000,000)	-	-	-
Balance at 31 December 2010								
		339,923,287	711,432,209	34,000,000	2,373,321,973	-	60,815,488	553,277,582
4,072,770,539								



STATEMENTS OF CHANGES IN EQUITY

Somboon Advance Technology Public Company Limited and its Subsidiaries
For the years ended 31 December 2011 and 2010

(in thousand Baht)

	Note	Consolidated financial statements					
		Retained earnings		Other components of equity			Total equity
		Issued and paid-up share capital	Additional paid-in capital	Legal reserve	Unappropriated	Foreign currency translation differences	
Balance at 1 January 2011 - as reported		339,923,287	711,432,209	34,000,000	2,475,734,273	- 60,815,488	553,277,582 4,175,182,839
Impact of changes in accounting policies	3	-	-	-	(102,412,300)	-	- (102,412,300)
Balance at 1 January 2011 - restated		339,923,287	711,432,209	34,000,000	2,373,321,973	- 60,815,488	553,277,582 4,072,770,539
Transaction with owners, recorded directly in equity							
<i>Contributions by and distributions to owners of the Company</i>							
Dividends to owners of the Company	28	-	-	-	(288,931,718)	-	- (288,931,718)
Total transactions with owners, recorded directly to equity		-	-	-	(288,931,718)	-	- (288,931,718)
Comprehensive income for the year							
Profit		-	-	-	408,163,980	-	- 408,163,980
Other comprehensive income		-	-	-	-	206,090 (2,195,521)	(7,745,718) (9,735,149)
Total comprehensive income for the year		-	-	-	408,163,980	206,090 (2,195,521)	(7,745,718) 398,428,831
Balance at 31 December 2011		339,923,287	711,432,209	34,000,000	2,492,554,235	206,090 58,619,967	545,531,864 4,182,267,652

STATEMENTS OF CHANGES IN EQUITY

Somboon Advance Technology Public Company Limited and its Subsidiaries

For the years ended 31 December 2011 and 2010

(in thousand Baht)

Separate financial statements							
Note	Issued and paid-up share capital	Additional paid-in capital	Retained earnings		Other components of equity		Total equity
			Legal reserve	Unappropriated	Revaluation surplus		
Balance at 1 January 2010 - as reported							
	300,000,000	84,562,861	30,000,000	1,548,226,774	64,260,576	2,027,050,211	
3	-	-	-	(40,469,678)	-	(40,469,678)	
Balance at 1 January 2010 - restated							
	300,000,000	84,562,861	30,000,000	1,507,757,096	64,260,576	1,986,580,533	
Transaction with owners, recorded directly in equity							
Contributions by and distributions to owners of the Company							
20	39,923,287	626,869,348	-	-	-	666,792,635	
28	-	-	-	(120,000,000)	-	(120,000,000)	
Total transactions with owners, recorded directly to equity							
	39,923,287	626,869,348	-	(120,000,000)	-	546,792,635	
Comprehensive income for the year							
	-	-	-	430,422,603	-	430,422,603	
	-	-	-	-	(3,445,088)	(3,445,088)	
Total comprehensive income for the year							
	-	-	-	430,422,603	(3,445,088)	426,977,515	
Transfer to legal reserve							
21	-	-	4,000,000	(4,000,000)	-	-	
Balance at 31 December 2010							
	339,923,287	711,432,209	34,000,000	1,814,179,699	60,815,488	2,960,350,683	





STATEMENTS OF CHANGES IN EQUITY

Somboon Advance Technology Public Company Limited and its Subsidiaries
For the years ended 31 December 2011 and 2010

Separate financial statements						(in thousand Baht)
Note	Issued and paid-up share capital	Additional paid-in capital	Retained earnings		Other components of equity	
			Legal reserve	Unappropriated	Revaluation surplus	Total equity
	339,923,287	711,432,209	34,000,000	1,860,795,446	60,815,488	3,006,966,430
3	-	-	-	(46,615,747)	-	(46,615,747)
	339,923,287	711,432,209	34,000,000	1,814,179,699	60,815,488	2,960,350,683
Transaction with owners, recorded directly in equity						
Contributions by and distributions to owners of the Company						
28	-	-	-	(288,931,718)	-	(288,931,718)
	-	-	-	(288,931,718)	-	(288,931,718)
Total transactions with owners, recorded directly to equity						
Comprehensive income for the Year						
	-	-	-	326,740,160	-	326,740,160
	-	-	-	-	(2,195,521)	(2,195,521)
	-	-	-	326,740,160	(2,195,521)	324,544,639
Total comprehensive income for the year						
	339,923,287	711,432,209	34,000,000	1,851,988,141	58,619,967	2,995,963,604
Balance at 31 December 2011						

STATEMENTS OF CASH FLOWS

Somboon Advance Technology Public Company Limited and its Subsidiaries
For the years ended 31 December 2011 and 2010

(in Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
		(Restated)		(Restated)
<i>Cash flows from operating activities</i>				
Profit for the year	408,163,980	759,149,609	326,740,160	430,422,603
<i>Adjustments for</i>				
Depreciation and amortisation	567,047,366	438,388,052	191,925,902	179,643,697
Fixed assets written-off	(492,709)	425,532	-	-
Interest income	(7,873,350)	(4,569,870)	(19,554,106)	(32,701,133)
Finance costs	119,730,997	110,750,515	44,115,163	67,226,041
Set up (reversal of) allowance for decline in value of inventories	13,885,470	(11,928)	2,808,274	(394,524)
Unrealised loss on exchange	14,321,301	2,340,637	363,550	409,238
(Gain) loss on disposal of assets	627,501	(1,139,269)	(672,898)	(287,806)
Share of profit of associates	(9,966,391)	(30,618,821)	-	-
Employee benefit obligations	14,501,900	13,568,386	7,009,300	6,521,069
Income tax expense	77,753,363	116,827,793	41,576,120	38,750,468
	1,197,699,428	1,405,110,636	594,311,465	689,589,653
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	259,789,160	(160,736,793)	171,628,050	(76,782,234)
Other receivables - related parties	-	-	2,768,243	(28,104,723)
Inventories	(287,832,094)	(166,833,561)	(73,268,508)	(38,519,446)
Other receivables	(9,039,004)	(21,125,239)	(12,474,268)	4,332,278
Other current assets	(495,465)	(9,739,143)	(149,172)	(7,091,379)
Other non-current assets	(20,549,611)	(17,147)	(284,546)	(1,777,850)
Trade accounts payable	(146,139,360)	358,298,106	(79,403,533)	98,048,098
Other payables - related parties	-	-	151,501	(1,814)
Other current liabilities	(24,669,519)	74,771,307	(17,514,368)	21,674,665
Other non-current liabilities	(2,112,490)	2,441,818	(2,404,692)	2,156,857
Cash generated from operating activities	966,651,045	1,482,169,984	583,360,172	663,524,105
Employee benefit paid	(848,620)	(1,375,000)	-	(375,000)
Income tax paid	(102,687,985)	(92,157,281)	(41,165,913)	(37,590,773)
Net cash provided by operating activities	863,114,440	1,388,637,703	542,194,259	625,558,332

STATEMENTS OF CASH FLOWS

Somboon Advance Technology Public Company Limited and its Subsidiaries
For the years ended 31 December 2011 and 2010

(in Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
		(Restated)		(Restated)
<i>Cash flows from investing activities</i>				
Interest received	7,873,350	4,569,870	19,554,106	32,701,133
Dividends received from associates	5,571,000	4,530,000	-	-
Increase in short-term loans to subsidiaries	-	-	(230,000,000)	(47,000,000)
Proceeds from long-term loans to subsidiaries	-	-	-	528,635,600
Cash payment for investment in subsidiary	-	-	(9,542,500)	(600,000,000)
Purchase of property, plant and equipment	(2,077,335,988)	(804,621,616)	(402,885,720)	(27,507,917)
Sale of property, plant and equipment	2,155,809	14,689,137	672,898	4,673
(Increase) decrease in deposits for purchases of land and machinery	318,117,635	(293,361,453)	-	1,313,182
Sale of assets not used in operations	2,450,000	3,580,000	-	-
Spare parts for machinery	(32,059,681)	-	(12,503,045)	-
Purchase of intangible assets	(14,582,090)	(46,352,318)	(8,399,476)	(14,610,281)
Increase in accounts payable - purchase of assets	61,317,183	39,418,080	335,559	599,471
Net cash used in investing activities	(1,726,492,782)	(1,077,548,300)	(642,768,178)	(125,864,139)
<i>Cash flows from financing activities</i>				
Finance costs paid	(132,957,061)	(114,606,228)	(44,115,163)	(67,651,065)
Increase (decrease) in bank overdrafts	(860,612)	837,876	-	-
Increase (decrease) in short-term loans from financial institutions - trust receipts	107,571,079	(190,016,125)	-	-
Decrease in finance lease liabilities	(15,708,204)	(15,669,739)	(92,643)	(1,188,780)
Proceeds from issue of ordinary shares	-	666,792,635	-	666,792,635
Proceeds from long-term borrowings	928,636,292	2,328,029,544	294,430,291	935,495,974
Repayment of long-term borrowings	(266,947,500)	(2,061,307,131)	(95,731,000)	(1,626,305,487)
Dividends paid	(288,931,718)	(120,000,000)	(288,931,718)	(120,000,000)
Net cash provided by (used in) financing activities	330,802,276	494,060,832	(134,440,233)	(212,856,723)



STATEMENTS OF CASH FLOWS

Somboon Advance Technology Public Company Limited and its Subsidiaries
For the years ended 31 December 2011 and 2010

(in Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
		(Restated)		(Restated)
Net increase (decrease) in cash and cash equivalents	(532,576,066)	805,150,235	(235,014,152)	286,837,470
Cash and cash equivalents at 1 January	999,795,158	194,644,923	391,227,783	104,390,313
Cash and cash equivalents at 31 December	467,219,092	999,795,158	156,213,631	391,227,783

NOTES TO THE FINANCIAL STATEMENTS

Somboon Advance Technology Public Company Limited and its Subsidiaries
For the years ended 31 December 2011 and 2010

These notes form an integral part of the financial statement

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorized for issue by the Board of Directors on 28 February 2012.

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 (24.28% 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 2011 and 2010 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2011	2010
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
SBG International Japan Company Limited	Provide marketing information support	Japan	100	-

2 Basis of preparation of the financial statements

(a) Statement of compliance

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

During 2010 and 2011, the FAP issued the following new and revised TFRS relevant to the Group's operations and effective for accounting periods beginning on or after 1 January 2011



TFRS	Topic
TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property
TFRS 2	Share-based Payment
FAP Announcement no. 17/2554	Transitional Procedures for Other Long-term Employee Benefits
FAP Announcement no. 18/2554	Accounting Guidance on Revaluation of Assets

The adoption of these new and revised TFRS has resulted in changes in the Group's accounting policies. The effects of these changes are disclosed in note 3.

In addition to the above new and revised TFRS, the FAP has issued during 2010 a number of other new and revised TFRS which are expected to be effective for financial statements beginning on or after 1 January 2013 and have not been adopted in the preparation of these financial statements. These new and revised TFRS are disclosed in note 33.

(b) Presentation currency

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.

(c) Use of estimates and judgements

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

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

Note 18 Measurement of defined benefit obligations

Note 19 Measurement of share-based payments

3 Changes in accounting policies

(a) Overview

From 1 January 2011, consequent to the adoption of new and revised TFRS as set out in note 2, the Group has changed its accounting policies in the following areas:

- Presentation of financial statements
- Accounting for property, plant and equipment
- Accounting for investment properties
- Accounting for borrowing costs
- Accounting for employee benefits
- Accounting for share-based payment

Details of the new accounting policies adopted by the Group and the impact of the changes on the financial statements are included in notes 3(b) to 3(g) below. Other new and revised TFRS did not have any impact on the accounting policies, financial position or performance of the Group. The impact of the changes on the financial statements for the years ended 31 December 2011 and 2010 is summarised as follows:



(in thousand Baht)

		Consolidated financial statements	Separate financial statements
<i>For the year ended 31 December 2010</i>	<i>Note</i>	<i>2010</i>	<i>2010</i>
Statement of financial position			
Equity at 1 January 2010 – as reported		2,868,176	2,027,050
Changes as a result of the adoption retrospectively of:			
TAS 19 Employee Benefits	3(f)	(90,219)	(40,470)
Equity at 1 January 2010 - restated		2,777,957	1,986,580
Equity at 31 December 2010 - as restated		4,175,183	3,006,966
Changes as a result of the adoption retrospectively of:			
TAS 19 Employee Benefits	3(f)	(102,412)	(46,616)
Equity at 31 December 2010 - restated		4,072,771	2,960,350

Statement of income for the year ended**31 December 2010**

Profit before income tax – as reported		771,343	436,569
Changes before tax as a result of the adoption retrospectively of:			
TAS 19 Employee Benefits	3(f)	(12,193)	(6,146)
Profit before income tax - restated		759,150	430,423
Decrease in earnings per share			
- Basic (in Baht)		(0.04)	(0.02)

(in thousand Baht)

		Consolidated financial statements	Separate financial statements
<i>For the year ended 31 December 2011</i>	<i>Note</i>	<i>2011</i>	<i>2011</i>
Statement of income for the year ended			
31 December 2011			
Increase (decrease) in profit before income tax as a result of the adoption of:			
TAS 16 Property, Plant and Equipment	3ค	(3,564)	(1,680)
TAS 19 Employee Benefits	3ฉ	(14,502)	(7,009)
Decrease in profit before income tax		(18,066)	(8,689)
Decrease in earnings per share			
- Basic (in Baht)		(0.05)	(0.02)

(b) Presentation of financial statements

From 1 January 2011, the Group has adopted TAS 1 Presentation of Financial Statements (Revised 2009). Under the revised standard, a set of financial statements comprises:

- Statement of financial position;
- Statement of comprehensive income;
- Statement of changes in equity;
- Statement of cash flows; and
- Notes to the financial statements.

As a result, the Group presents all owner changes in equity in the statement of changes in equity and all non-owner changes in equity in the statement of comprehensive income. Previously, all such changes were included in the statement of changes in equity.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on reported profit or earnings per share.

(c) Accounting for property, plant and equipment

From 1 January 2011, the Group has adopted TAS 16 (revised 2009) Property, Plant and Equipment in determining and accounting for the cost and depreciable amount of property, plant and equipment.

The principal changes introduced by the revised TAS 16 and affecting the Group 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 changes have been applied prospectively in accordance with the transitional provisions of the revised standard, except that consideration of the costs of asset dismantlement, removal and restoration, have been applied retrospectively. The changes have had the following impact on the 2011 and 2010 financial statements.



	Consolidated financial statements		(in thousand Baht) Separate financial statements	
	2011	2010	2011	2010
Statement of financial position as at 31 December				
(Increase) decrease in accumulated depreciation	(3,564)	-	(1,680)	-
Increase (decrease) in carrying amount of Property Plant and Equipments	(3,564)	-	(1,680)	-
Increase (decrease) in retained earnings	(3,564)	-	(1,680)	-
Statement of income for the year ended 31 December				
(Increase) decrease in depreciation charge resulting in				
(Increase) decrease in Cost of sales	(3,564)	-	(1,680)	-
Increase (decrease) in profit before income tax	(3,564)	-	(1,680)	-
Increase (decrease) in earnings per share:				
- Basic earnings per share (in Baht)	(0.01)	-	(0.01)	-

(d) Accounting for investment properties

From 1 January 2011, the Group has adopted TAS 40 (revised 2009) Investment properties.

Under the revised standard, investment property, defined as property owned to earn rentals; capital appreciation; or both, is disclosed in the financial statements separately from other property, plant and equipment and measured using either the cost model.

(e) Accounting for borrowing costs

From 1 January 2011, the Group has adopted TAS 23 (revised 2009) Borrowing Costs.

Under the revised standard, borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Under the former standard, there was also an option to expense borrowing costs on qualifying assets when incurred.

It was the Group's policy under the former TAS 23 to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Consequently the adoption of the revised standard has had no impact on reported profit or earnings per share.

(f) Accounting for employee benefits

From 1 January 2011, the Group has adopted TAS 19 Employee Benefits.

Under the new policy, the Group's liability for post-employment benefits and other long-term benefit obligations is recognised in the financial statements based on calculations performed annually by a qualified actuary using the projected unit credit method. Previously, this liability was recognised as and when payments were made.

The change in accounting policy has been applied retrospectively and the Group's 2010 financial statements, which are included in the Group's 2011 financial statements for comparative purposes, have been restated accordingly. The impact on the 2011 and 2010 financial statements was as follows:

	Consolidated financial statements		(in thousand Baht) Separate financial statements	
	2011	2010	2011	2010
Statement of financial position as at 31 December				
Increase in employee benefit obligations	(116,066)	(102,412)	(53,625)	(46,616)
(Decrease) in retained earnings	(116,066)	(102,412)	(53,625)	(46,616)
Statement of income for the year ended				
31 December				
(Increase) in employee expenses resulting in:				
(Increase) in cost of sales	(8,629)	(7,170)	(1,646)	(1,532)
(Increase) in administrative expenses	(5,873)	(5,023)	(5,363)	(4,614)
(Decrease) in profit before income tax	(14,502)	(12,193)	(7,009)	(6,146)
(Decrease) in earnings per share:				
- Basic earnings per share (in Baht)	(0.04)	(0.04)	(0.02)	(0.02)

(g) Accounting for share-based payments

From 1 January 2011, the Group has adopted TFRS 2 Share-based Payment.

Under TFRS 2, share-based payment awards granted to employees are recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The adoption of TFSR 2 has had no material impact on the profit and earnings per share for the year ended 31 December 2011.

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 3, which addresses changes in 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.

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.

Investments in associates are accounted for in the consolidated financial statements using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, 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 profit or loss.

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.

Foreign entities

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

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

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

(c) Derivative financial instruments

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

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

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

(g) Investments

Investments in subsidiaries and associates

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



Investments in other debt and equity securities

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

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

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

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

Disposal of investments

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

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

(h) Investment properties

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

Investment properties are measured at cost less impairment losses.

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

(i) Property, plant and equipment

Recognition and measurement

Owned 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.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

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 recognised in other comprehensive income and presented in the "revaluation surplus" in equity 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 other comprehensive income in respect of the same asset. The revaluation surplus is utilised by reference to the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost and transferred directly to retained earnings. Upon disposal of a revalued asset, any remaining related revaluation surplus is transferred directly to retained earnings and is not taken into account in calculating the gain or loss on disposal.

Subsequent costs

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

Depreciation

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

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



Buildings and other constructions	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.

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

(j) 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 4(k). Negative goodwill is recognised immediately in the statement of income.

Other intangible assets

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

Subsequent expenditure

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

Amortisation

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

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

Software licences	3 - 5	years
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Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(k) Impairment

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

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

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

Calculation of recoverable amount

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

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

Reversals of impairment

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

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

(l) 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 profit or loss over the period of the borrowings on an effective interest basis.

(m) Trade and other accounts payable

Trade and other accounts payable are stated at cost.



(n) Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.



Share-based payments

The grant-date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, included considering the possibility of employees' performance will not meet the conditions.

(o) Provisions

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

(p) Revenue

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

Sale of goods and services rendered

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

Rental income

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

Dividend income

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

Interest income

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

(q) Finance costs

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

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



(r) Lease payments

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

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

Determining whether an arrangement contains a lease

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

(s) Income tax

Income tax 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.

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

5 Related parties

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

Relationships with related parties 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
SBG International Japan Company Limited	Japan	Subsidiary, 100% shareholding
Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group



Significant transactions for the years ended 31 December 2011 and 2010 with related parties were as follows:

(in million Baht)

		Consolidated financial statements	
Year ended 31 December	Pricing policies	2011	2010
Other related parties			
Sales of goods	Approximates market prices	131.6	199.9
Key management personnel			
Key management personnel compensation			
Short-term benefits		29.3	28.3
Other long-term benefits		14.5	12.6
Total key management personnel compensation		43.8	40.9
Subsidiaries			
Facilities income	Approximates cost	17.3	18.3
Interest income	Contractually agreed price	14.6	29.2
Management fee income	Contractually agreed price	136.6	118.4
Sales of scraps	Market prices	3.8	7.4
Purchases of goods	Approximates market prices	0.2	2.6
Facilities expense	Approximates cost	1.2	1.4
Other related parties			
Sales of goods	Approximates market prices	1.1	11.3
Key management personnel			
Key management personnel compensation			
Short-term benefits		36.1	34.6
Other long-term benefits		7.0	6.5
Total key management personnel compensation		43.1	41.1



Balances as at 31 December 2011 and 2010 with related parties were as follows:

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
<i>Trade accounts receivable-related parties</i>	2011	2010	2011	2010
Subsidiaries				
Somboon Malleable Iron Industrial Company Limited	-	-	-	767
International Casting Products Company Limited	-	-	-	737
Other related parties				
Yongkee (1995) Company Limited	51,602	80,503	2,158	4,997
Automotive Product Import and Export Center Company Limited	51	-	-	-
Total	51,653	80,503	2,158	6,501

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
<i>Other receivables from related parties</i>	2011	2010	2011	2010
Subsidiaries				
Somboon Malleable Iron Industrial Company Limited	-	-	21,518	17,820
Bangkok Spring Industrial Company Limited	-	-	10,082	13,708
International Casting Products Company Limited	-	-	1,708	4,549
Other related party				
Yongkee (1995) Company Limited	128	128	-	-
Total	128	128	33,308	36,077

(in thousand Baht)

	Separate financial statements	
<i>Short-term loans to subsidiaries</i>	2011	2010
Subsidiaries		
Somboon Malleable Iron Industrial Company Limited	440,000	310,000
International Casting Products Company Limited	90,000	-
SBG International Japan Company Limited	10,000	-
Total	540,000	310,000



Movements during the years ended 31 December 2011 and 2010 of loans to related parties were as follows:

(in thousand Baht)

	Separate financial statements	
	2011	2010
Short-term loans to subsidiaries		
At 1 January	310,000	263,000
Increase	1,570,000	1,034,000
Decrease	(1,340,000)	(987,000)
At 31 December	540,000	310,000
Long-term loans to subsidiaries		
At 1 January	-	528,636
Increase	-	-
Decrease	-	(528,636)
At 31 December	-	-

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

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.

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Trade account payable - related parties				
Associate				
Tschiyoshi Somboon Coated Sand Company Limited	6,140	2,348	-	-
Other related party				
Yongkee (1995) Company Limited	446	542	-	-
Total	6,586	2,890	-	-
Other payables to related parties				
Subsidiaries				
Somboon Malleable Iron Industrial Company Limited	-	-	253	20
Bangkok Spring Industrial Company Limited	-	-	225	315
International Casting Products Company Limited	-	-	8	-
Total	-	-	486	335



6 Cash and cash equivalents

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Cash on hand	270	277	90	90
Cash at banks – current accounts	2,413	2,601	1,922	314
Cash at banks – savings accounts	410,873	626,917	100,538	220,824
Highly liquid short-term investments	53,663	370,000	53,663	170,000
Total	467,219	999,795	156,213	391,228

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

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Thai Baht (THB)	456,684	999,795	156,213	391,228
Yen (JPY)	10,535	-	-	-
Total	467,219	999,795	156,213	391,228

7 Trade accounts receivable

(in thousand Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2011	2010	2011	2010
Related parties	5	51,653	80,503	2,158	6,501
Other parties		823,501	1,054,064	243,950	411,079
		875,154	1,134,567	246,108	417,580
Less allowance for doubtful accounts		-	-	-	-
Total		875,154	1,134,567	246,108	417,580
Bad and doubtful debts expense for the year		-	-	-	-

Aging analyses for trade accounts receivable were as follows:

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Related parties				
Within credit terms	51,653	80,503	2,158	6,501
Overdue:				
Less than 3 months	-	-	-	-
3-12 months	-	-	-	-
Over 12 months	-	-	-	-
	51,653	80,503	2,158	6,501
Less allowance for doubtful accounts	-	-	-	-
	51,653	80,503	2,158	6,501
Other parties				
Within credit terms	815,505	1,041,173	239,169	406,705
Overdue:				
Less than 3 months	7,935	11,770	4,781	3,902
3-12 months	61	1,121	-	472
Over 12 months	-	-	-	-
	823,501	1,054,064	243,950	411,079
Less allowance for doubtful accounts	-	-	-	-
	823,501	1,054,064	243,950	411,079
Total	875,154	1,134,567	246,108	417,580

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:

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Thai Baht (THB)	853,802	1,112,729	239,692	407,984
United States Dollars (USD)	12,344	12,739	6,416	9,596
Yen (JPY)	9,008	9,099	-	-
Total	875,154	1,134,567	246,108	417,580



8 Inventories

	<i>(in thousand Baht)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Finished goods	325,350	122,771	116,093	41,369
Work in process	102,388	74,412	4,690	3,321
Raw materials	149,738	136,330	20,916	24,984
Factory supplies	118,827	80,286	34,298	33,155
Goods in transit	50,489	45,162	116	16
	746,792	458,961	176,113	102,845
Less allowance for decline in value	(30,058)	(16,173)	(6,353)	(3,545)
Net	716,734	442,788	169,760	99,300

9 Investments in subsidiaries

	<i>(in thousand Baht)</i>	
	Separate	
	financial statements	
	2011	2010
At 1 January	1,852,018	1,252,018
Acquisitions	9,543	600,000
At 31 December	1,861,561	1,852,018



Investments in subsidiaries as at 31 December 2011 and 2010, and dividend income from those investments for the years then ended were as follows:

Separate financial statements

	Ownership interest		Paid-up capital		Cost method		Dividend income	
	2011	2010	2011	2010	2011	2010	2011	2010
	(%)		(in thousand Baht)					
Subsidiaries								
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	785,000	796,034	796,034	-	-
SBG International Japan Company Limited	100	-	9,543	-	9,543	-	-	-
Total					1,861,561	1,852,018	-	-

10 Investments in associates

(in thousand Baht)

	Consolidated financial statements	
	2011	2010
At 1 January	140,555	114,467
Share of net profit of investments - equity method	9,966	30,619
Dividend income	(5,571)	(4,531)
At 31 December	144,950	140,555

Investments in associates as at 31 December 2011 and 2010, and dividend income from those investments for the years then ended were as follows:

	Consolidated financial statements									
	Ownership Interest		Paid-up capital		Cost method		Equity method		Dividend income	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	(%)				(in thousand Baht)					
Associates										
Tsuchiyoshi Somboon Coated										
Sand Company Limited	21.25	21.25	72,000	72,000	15,300	15,300	34,607	32,143	(1,530)	(1,531)
Yamada Somboon										
Company Limited	20.00	20.00	150,000	150,000	30,807	30,807	110,343	108,412	(4,041)	(3,000)
Total					46,107	46,107	144,950	140,555	(5,571)	(4,531)

The investment in Tsuchiyoshi Somboon Coated Sand Company Limited, accounted for under the equity method as at 31 December 2011, was calculated based on audited financial statements of that company for the year ended 31 March 2011 and unaudited/unreviewed financial statements of the Company for the nine-month period ended 31 December 2011 prepared by its management.

The investment in Yamada Somboon Company Limited, accounted for under the equity method as at 31 December 2011, was calculated based on audited financial statements of that company for the six-month period ended 30 June 2011 and unaudited/ unreviewed financial statements of the Company for the six-month period ended 31 December 2011 prepared by its management.

11 Other long-term investments

Name of the entity	Type of business	Paid-up capital	Consolidated financial statements			
			Ownership Interest		Cost	
			2011	2010	2011	2010
			(%)		(in thousand Baht)	
Nisshinbo	Manufacture and sale					
Somboon Automotive	of auto parts					
Company Limited	and brake systems	732,600	2.90	2.90	21,250	21,250
Somboon Somic	Manufacture and sale					
Manufacturing Company Limited	of auto parts	300,000	1.80	1.80	5,401	5,401
Total					26,651	26,651

12 Investment properties

Investment properties represent land held by subsidiaries, which have been placed as collateral for credit facilities of the Company. The fair value was revalued on 9 August 2010 by an independent professional valuer. The appraised value was Baht 112.49 million (2010: Baht 114.94 million).



13 Property, plant and equipment

(in thousand Baht)

Consolidated financial statements							
	Land	Buildings and other constructions	Machinery and factory equipment	Office furniture, fixtures and equipment	Vehicles	Assets under construction and installation	Total
Cost / revaluation							
At 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 and 1 January 2011	945,002	1,097,806	5,212,954	108,363	30,727	519,624	7,914,476
Additions	104,987	2,071	99,241	12,096	1,745	1,863,737	2,083,877
Transfers	-	346,003	1,799,593	9,828	-	(2,155,424)	-
Disposals	-	(159)	(60,114)	(711)	(3,879)	(80)	(64,943)
At 31 December 2011	1,049,989	1,445,721	7,051,674	129,576	28,593	227,857	9,933,410
Depreciation							
At 1 January 2010	-	-	2,585,711	79,917	25,309	-	2,935,145
Depreciation charge for the year	-	-	291,160	3,286	3,275	-	374,014
Transfers	-	-	-	-	-	-	-
Disposals	-	(155)	(8,833)	(4,299)	(1,857)	-	(15,144)
At 31 December 2010 and 1 January 2011	-	-	2,868,038	78,904	26,727	-	3,294,015
Depreciation charge for the year	-	-	473,473	17,309	2,349	-	555,691
Transfers	-	-	-	-	-	-	-
Disposals	-	(102)	(56,370)	(709)	(3,879)	-	(61,060)
At 31 December 2011	-	382,804	3,285,141	95,504	25,197	-	3,788,646



(in thousand Baht)

Consolidated financial statements

	Land	Buildings and other construc- tions	Machinery and factory equipment	Office furniture, fixtures and equipment	Vehicles	Assets under construction and installation	Total
Net book value							
At 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 and 1 January 2011							
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
At 31 December 2011							
Owned assets	1,049,989	1,062,917	3,707,984	34,071	624	227,857	6,083,442
Assets under finance leases	-	-	58,550	-	2,772	-	61,322
	1,049,989	1,062,917	3,766,534	34,071	3,396	227,857	6,144,764

(in thousand Baht)

Separate financial statements

	Land	Buildings and other constructions	Machinery and factory equipment	Office furniture, fixtures and equipment	Vehicles	Assets under construction and installation	Total
Cost / revaluation							
At 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 and 1 January 2011							
	106,598	283,373	1,750,127	42,572	19,352	29,267	2,231,289
Additions	-	347	21,496	6,473	1,746	372,928	402,990
Transfers	-	14,448	346,238	1,216	-	(361,902)	-
Disposals	-	-	(165)	(72)	(1,550)	(80)	(1,867)
At 31 December 2011	106,598	298,168	2,117,696	50,189	19,548	40,213	2,632,412



(in thousand Baht)

Separate financial statements

	Land	Buildings and other constructions	Machinery and factory equipment	Office furniture, fixtures and equipment	Vehicles	Assets under construction and installation	Total
Depreciation							
At 1 January 2010	-		842,138	24,999	13,288	-	928,682
Depreciation charge for the year	-		154,082	6,668	2,738	-	177,989
Transfers	-		-	-	-	-	-
Disposals	-		(80)	(1,169)	-	-	(1,269)
At 31 December 2010							
and 1 January 2011	-		996,140	30,498	16,026	-	1,105,402
Depreciation charge for the year	-		163,172	8,727	2,075	-	188,530
Transfers	-		-	-	-	-	-
Disposals	-		(140)	(72)	(1,550)	-	(1,762)
At 31 December 2011	-		1,159,172	39,153	16,551	-	1,292,170
Net book value							
At 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							
and 1 January 2011							
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
At 31 December 2011							
Owned assets	106,598	220,873	958,524	11,036	624	40,213	1,337,868
Assets under finance leases	-	-	-	-	2,373	-	2,373
	106,598	220,873	958,524	11,036	2,997	40,213	1,340,241

The gross amount of the Company's fully depreciated plant and equipment that was still in use as at 31 December 2011 amounted to Baht 1,041.5 million (2010: Baht 930.8 million).

As at 31 December 2011, 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 2011, subsidiaries have machines under sales and financial lease-back agreements with net book values totalling Baht 58.6 million (2010: Baht 65.6 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 2011, the subsidiaries capitalised interest amounting to Baht 13.2 million (2010: Baht 4.1 million) to the costs of plant construction and machinery installation. The capitalised interests were borrowing costs of loans obtained for general purposes but utilised for this specific project. The weighted average rates used to determine the amount of borrowing costs eligible for capitalisation were 3.43% - 4.43% per annum. (2010: 3.01% - 4.99% per annum).

The Company and its subsidiaries have decided to follow the FAP announcement no. 18.2554: Accounting Guidance on Revaluation of Assets. However, had the depreciation charge been calculated based on the revalued amounts, profit for the year and basic earnings per share attributable to equity holders of the parent would have been changed to the following:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<i>For the year ended 31 December</i>				
Decrease in profit for the period (in thousand Baht)	9,941	11,129	2,196	3,445
Decrease in basic earnings per share (in Baht)	(0.03)	(0.04)	(0.01)	(0.01)

14 Intangible assets

(in thousand Baht)

	Consolidated financial statements		
	Software licences	Software under installation	Total
Cost			
At 1 January 2010	28,020	12,254	40,274
Additions	10,075	36,276	46,351
Transfers	23,546	(23,546)	-
At 31 December 2010 and 1 January 2011	61,641	24,984	86,625
Additions	9,027	5,555	14,582
Transfers	27,164	(27,164)	-
At 31 December 2011	97,832	3,375	101,207
Amortisation			
At 1 January 2010	16,920	-	16,920
Amortisation charge for the year	7,187	-	7,187
At 31 December 2010 and 1 January 2011	24,107	-	24,107



(in thousand Baht)

	Consolidated financial statements		
	Software licences	Software under installation	Total
Amortisation charge for the year	13,170	-	13,170
At 31 December 2011	37,277	-	37,277
<i>Net book value</i>			
At 1 January 2010	11,100	12,524	23,354
At 31 December 2010 and 1 January 2011	37,534	24,984	62,518
At 31 December 2011	60,555	3,375	63,930

(in thousand Baht)

	Separate financial statements		
	Software licences	Software under installation	Total
<i>Cost</i>			
At 1 January 2010	13,985	1,430	15,415
Additions	2,395	11,794	14,189
At 31 December 2010 and 1 January 2011	16,380	13,224	29,604
Additions	4,092	4,307	8,399
Transfers	13,552	(13,552)	-
At 31 December 2011	34,024	3,979	38,003
<i>Amortisation</i>			
At 1 January 2010	4,044	-	4,044
Amortisation charge for the year	2,642	-	2,642
At 31 December 2010 and 1 January 2011	6,686	-	6,686
Amortisation charge for the year	5,589	-	5,589
At 31 December 2011	12,275	-	12,275
<i>Net book value</i>			
At 1 January 2010	9,941	1,430	11,371
At 31 December 2010 and 1 January 2011	9,694	13,224	22,918
At 31 December 2011	21,749	3,979	25,728



15 Interest-bearing liabilities

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Current				
Bank overdrafts				
unsecured	-	861	-	-
Short-term loans from financial institutions - trust receipts				
unsecured	141,354	26,520	-	-
Current portion of long-term loans from financial institutions				
secured	373,289	255,996	155,312	94,414
Current portion of finance lease liabilities	16,841	16,710	334	1,094
Total current liabilities	531,484	300,087	155,646	95,508
Non-current				
Long-term loans from financial institutions secured	2,628,133	2,083,737	916,359	778,557
Finance lease liabilities	25,713	41,553	687	20
Total non-current liabilities	2,653,846	2,125,290	917,046	778,577
Total	3,185,330	2,425,377	1,072,692	874,085

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

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Within one year	514,643	283,377	155,312	94,414
After one year but within five years	1,840,124	1,528,066	681,217	560,114
After five years	788,009	555,671	235,141	218,443
Total	3,142,776	2,367,114	1,071,670	872,971



Short-term loans from financial institutions - trust receipts carry interest at rates of MMR (Money market rate) per annum.

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

On 28 September 2010, the Company and its subsidiaries 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 to expand future investment projects. The credit facilities totalled Baht 3,804 million and the agreement term is for 8 years. 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 2011, the long-term credit facilities of the Company and its subsidiaries which have not yet been drawn down amounted to Baht 133.7 million (2010: Baht 894 million).

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

During the end of the year 2011, the Group exceeded its maximum leverage threshold of the agreement so management has been in a process of continuous negotiations with a bank, resulting in the waiver of the breach of covenant being issued in December 2011 for the 2011 financial statements.

Finance lease liabilities

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

(in thousand Baht)

Consolidated financial statements						
	2011			2010		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	18,790	(1,949)	16,841	19,655	(2,945)	16,710
After one year but within five years	26,533	(820)	25,713	45,450	(3,897)	41,553
Total	45,323	(2,769)	42,554	65,105	(6,842)	58,263



(in thousand Baht)

Separate financial statements						
	2011			2010		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	388	(54)	334	1,249	(155)	1,094
After one year but within five years	731	(44)	687	23	(3)	20
Total	1,119	(98)	1,021	1,272	(158)	1,114

Besides the machinery under sales and financial lease back agreements, 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 2011 and 2010 were denominated entirely in Thai Baht.

16 Trade accounts payable

(in thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
Related parties	5	6,586	2,890	-	-
Other parties		914,893	1,061,894	269,645	348,529
Total		921,479	1,064,784	269,645	348,529

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

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Thai Baht (THB)	778,207	938,314	259,535	329,980
United States Dollars (USD)	91,489	80,077	4,095	4,010
Yen (JPY)	51,783	46,393	6,015	14,539
Total	921,479	1,064,784	269,645	348,529



17 Other current liabilities

	(in thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Accrued operating expenses	172,622	196,847	43,738	61,361
Deposits and advances received	6,727	2,886	-	-
Others	109	-	109	-
Total	179,458	199,733	43,847	61,361

18 Employee benefit obligations

	(in thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Statement of financial position obligations for:				
Employment benefits	116,066	102,412	53,625	46,616
Year ended 31 December				
Statement of comprehensive income:				
Employment benefits	14,502	13,568	7,009	6,521

The Group adopted TAS 19 - Employee Benefits with effect from 1 January 2011; the effect on the financial statements is discussed in note 3 (f). As stated in note 3 (f), the Group has adopted to apply the new standard retrospectively and adjust the prior year's financial statements accordingly.

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

Movement in the present value of the defined benefit obligations:

	Consolidated		(in thousand Baht)	
	financial statements		Separate	
	2011	2010	2011	2010
Defined benefit obligations at 1 January	102,412	90,219	46,616	40,470
Benefits paid by the plan	(848)	(1,375)	-	(375)
Current service costs and interest	14,502	13,568	7,009	6,521
Defined benefit obligations at 31 December	116,066	102,412	53,625	46,616

Expense recognised in profit or loss

	Consolidated		(in thousand Baht)	
	financial statements		Separate	
	2011	2010	2011	2010
Current service costs	9,663	9,315	4,802	4,608
Interest on obligation	4,839	4,253	2,207	1,913
Total	14,502	13,568	7,009	6,521

The expense is recognised in the following line items in the statement of comprehensive income:

	Consolidated		(in thousand Baht)	
	financial statements		Separate	
	2011	2010	2011	2010
Cost of sales	8,629	8,197	1,646	1,626
Administrative expenses	5,873	5,371	5,363	4,895
Total	14,502	13,568	7,009	6,521

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

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Discount rate	4.75	4.75	4.75	4.75
Future salary increases	5.00	5.00	5.00	5.00
Future pension increases	2.50	2.50	2.50	2.50

Assumptions regarding future mortality are based on published statistics and mortality tables.



19 Share-based payment

Employee Stock Option Plan

At the Annual General Meeting of Shareholders held on 19 April 2011, the shareholders approved the issue and offering of the newly issued ordinary shares to senior executives (including any senior executives who are directors) of the Group. According to the Plan, the Company shall provide benefits to the senior executives of the Group to purchase the newly issued ordinary shares of the Company. The Company communicated terms and conditions of the scheme to the employees during July 2011.

Significant descriptions of the Employee Stock Option Plan

Term of Continuing Scheme:	4 years starting from the first offering date.
Number of Ordinary Shares to be Offered:	Not exceeding the total of 1,800,000 newly issued ordinary shares with the par value of Baht 1 each, which will be offered pursuant to the continuing scheme.
Offering Price per Share:	<p>The offering price per share in each period is equivalent to the market price.</p> <p>"Market Price" represents the weighted average closing market price of ordinary shares of the Company on the Stock Exchange of Thailand ("SET") during the last 15 working days before the each offering date.</p>
Condition for Subscription of the Newly Issued Shares:	<ol style="list-style-type: none">1) The employees under the scheme who will subscribe for the newly issued shares shall be employees of the Company and/or its subsidiaries as of each offering date.2) The number of shares which the Employees receive in each year is based on performance assessment of the Key Performance Indicators (KPIs) in each year, which will be announced annually, on the relating period, according to the Company consideration.
Offering Period	<ol style="list-style-type: none">1) The Company shall offer the newly issued ordinary shares as a continuing scheme as follow;2) The Company shall provide the first offering of the shares within 1 year from the date of which the Board of Shareholders meeting approved the offering shares of the scheme. The first offering of shares shall not exceed 35% of the number of total offering shares.3) The Company shall offer the remaining newly issued ordinary shares within 3 years from the first offering date.
Commitment of the Share Offering between the Company and the Employees	The employees who exercise the offering and are allocated the newly issued ordinary shares in accordance with the scheme shall be prohibited to trade the allocated shared of each offering within 1 year from the date of which they have right in the shares (Lock up period)

Since the Group's operating results for the year 2011 and performance results based on the Key Performance Indicators (KPIs) did not meet the vesting conditions, therefore, the Board of Directors did not recognize the services received as a part of employee benefit as at 31 December 2011. In addition, the said circumstance affected to terminate the scheme, according to the Notification of Capital Market Supervisory Board No. 32/2551: Offer for Sale of the Newly Issued Shares to Directors or Employees.

20 Share capital

		2011		2010	
	Par value per share	Number	Baht	Number	Baht
	(in Baht)	(thousand shares / thousand Baht)			
Authorised					
At 1 January					
- Ordinary shares	1	340,000	340,000	300,000	300,000
Decrease of new shares	1	(77)	(77)	-	-
Increase of new shares	1	-	-	40,000	40,000
At 31 December					
- Ordinary shares	1	339,923	339,923	340,000	340,000
Issued and paid-up					
At 1 January					
- Ordinary shares	1	339,923	339,923	300,000	300,000
Issue of new shares	1	-	-	39,923	39,923
At 31 December					
- Ordinary shares	1	339,923	339,923	339,923	339,923

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 are 24.92 million shares of TSRs was exercised of Baht 14 per share and issued 15 million share of Baht 21.80 per share for private placement. The Company had registered the new shares with the Ministry of Commerce on 22 September 2010.

The Annual General Meeting of Shareholders held on 19 April 2011, approved to decrease the authorised share capital from Baht 340,000,000 to Baht 339,923,287; comprised of 76,713 ordinary shares at the par value of Baht 1 per share, totalling of Baht 76,713 in order to reduce the authorised share capital that have not been issued or sold before the increase of share capital under the Public Company Act 2535. The Company has registered to reduce the share capital with the Ministry of Commerce on 4 May 2011.

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.



21 Reserves

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.

Other components of equity

Currency translation differences

The currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Company's net investment in a foreign operation.

Valuation surplus

The valuation surplus account within equity comprises the cumulative net change in the valuation of property, plant and equipment included in the financial statements at valuation until such property, plant and equipment is sold or otherwise disposed of.

22 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.

23 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.



24 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:

	(in thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2011	2010	2011	2010
Salary and wages and employee benefit expenses	990,549	898,237	321,322	298,992
Depreciation and amortisation expense	555,312	438,389	192,026	179,619
Raw materials and consumables used	3,268,676	2,353,254	1,138,694	1,062,495
Changes in inventories of finished goods and work in process	224,994	66,758	70,531	16,875
Finance costs	119,731	110,751	44,115	67,226
Others	932,456	1,703,583	211,956	291,666
Total expenses	6,091,718	5,570,972	1,978,644	1,916,873

25 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 the five consecutive accounting periods beginning on or after enactment.

The current tax expense in the consolidated and separate statements of comprehensive 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.

26 Promotional privileges

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

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



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

Summary of revenue from promoted and non-promoted businesses:

(in thousand Baht)

Consolidated financial statements						
	2011			2010		
	Promoted businesses	Non -promoted businesses	Total	Promoted businesses	Non -promoted businesses	Total
Export sales	59,859	218,991	278,850	52,361	157,942	210,303
Local sales	3,568,226	3,888,480	7,456,706	3,066,279	4,016,535	7,082,814
Other income	47,050	312,694	359,744	25,815	329,981	355,796
Eliminate	(1,212,725)	(314,906)	(1,527,631)	(901,519)	(331,063)	(1,232,582)
Total Revenue	2,462,410	4,105,259	6,567,669	2,242,936	4,173,395	6,416,331

(in thousand Baht)

Separate financial statements						
	2011			2010		
	Promoted businesses	Non -promoted businesses	Total	Promoted businesses	Non -promoted businesses	Total
Export sales	42,481	16,388	58,869	52,361	11,599	63,960
Local sales	1,369,154	693,702	2,062,856	1,290,957	815,111	2,106,068
Other income	22,766	202,470	225,236	17,203	198,815	216,018
Total Revenue	1,434,401	912,560	2,346,961	1,360,521	1,025,525	2,386,046

27 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2011 and 2010 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:

	<i>(in thousand Baht / thousand shares)</i>			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2011	2010	2011	2010
Profit attributable to equity holders of the Company (basic)	408,164	759,150	326,740	430,423
Number of ordinary shares outstanding at 1 January	339,923	300,000	339,923	300,000
Effect of shares issued on 22 September 2010	-	11,047	-	11,047
Weighted average number of ordinary shares outstanding (basic)	339,923	311,047	339,923	311,047
Earnings per share (basic) <i>(in Baht)</i>	1.20	2.44	0.96	1.38

28 Dividends

At the annual general meeting of the shareholders of the Company held on 19 April 2011, the shareholders approved the appropriation of dividend of Baht 0.5 per share, amounting to Baht 169.96 million. The dividend was paid to shareholders during May 2011.

At the Board of Directors' meeting of the shareholders of the Company held on 9 August 2011, the Board of Directors approved the appropriation of interim dividend of Baht 0.35 per share, totaling Baht 118.97 million. The dividend was paid to shareholders during September 2011.

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

29 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.

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 15). 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	Separate financial statements			Total
		Within 1 year	After 1 year but within 5 years	After 5 years	
	(% per annum)	(in thousand Baht)			
2011					
Current					
Short-term loans to subsidiaries	3.0 – 4.8	540,000	-	-	540,000
Total		540,000	-	-	540,000
2010					
Current					
Short-term loans to subsidiaries	2.9 – 3.6	310,000	-	-	310,000
Total		310,000	-	-	310,000



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:

		Consolidated financial statements			
	Interest rate	Within 1 year	After 1 year but within 5 years	After 5 years	Total
	(% per annum)	(in thousand Baht)			
2011					
Current					
Loans from financial institutions	FDR.3M + fixed	514,643	-	-	514,643
Non-current					
Loans from financial institutions	FDR.3M + fixed	-	1,840,124	788,009	2,628,133
Total		514,643	1,840,124	788,009	3,142,776

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

		Separate financial statements			
	Interest rate	Within 1 year	After 1 year but within 5 years	After 5 years	Total
	(% per annum)	(in thousand Baht)			
2011					
Current					
Loans from financial institutions	FDR.3M + fixed	155,312	-	-	155,312
Non-current					
Loans from financial institutions	FDR.3M + fixed	-	681,217	235,142	916,359
Total		155,312	681,217	235,142	1,071,671

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



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:

		Consolidated financial statements		Separate financial statements	
	Note	2011	2010	2011	2010
United States Dollars					
		<i>(in thousand Baht)</i>			
Trade accounts receivable	7	12,344	12,739	6,416	9,596
Trade accounts payable	16	(91,489)	(80,077)	(4,095)	(4,010)
Gross balance sheet exposure		(79,145)	(67,338)	2,321	5,586
Currency forwards		-	-	-	-
Net exposure		(79,145)	(67,338)	2,321	5,586
Yen					
Cash and cash equivalents	6	10,535	-	-	-
Trade accounts receivable	7	9,008	9,099	-	-
Trade accounts payable	16	(51,783)	(46,393)	(6,015)	(14,539)
Other payables		620	-	-	-
Current liabilities	17	1,363	-	-	-
Gross balance sheet exposure		(30,257)	(37,294)	(6,015)	(14,539)
Currency forwards		-	-	-	-
Net exposure		(30,257)	(37,294)	(6,015)	(14,539)

Credit risk

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

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. 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 statement of financial position.

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

Fair value of interest swap contract as at 31 December 2011 has net value in amounting of Baht 440.34 million.

30 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<i>(in million Baht)</i>				
Capital commitments				
<i>Contracted but not provided for</i>				
Land	36.0	55.4	-	-
Machineries and equipments	154.8	303.7	-	-
Intangible assets	0.6	0.3	0.3	0.3
Building constructions	1.6	144.4	1.6	1.6
Total	193.0	503.8	1.9	1.9
Non-cancellable operating lease commitments				
Within one year	59.3	23.2	10.2	15.6
After one year but within five years	96.4	24.8	9.5	18.2
After five years	-	-	-	-
Total	155.7	48.0	19.7	33.8
Other commitments				
Bank guarantees	61.1	48.0	14.0	13.3
Total	61.1	48.0	14.0	13.3



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 2015 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 2015, and is renewable for a further 5 years.

As at 31 December 2011, the Company had an interest rate swap agreement to maintain interest rate of long term loan amounting to Baht 434.4 million (2010: 487.5 million) by swapping from floating rate to fixed rate as stipulated by the agreement.

31 Contingent liabilities

During 2011, the Company has sued 2 domestic companies for the breach of program development and license permission agreements in amount of Baht 35.6 million. One of the defendants counterclaimed against the Company in amount of Baht 50 million. As of 31 December 2011, the outcome of this arbitration has not been concluded yet, therefore, the Company has not set up provision for damages from this case.

32 Events after the reporting period

At the Board of Directors' meeting of the Company held on 10 November 2011, the Board of Directors approved the establishment of a new subsidiary in Thailand, named "Somboon Forging Technology Company Limited" in order to provide Manufacture and sale of auto parts. The authorised share capital is Baht 100 million by issuing ordinary shares of 1,000,000 shares with Baht 100 par value per share. The Company has registered to establish the said subsidiary in January 2012.

33 Thai Financial Reporting Standards (TFRS) not yet adopted

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

TFRS	Topic	Year effective
TAS 12	Income Taxes	2013
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates	2013

Management is presently considering the potential impact of adopting and initially applying these new and revised TFRS on the consolidated and separate's financial statements.



34 Reclassification of accounts

Certain accounts in the 2010 financial statements have been reclassified to conform to the presentation in the 2011 financial statements as follows:

	2010					
	Consolidated financial statements			Separate financial statements		
	Before reclass.	Reclass.	After reclass.	Before reclass.	Reclass.	After reclass.
<i>(in thousand Baht)</i>						
<i>Statement of financial position</i>						
Inventories	531,030	(88,242)	442,788	137,250	(37,950)	99,300
Spare parts for machinery	-	88,242	88,242	-	37,950	37,950
Other receivables	-	73,170	73,170	-	8,895	8,895
Other current assets	92,923	(73,170)	19,753	10,785	(8,895)	1,890
		<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.





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