

ANNUAL REPORT 2015

SOMBOON ADVANCE TECHNOLOGY PUBLIC COMPANY LIMITED



11 *Transparent Organization*
yrs. *The Smart People*

CG Check List

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Financial Highlight

For the Fiscal year ended December 31	Consolidated Financial Statements			Consolidated Financial Statements		
	2015	2014	2013	2015	2014	2013

Stock Data

Par value (Baht)	1.00	1.00	1.00	1.00	1.00	1.00
Book value (Baht)	13.01	12.27	11.47	9.63	9.37	8.98
Earning per share (Baht) *	1.51	1.53	2.27	0.91	1.12	1.42

Operating

Sales revenue	8,644,459	8,083,985	8,973,395	2,472,455	2,622,936	2,950,261
Total income	8,817,152	8,178,659	9,317,965	2,689,284	2,901,365	3,330,689
Net profit	641,538	649,835	966,099	386,645	476,997	601,692

Balance Sheet (Thousand Baht)

Current assets	3,427,646	3,145,067	3,003,876	1,311,377	1,454,286	1,344,619
Total assets	9,633,531	9,813,783	9,922,777	5,206,542	5,489,469	5,573,960
Current liabilities	2,333,416	2,185,409	2,192,336	659,694	704,229	729,970
Total liabilities	4,102,698	4,596,307	5,050,067	1,197,658	1,505,888	1,758,379
Paid-up capital	425,194	425,194	424,946	425,194	425,194	424,946
Shareholders' equity	5,530,833	5,217,477	4,872,709	4,095,156	3,983,581	3,815,580

Financial Ratio

Returns on shareholders' equity (%)	11.94%	12.88%	21.42%	9.57%	12.23%	16.56%
Returns on fixed assets (%)	25.17%	23.79%	28.61%	43.39%	45.47%	56.14%
Returns on assets (%)	6.60%	6.59%	9.99%	7.23%	8.62%	11.23%
Gross profit (%)	14.48%	17.53%	17.49%	24.69%	25.34%	24.42%
Current assets ratio to items of current liabilities (times)	1.47	1.44	1.37	1.99	2.07	1.84
Liquidity ratio to liabilities (times)	1.11	1.10	1.05	1.55	1.36	1.27
Debt ratio to shareholders' equity (times)	0.74	0.88	1.04	0.29	0.38	0.46

Note:

In year 2015 the use of the weighting average ordinary share numbers of 425.155 million shares

In year 2014 the use of the weighting average ordinary share numbers of 425.155 million shares

In year 2013 the use of the weighting average ordinary share numbers of 424.933 million shares

Report

of the Board of Directors

In the year 2015, Thai vehicle industry has manufactured total cars of 1.91 million cars or increased 2% from last year by producing to sell in the country for 0.71 million cars (reduced 6%) and export for 1.20 million cars (increased 7%). The main factor is from economic slowing down due to unexpanded purchase inside the country.

However, Somboon Advance Technology Public Co., Ltd. and subsidiaries have the total income as of 8,817 million Baht or increased 7.8% higher than growth of vehicle industry according to the amendment of accounting record method and cost from the customer policy. In addition, with the efficiency management, the Company has still maintained the profit rate close to last year as net profit of 642 million baht or net profit per share of 1.51 Baht.

The main factor of sustainable growth is that the Company has continually complied with corporate government as regulation for good management, cling to moral, ethical behavior and integrity under the strategy of **Somboon Triple Bottom Line** by

(1) **“Good and Smart people”** consecutively human development to promote as a good and honesty person

(2) **“Business Somboon”** with the competency improvement in the competition to meet customer need including operating business with transparency and anticorruption. In 2015, the Company has expanded the collective action coalition against corruption to supplier in the amount of 78 companies. In addition, the Company received SET Awards of 2015 in the Best Investor Relations Awards and SET Sustainability Awards 2015 from the Stock Exchange of Thailand and the survey result of Corporate Government Project Assessment from the Thai Institute of Directors Association in the level of “excellence” for 8 consecutive years.

(3) **“Somboon Community”** to create opportunity for the community.

Under the economic fluctuation, the Board of Directors has still monitored and realized with the economic fluctuation to concentrate on risk management system consistency with the international standard as the guideline in the business operation in order to create the immunity in the organization to be ready for both internal and external changes.

On behalf of the Board of Directors, thank you for all stakeholders including staff and executives of the Company and please be sure that the Board of Directors will stand for and operate the business under the corporate governance for the sustainable growth.





Vision

Growing in Asia automotive, expertise in design and manufacturing with stakeholders and social responsibility

Mission

- Strengthen internal organization management to increase value added to stakeholders
- Fulfill customer's expectation with high quality of products and services
- Design and develop products through customers partnership
- Continually improve production capability with environmental friendly and attain cost leadership with efficient technology
- Strengthen people capabilities, align corporate culture and promote quality of working life
- Retain and develop corporate good governance, risk management, stakeholders and social responsibilities with basis of good knowledge and moral

Company's General Information

Company's Name	: Somboon Advance Technology Public Company Limited
Business	: Auto part manufacturing which major products are Axle Shaft selling to "OEM" (Original Equipment Manufacturer) inside and outside the kingdom and to invest in other companies which are engaging in auto part manufacturing
Head Office and plant	: 129 Moo 2, Bangna – Trad Road, Tambol Bangchalong, Amphur Bangplee, Samutprakarn Province; 300/10 Moo 1 Tambol Tasit, Amphur Pluakdaeng, Rayong Province;
Company's registration	: 0107547000664
Telephone	: 02-728-8500
Fax.	: 02-728-8513, 02-728-8517
Website	: www.satpcl.co.th
Registered Capital	: 426,711,809 Baht
Paid-up Capital	: 425,193,894 Baht
Subsidiaries	<ol style="list-style-type: none"> 1. Somboon Malleable Iron Industrial Company Limited Auto part manufacturing which major products are Disc Brake, Drum Brake and part of agriculture machinery 2. Bangkok Spring Industrial Company Limited Auto part manufacturing which major products are Leaf Spring, Stabilizer Bar and Coil Spring 3. International Casting Products Company Limited Auto part manufacturing in Casting Products which major products are Disc Brake, Drum Brake, Bracket and casting part of agriculture machinery 4. SBG International Japan Co., Ltd. Marketing Information Service for the group company 5. Somboon Forging Technology Company Limited Auto part manufacturing from Hot/Cold Forging process

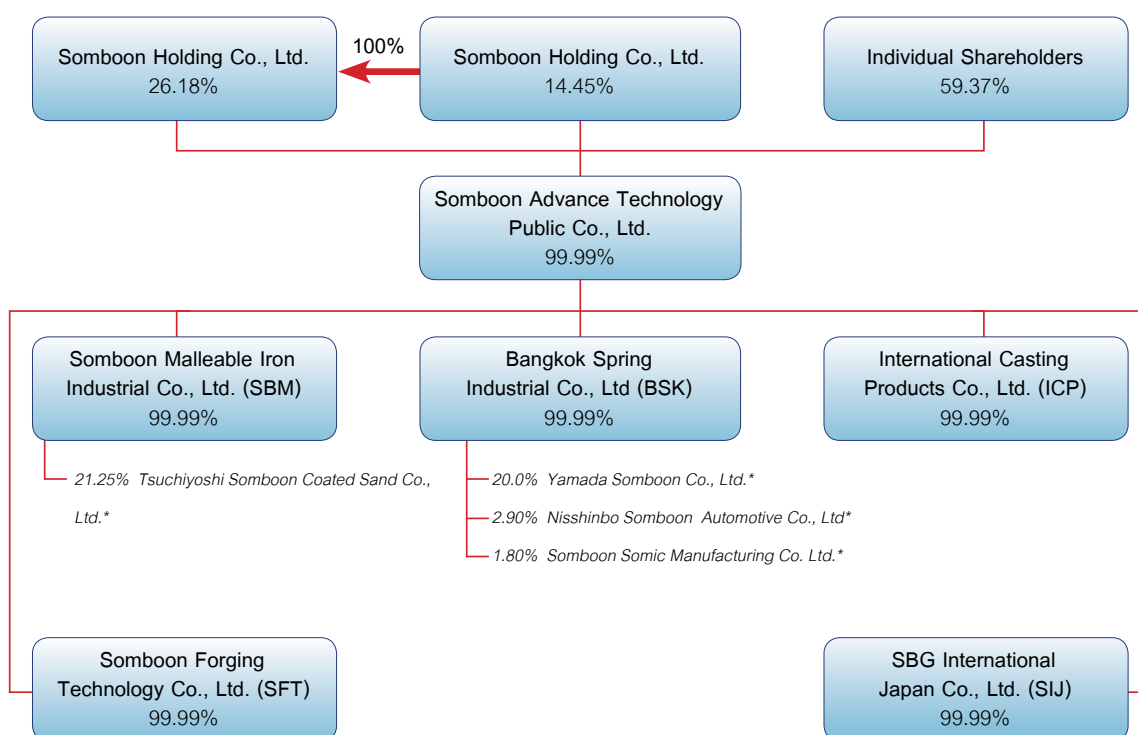
Nature of Business Operation

The Company and subsidiaries has been engaging in the manufacturing of auto part for vehicle industry such as passenger car, pick-up, trucks and agriculture machinery industry. The main major customers are the original equipment manufacturer (“OEM”) both domestic and international market with the long term purchase contract and the replacement equipment manufacturer (“REM”)

The operation of each company in the group has the policy to grow 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 in the business unit (“BU”) of the organization. The Board of Directors shall stipulate the overall policy to be applied to each company in the group which all executives in each function shall directly report to the President. Each company has set goal, strategy and following up the performance through the Executive Committee regularly.

The shareholding structure of the Company as on August 26, 2015



(*Registered company on January 6, 2012)

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

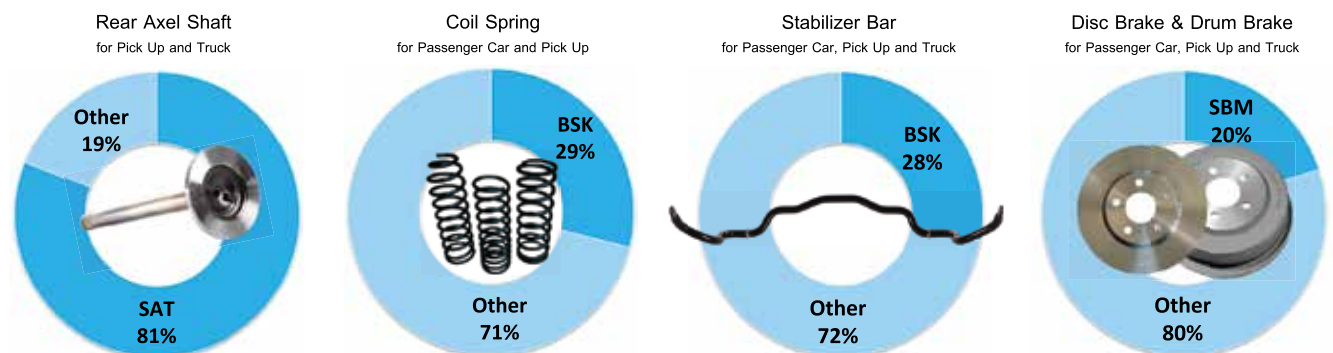
Income Structure divided in accordance with products

The income structures of the Company and subsidiaries divided into major products in 2015, 2014 and 2013 can be classified as following;

Products	Operated by	% of share holding	Balance Sheet 2015		Balance Sheet 2014		Balance Sheet 2013	
			Income	%	Income	%	Income	%
Axle shaft	SAT		2,281	26	2,465	30	2,861	31
Disc& Drum Brake	SBM	99.99	1,595	18	972	12	812	9
Parts of Agriculture Machinery	SBM	99.99	1,367	15	1,264	15	1,080	12
Leaf Spring	BSK	99.99	504	6	738	9	755	8
Coil Spring	BSK	99.99	563	6	635	8	788	8
Stabilizer Bar	BSK	99.99	518	6	546	7	702	7
Others*			1,816	21	1,464	18	1,452	21
Total income from sale			8,644	98	8,084	99	8,973	96
Other incomes			173	2	95	1	345	4
Total income			8,817	100	8,179	100	9,318	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



→ Corporate Governance

Policy for Sustainability

The 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.



The Board of Directors has provided a “Corporate Governance Policy” to encourage the principles of Corporate Governance by focusing on business operation with transparency, morality and integrity based on “Code of Conduct and Work Rules” to be applied as the good practice for the directors, the executives and the employees of Somboon Group including all stakeholders in order to lead the organization to be truly sustainable.

The Board of Directors has stipulated Guideline of Corporate Governance, Code of Conduct and Work Rules in written and to review such guidelines annually as well as disclose on the Company’s website under the issue of Sustainable Development.



In 2015, the Board of Directors has completely complied with the Corporate Governance according to the good practice of the Stock Exchange of Thailand (SET) in line with to ASEAN CG Scorecard as follows:

1. To adjust the practice of the Corporate Governance Policy, CEO Assessment in short and long term in accordance with ASEAN CG Scorecard
2. To provide Test of Corporate Governance, Code of Conduct and Work Rules by expanding the test to the executives in management level (136 persons) to ensure that they understand and apply such guideline with actual work for the highest efficiency.
3. To be evaluated as one of 55 listed companies to receive Excellent CG Scoring from the Corporate Governance Report of Thai Listed Companies 2015 from Thai Institute of Directors for 8 consecutive years. The Company earned the excellent score in every category compared with the highest scores and average score of 558 companies, overall and each category of the Company’s score is higher than average score of all survey companies.

ผลการสำรวจการกำกับดูแลกิจการ (CGR)			
บริษัทจดทะเบียนไทย ประจำปี 2558			
547 บริษัทที่เข้ารับการสำรวจการกำกับดูแลกิจการประจำปี 2558 ในระดับ 5 ดาว “ดีเลิศ” โดยคะแนนเฉลี่ยตามแบบฟอร์มจะ 95 แต่โดยคะแนนการรวม รวมคะแนนจากทุกตัวชี้วัดของบริษัทเข้ารับการสำรวจทั้งหมด (ทุกตัวชี้วัดทุกตัวชี้วัดและน้ำหนักโดย SET 100)			
หมวดหมู่	การให้คะแนน	2558	2557
บริษัทจดทะเบียน	★★★★★	100	99
การบริหารจัดการ	★★★★★	99	98
การกำกับดูแลกิจการ	★★★★★	99	98
การเปิดเผยข้อมูลและ ความโปร่งใส	★★★★★	99	98
การรับผิดชอบต่อสังคม	★★★★★	99	98
รวมรวม	★★★★★	99	98



4. SET AWARDS from the Stock Exchange of Thailand

- Sustainability Awards for the first year (SET has combined Top Corporate Governance Report Awards and Best Corporate Social Responsibility Awards to be Sustainability Awards.)
- Best Investment Relations Award

Moreover, the Company has complied with the Corporate Governance covering in 5 categories namely, Rights of Shareholders, Equitable Treatment of Shareholders, Role of Stakeholders, Disclosure and Transparency, Board Responsibility as below details:

Section 1: Rights of Shareholders

The Company give more opportunity to the shareholders to participate in the Corporate Governance and share their opinion on business operation by emphasizing on a good practice of shareholder's meeting on (1) the quality of the Invitation Letter (2) the quality of the minutes of meeting (3) The role and meeting's attendance of the Chairman and sub-committees in the Shareholders' Meeting specified in the minutes of meeting for shareholder's acknowledgement and to verify the correction via SET's channel and the Company's website within 14 days after the meeting date as well as conducting on the rights of shareholders for sustainability as the following matters:

Operation in 2015

- 1.1 To give an opportunity for shareholder to propose the issue to be considered as the meeting agenda during September 28, 2015 to December 31, 2015
- 1.2 To give an opportunity for shareholder to send the questions regarding the agenda of the 2016 Annual General Meeting of Shareholders during March 10, 2016 to April 9, 2016. To notify the shareholders via news system of SET as well as announced the rules and processes in the Company's website at www.satpcl.co.th in the investor relations section under Shareholders' Meeting Topic.
- 1.3 The Board of Directors provided the Policy for the directors and the executives to inform the Company at least 1 day prior conducting the securities' trading. (Details specified in the handbook of business ethics and best practice under the ethics of directors section).
- 1.4 To inform the scoring method and score counting method prior to shareholders' meeting and use the voting card.
- 1.5 To present all types of the directors' remunerations which are salary, meeting allowance, bonus /reward and other benefits to the shareholders to consider and approve every year.
- 1.6 To present the explicit policy and principle on remuneration payment regarding the remuneration specification for each position to the shareholders.
- 1.7 The company gave an opportunity to the shareholders to vote for individual director by nominating the name list of director to the shareholders to vote one by one.
- 1.8 In every shareholder s' meeting, the Company has established the independent auditor who has no conflict of interest with the Company to check the shareholders' document, count the quorum and votes, verify the result of resolution and ballot so as to make the meeting be transparently, legally and correctly to the Company's articles of association.
- 1.9 The Board of directors shall not hold the shares more than 25 percent of issued share altogether.
- 1.10 The Company did not add the meeting agenda or change the significant information without information to the shareholders in the 2015 Annual General Meeting of Shareholders. 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.

- 1.11 The company provided facilities and encouraged all shareholders to attend the meeting by arranging the meeting at the venue where was convenient for transportation or close to BTS.

2016 Operation Plan

The Company adjust the Rules of Shareholders Meeting for documents required to be shown before entering into the meeting under the Security Commission and Stock Exchange No. Kor Lor Tor. Por Sor(Wor)4/2559 re: To review a practice before the Annual General Meeting of Shareholders. The documents required to be shown before entering into the meeting in case of proxy. The Company shall not specify to require the original of the Identification Card of the proxy giver or the original passport of the proxy giver in case of the foreigner to be shown for the meeting (under the Rules of Shareholders Meeting enclosed with the Invitation Letter of the Annual General Meeting of Shareholders.)

Section 2: Equitable Treatment of Shareholders

The Company had the policy to treat shareholders equitably, whether it be the major or minor shareholders especially the 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. In addition, the Company has treated the shareholders equitably for sustainability on the following matters:

Operation in 2015

- 2.1 To give an opportunity for shareholders to nominate qualified person to be elected as Directors during September 28, 2015 to December 31, 2015 by notifying the information to shareholders via the news

system of the SET as well as announced the rules and processes in the Company's website at www.satpcl.co.th in the investor relations section under Shareholders' Meeting Topic.

- 2.2 The Company specified the rules for shareholders' meeting in the Invitation Letter to facilitate shareholders who attended the meeting by themselves or by being a proxy holder to prepare documents or evidences of the meeting correctly and not to be a problem on the meeting's attendance.
- 2.3 To give the equitable right to vote due to the amount of share
- 2.4 No transaction among the associate companies that would create the significant conflict of interests.
- 2.5 The Company 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 independent director or others to join and vote as well as publicizing these in the Company's website so that shareholders could easily download.
- 2.6 In 2015, the Company arranged one shareholders' meeting which was the Annual General Meeting of Shareholders on April 22, 2015. Nine directors in total attended the meeting and assigned the Thailand Securities Depositories Co., Ltd which was the Company's registrar to deliver the Invitation Letter to shareholders 31 days prior to the meeting and post it both Thai and English versions on the Company's website 33 days prior to the meeting for the shareholders to read.
- 2.7 No financial aids to other companies besides the subsidiaries.
- 2.8 The Board of Director has provided a policy to prevent the use of internal information by prohibiting to take the opportunity or information received from being in the position of executive director or employee to exploit the benefit for themselves or to operate the business that competes with the Company or related the Company's business as well as not applying the

internal information for own stock trading purpose or giving the internal information to others for the benefit of the Company's stock trading. (prescribed in the handbook of business ethics page 12 title 3.2.2). The director and executive must report their first securities holding and the change in such holding according to the Section 59 of Securities and Exchange Act B.E. 2551 (A.D. 2008)

- 2.9 The Board of Director has specified the principle for the directors of the Company and subsidiaries and executive to report on conflict of interest and related person according to the Section 89/14 of Securities and Exchange Act B.E. 2551 (A.D. 2008). They are also required to revise the report within January of each year and/or every time the information is changed, it shall submit the report to the Company's Secretary within 7 working days.

The Company has also extended to enforce on the employee at the management level of the Company and subsidiaries from the manager up level and related employees in manager down level. The Vice President in each function approved to provide such reporting according to the Corporate Governance Policy. In 2015, there were 127 persons and 1 person in the foreman level has the conflict of interest with the Company which is already registered and reported to the Chairman and the Chairman of Audit & Corporate Governance Committee in order to inform in the Board of Directors' Meeting.

Section 3: Role of Stakeholders

To be an organization with more sustainability, the Company recognized the importance of the environmental social responsibility including the other groups of stakeholders and was aware of the roles and importance of all groups of stakeholders.

According to the operation in 2015, the company had important policy and practice as follows.

- 3.1 The Company has prepared a report on sustainable development in compliance with the Global Reporting Initiative (GRI) separately from the Annual Report

starting in 2014. In 2015, the Company received the Sustainability Awards from SET.

- 3.2 The Company has promoted the use of resources with efficiency and worthiness and 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 develop the practical performance towards the stakeholders continuously by revealing accident statistics, rate of strike and illness rate of work. (as detail specified in the sustainability report)
- 3.3 The Company has established policies and practices of human resources development and revealed the average hours of training of employees per year. (as detail specified in the sustainability report)
- 3.4 The Company has established policies (1) to not relate to the violation of human rights (2) to fairly practices and be responsible to customer / competitor / trade partner - the process of selection of trade partner / creditor - the condition of the bond, the capital management and in the event of default (3) to not conduct an infringement of intellectual property / copyright. (as detail specified in the annual report under the corporate governance policy... for sustainability.
- 3.5 To establish the clear policy regarding the stakeholder namely; shareholder, customer, trade partner, environment and society in the handbook of business ethics and good practice as well as giving importance on social and various social activities.
- 3.6 To publicize a clear policy and guideline for every group of stakeholder such as employee, safety/ customer/ trade partner/ creditor/ environment and shareholder.
- 3.7 To stipulate Anti-Corruption Policy and guideline on the receipt and giving of thing or any benefits in order to motivate the illegal performance and cause the rising of the conflict of interest by disclosing such guideline to all suppliers of the company. Also, there

were process of risk assessment from the illegal performance, controlling, following-up, evaluation and training.

3.8 Policy on Political Right, International Human Right and Non - infringement of Intellectual Property Right.

3.9 To determine “the Code of Conduct and Work Practice” as the discipline which all directors, Executives and employees must strictly comply with. Any violation or non-compliance shall be deemed to be a disciplinary violation against Personnel Administration Regulation.

3.10 To give a statement of commitment to support “Child-Friendly Business” under Children’s Rights and Business Principles. (as detail specified in the sustainability report)

3.11 The Company aware for the equitable right of human right, therefore, the company has supported a blind children from Saint Camillus House for disabled child in Khet Latkrabang by giving opportunity to present music and drawing competency on The certification ceremony for recognition of Anti-Corruption Practice of SBG on 22 December 2015.

3.12 The Company specified the Policy of equitable practice for suppliers with the best interest of the Company on the both justice as to avoid of the conflict of interest, to comply with the commitment, to give true information, and to strictly comply with the conditions. In case of the supplier shall not comply with any conditions, the supplier shall notify in advance to mutually rectify the guideline of the rule of supplier selection covering 6 parts as follows:

1. Financial Status
2. Expertise and Experience
3. Technical Ability
4. History in relation to Claims
5. Conflict of Interest/ Related Transaction
6. Anti-corruption and Quality Policies

For the criteria mentioned above in 2015: The Company selected 74 suppliers divided in Raw material Section, Structure/Investment Section, and Equipment/Part in order to the new supplier to compete in fair price.

3.13 The Company has Policy to strictly comply with the conditions, contract and agreement with the creditor. No matter in the objective of fund spending, pay back and maintenance of security guarantee and other issues agreed with the creditor. In case of the Company shall not comply with any conditions, the Company shall notify the creditor to mutually rectify the default with reasonable. The Company shall maintain the creditor relationship with trust as stipulate the rule of fund management to be secure and the Company pay an important role for liquidity management in order to plan for the repayment to the creditor in specified period.

However, the Board of Directors concentrate on following up, plan and control liquidity as appropriate with the fund activity by having competency evaluation to protect all important risks in normal and critical circumstances.

Section 4: Disclosure and transparency

The Company pays an important role on the disclosure of the Company’s significant information regarding their correct, period and transparent manner such as the shareholder’s structure, the business operation, the financial performance, the corporate governance, the business policy, the inspection and control process and various channels for the disclosure of information.

According to the operation in 2015, the company has specified the important principle in compliance with the rules of ASEAN CG SCORECARD as follows.

4.1 To improve an access to the Company information through the Company’s website for all group of stakeholders to be able to access the information by categorizing as a section of disclosure of rules and guideline on good governance according to the law, regulation, and SET and Securities and Exchange Commission’s regulation.

4.2 To 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.

- 4.3 Present the complete information in annual report and the Company's website such as financial statement, corporate governance policy and business ethics, corporate social responsibility policy, analysis from the analyst and institutions, business type, annual report, annual report presentation form, shareholder's meeting, names of major shareholders, news informed to the SET and news from printing media.
- 4.4 To provide the investor relations department as a contact channel and communicate various information such as organizing the analyst meeting and publicizing the Company's operating result quarterly as well as organizing the Road Show domestically and internationally.
- 4.5 To clearly disclose the principle on directors and executives' remuneration payment in the Annual Report.
- 4.6 To clearly disclose the information regarding directors and executives' shareholding in the Company and specify the policy for directors and executives to report on the followings;
- (1) Trading of the Company's share by determining the policy for directors and executives to notify the company at least 1 day prior conducting the securities' trading via the Company's secretary and report in the Board of Director meeting quarterly.
 - (2) related transaction and report of directors and executives' equity in order to prevent conflict of interest between each of them and then being reported to chairman and adding in agenda for Board of Director' meeting quarterly.
- 4.7 No record of financial statement revision order by the Stock Exchange of Thailand and Securities Exchange Commission.
- 4.8 To appoint the certified auditors who were approved by annual general meeting of shareholders for the year 2015 since they have already performed their duties for 5 consecutive years. Therefore, in order to be in compliance with the regulations, the Company considered the auditors and found that all auditors' qualifications were not in conflict with the requirements of the Stock Exchange of Thailand and the auditing fee including an audit of the Company's BOI promoted business for the rear 2015 was 1,361,000 Baht which was equal to the year 2014. Also, none of the auditors provide other services to the Company or have any relationship or interest in or with the Company or its subsidiaries, executives or major shareholders and any related persons.
- 4.9 The financial statements of the Company was approved unconditionally by the auditor.
- 4.10 To present the directors and executives' information in the Company's website such as name, position, education background, shareholding, working experience and picture.
- 4.11 The Investor Relations
- The high level executives of the Company pay an important role in the investor relations by participating in the meeting, giving information and exchanging opinions with the shareholders, the investors the analyst and the reporter regularly. The Company has established the Investor Relations Department since registering in the Stock Exchange of Thailand so that the shareholders, the investors, the analyst, the reporter and general interested people can quickly access to the Company's information. The Company's information is correct, complete, clear and up-to-date especially the significant information that would affect the share price of the Company. Moreover, such information can be used for decision-making for effective investment which would affect the true value of the Company.
- The Company has disclosed information and news according to the criteria of the Securities Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) through various channels such as communication channel and promulgation of information of SET, giving an opportunity of Site visit for investors or analysts or Company Visit, proving an opportunity for the reporter from Thai and foreign news station to meet and interview, issuing of Earning Release of the Company to the public regularly, arranging the meeting to communicate the information of the Company, giving opportunity to the investor to inquire the Company's information through IR

Contact via telephones and electronic mail and post news via the Company's website (www.satpcl.co.th) which has been updated in part of Investor Relations regularly in relation to the Balance Sheet, the Annual Report, 56-1 Form, the Company's presentation document, security analysis and others.

In 2015, the Company arranged the activities to present direct and indirect information as follows:

1. To present the information to investors (Road Show) 3 times in the country and 1 time abroad (Singapore).
2. 4 Analyst Meetings.
3. The Company's Site Visit or to discuss with the executives of the company (Company Visit) and conference calls from the analysts and investors from both domestic and foreign institutes for 41 times.
4. To present the information to the Opportunity Day organized by the Stock Exchange of Thailand for 4 times and the security companies for 2 times.
5. To jointly organize "My Company" activity with Thai Investors Association for the shareholders' Site Visit and discuss with the Company's executives for 1 time.
6. The Executives have interviewed to the domestic newspaper for 1 time and international newspaper for 1 time and to interview via board casting on domestic television program for 3 times.
7. To publish Earning Release for 4 times
8. To publish Press Releases when the Company had the investment activities or significant business activities.
9. To give information and answer questions of the investors and press regularly via email at ir@somboon.co.th and telephone no. 0-2728-859.

Section 5: Board Responsibilities

The Company recognizes the importance of directors' role and responsibility to protect the shareholders and stakeholders' interests such as create the business strategy, consider and investigate business operation, conduct the transparency business. However,

the Company is conducting on the following matters in order to create the sustainability:

According to the operation in 2015, the Board of Directors has improved the best practices of corporate governance in order to comply with ASEAN CG Scorecard as follows:

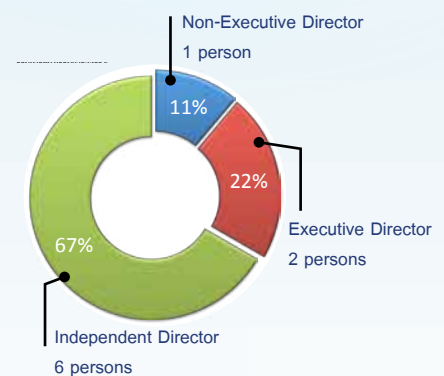
- 5.1 To determine the rotation of independent committee for not exceeding 9 years continuously without condition, starting from 1 January 2015 onwards.
 - 5.2 The Board of Directors has established diversity of directors policy by considering the necessary skill which the Board of Directors are incompetence as well as professional and specialized skills for specific aspect without restriction on genders in order to encourage the Board to be strengthened.
- In 2015, the Board of Directors did not nominate a new director due to the structure of Directors has completely consisted of 9 people which are six Independent Directors, one Executive and two Executive Directors. Also, there were no directors who held positions in listed companies more than 4 companies.
- 5.3 To define and disclose the process for the appointment of new directors: To nominate the Company's director, the Board of Directors focused on transparency in the nomination and selection of such Director. Especially, the Company has the policy that the shareholders shall nominate qualified candidates to be elected as a director scrutinized the qualifications and suitable of candidates by the Nomination and Remuneration Committee and the Nomination and Remuneration Committee shall scrutinize the directors who have retired by rotation or resigned and propose the opinion to the Board of Directors for approval and then propose to the shareholders' meeting so as to select as the Company's director as following qualification.

Qualifications of Directors

Company's Director shall have knowledge, competency, be ready to perform their duties and consist of the minimum qualification as follows:

- a) Be qualified and free from restricted characteristics as provided in the Law on Public Limited Company and also free from characteristics which express the disqualification of being trusted from the shareholders to conduct the Company's management according to The Securities and Exchange Commission's announcement.
- b) Have knowledge, skill or experience in specific aspect depended on the appropriation of the Company's situation during period when the Nomination and Remuneration Committee consider the nomination.
- c) Be able to devote themselves especially for making an important decision and performing the duty for the benefit of the Company and also attending the Board of Directors meeting as well as the shareholder meeting every time unless there is an force of majeure.
- d) Be a person with morality, ethics and having other qualifications that may further be defined by law or the appropriation of the Board of Directors.

Portion and Structure of Directors



5.4 To set the policy on the minimum quorum of the Board of Directors by providing that, to vote at the meeting, the Director must be present for at least 2 out of 3 of its members.

5.5 To establish the Compliance Unit which report directly to the Company Secretary, starting from January 1, 2015 onward. (Management structure – Annual Report/ Company's Website).

5.6 To review the scope of roles and duties of the Board of Company and its subsidiary's directors at least once a year.

5.7 In order to perform on Corporate Governance with efficiency, the Board of Directors set a policy on the amount of the company which the individual director can hold the position as directors as follows:

- (1) Director can take the position in the listed companies not exceeding 5 companies.

The performance: In 2015, each director takes the position in the listed companies not exceeding 4 companies.

- (2) The President and executives can take the position at other companies not exceeding 3 companies with the approval from the Board of directors.

5.8 The President can take the position at other company with the approval from the Board of directors.

5.9 To establish the channel for filing a complaint and suggestion on any matters as well as a whistle blowing of illegal activities by allowing the employee and stakeholder to express their opinions independently in order to improve the management system. Moreover, they can complain via email of independent directors directly or writing a complaint letter to the Company secretary as well.

Male / Female



Directors' Term



5.10 To bring about a seriously execution, the Company established "Code of Conduct and Work rules" (Section 8: Discipline) for the directors, executives and all employees to strictly comply with. The violation of Code of Conduct and Work rules is deemed to be a breach of discipline according to the Human Resources Management Regulation.

5.11 To create the policy on conflict of interests in the Code of Conduct and Work Rules to prevent the self-benefit action.

5.12 No record on violating the Regulations of the Securities and Exchange Commission and Stock Exchange of Thailand.

5.13 To clearly separate the roles, authorities and duties of the president and chairman of the committee as they are different person and assign the independent director to be Chairman of Board of Director, Executives Board and sub-committee.

5.14 The Company had a policy for Non-Executive Directors (NED) to organize their own meeting in order to discuss on outstanding management problems at least once a year without the attendance of Operation Department. In 2015, it arranged the meeting in December to support the management's work and the chairman brought the issues from such meeting to be added in the agenda of the Board of Directors' meeting so that the directors can discuss and share their opinions for determination of the BSG's business direction in the next 3-5 years.

5.15 The Board of Directors appointed the Sub-Committees which are (1) The Audit and Corporate Governance Committee (2) the Nomination and Remuneration Committee (3) the Executive Board (4) the Risk Management Policy Committee and clearly defined their scope of powers and duties. (The structure of committee section)

5.16 The Board of Directors reviewed and approved the vision and mission of the Company at least in every 5 years so that the executives and employee aim to the same direction and also established a guideline for participation as follows;

- (1) To map out the vision, mission, strategy, goal, business plan and budget of the Company

by holding in dependent expressions on the opinions in order to jointly prescribe the direction of the Organization through on-the-job seminar between the Board of Directors and Senior Executives regularly every year.

- (2) To review and Rolling every year in order to monitor the Management being compliance with plan, direction and strategy of organization consistently.

- (3) To discuss and give opinion for the Management independently to determine the direction of organization to be ready for economic change.

- (4) Giving suggestions and guidelines for the organization management to plan the direction to meet the goals

- (5) To communication policies, goal and direction to all levels of the employees through the Activity literally so called, "Face to Face Discussions" by the President twice a year.

In 2015, the Company determined the business operation's goals for 5 years (2013-2017) as follows.

"To grow in automotive industry in Asia" The Company set the goal to increase the revenue in accordance with the growth of the automotive industry by establishing the sales and marketing strategy to retain current customers and expand the purchase order to new customers as well as to expand export markets to abroad especially in the Southeast Asia.

"To be expertise in design and production" The Company set the goal to improve the employees' potential especially the team of Engineering, Product Design, Machine and Production Line and continuously create commercial partner with leading organizations that are leader in technology from Japan and more to support technology transfer and strengthen the expertise to employees in responding to customer needs sustainably.

"To be responsible for stakeholder" The Company set the goal to be widely recognized by the customers as an expert of design and production in both domestic and international country.

5.17 The Board of Directors arranged the internal audit system covering the financial, operation in accordance with the law, rules and regulations, the risk management, as well as the effective mechanism

to investigate and balance to protect the assets. The Company also initiated the Internal Audit Department under the supervision of Mr. Witsarut Boonto which is the independent department reporting directly to the Audit and Corporate Governance Committee as well as providing the quality report of Audit and Corporate Governance Committee with sufficient information specified the risk management policy.

5.18 The Board of Directors monitors the Company to have risk management system sufficiently and follow up frequently. Therefore, the Company has set up the Enterprise Risk Management Committee to consider the risk factors that affect target of the organization strategy by thoroughly considering all risks both in quantity and quality aspects, give useful recommendation to prevent and monitor the risks from the present situation as well as follow up, supervise and analyze the Enterprise Risk Management and then report the result of risk management to the Board of Directors at least once a year.

5.19 The Board of Directors and Audit and Corporate Governance Committee has established the Corporate Governance Committee by assigning the Company's secretary as a chairman to perform the duties as follows:

- (1) To support and publicize the corporate governance policy, Code of Conduct and Work Rules.
- (2) To study, improve, evaluate, review and propose the corporate governance principle and Code of Conduct in accordance with laws, the Securities and Exchange Commission and Stock Exchange of Thailand's Regulations and guideline of leading organization which are international standard.
- (3) To evaluate the performance according to the corporate governance policy and Code of Conduct and report its result to the Board of Directors via the Audit and Corporate Governance Committee quarterly.
- (4) To perform any acts designated by the Audit and Corporate Governance Committee.

5.20 The Board of Directors has scheduled the meeting schedule for the Board of Directors and the sub-committees in advance all year round and The Board of Directors will organize at least 6 meetings per year as well including the special meeting as necessary. At each meeting, the agenda will be clearly specified in the consideration, acknowledgement and discussion and opinion with sufficient document delivered to the Board of Director 7 day prior the Meeting so that the director can study through information before the meeting. In the meeting, the Chairman will properly manage time for all directors to independently recommend and share opinion. Then, the Chairman will summarize the issue from the meeting. The Company Secretary will provide minutes. After certified by the meeting, the minutes will be filed at the office of the Company Secretary at the 2nd floor, 11th building at the head office. (Please find the details of meeting attendance of each director.)

Duty of Board of Directors in 2015

- | | Q1 |
|----|---|
| 1. | To consider the date of the Annual General Meeting of Shareholders and agenda as follows: <ul style="list-style-type: none"> - To fix the record date to specify the shareholders who are entitled to attend the Annual General Meeting - To acknowledge the report on the Company's operating results - To consider and approve the balance sheet and profit and loss statements for the fiscal year - To acknowledge payment of interim dividend - To consider and approve the appropriation of profit in Operating Results - To consider and approve the appointment of directors in place of those retiring by rotation - To consider and approve the remuneration of directors - To consider and approve the appointment of auditors and to fix his/her remuneration |
| 2. | To consider and approve the financial statement and operating results of the previous year |
| 3. | To acknowledge performance of Audit & Corporate Governance Committee of previous year |
| 4. | To acknowledge the performance of Risk Management Policy Committee |
| 5. | To acknowledge Succession Plan of Executives |
| 6. | To approve Form of 56-I and Annual Report (56-2) |
| 7. | To review the remuneration of directors comparing with the performance |
| 8. | To approve ESOP Scheme to offer of employees at management level |

- | | Q2 |
|----|---|
| 1. | To arrange the 2015 Annual General Meeting of Shareholders |
| 2. | To consider and approve the financial statement and operating results of the first quarter |
| 3. | To acknowledge the performance of Audit and Corporate Governance Committee of the first quarter |
| 4. | To certify the minutes of the 2015 Annual General Meeting of Shareholders |
| 5. | To consider the investment project |
| 6. | To approve credit line with financial institution |
| 7. | Activity to enhance knowledge to the Board of Directors and Executives |

- | | Q3 |
|----|---|
| 1. | Workshop to specify the Strategic for business direction during 2015-2018 |
| 2. | To arrange discussion & share opinion of the strategic planning and management to specify the business direction in the middle term - long term |
| 3. | To arrange another meeting other than the official meeting of Board of Directors to plan the strategy in the middle term - long term under economic crisis, high competition, the sufficient of procedure of risk management, and corporate social responsibility for sustainable development |
| 4. | To approve the payment of interim dividend |
| 5. | To consider the Bonus payment and wage adjustment |
| 6. | To consider the investment project |
| 7. | To consider the revised budget for half year end |
| 8. | To consider and approve the financial statement and operating results of the second quarter |
| 9. | To acknowledge the performance of Audit and Corporate Governance Committee of the second quarter |

- | | Q4 |
|-----|--|
| 1. | To consider to revise the Corporate Governance |
| 2. | To arrange the Meeting of Non-Executive Director |
| 3. | To consider the Strategic Planning and the 2016 Budget |
| 4. | To evaluate the performance to pay the President's remuneration |
| 5. | To acknowledge Succession Plan of Executives |
| 6. | To consider and approve the financial statement and operating results of the Third quarter |
| 7. | To acknowledge performance of Audit & Corporate Governance Committee of Third quarter |
| 8. | To consider the operation plan of related companies |
| 9. | To consider the guideline of human resource management and the management structure |
| 10. | To appoint the Executives |
| 11. | To approve of Meeting Schedule of the Board of Director and Sub-Committee in advance |

The performance result : In 2015, there are the meetings of the Board of Directors total 12 meetings with the date to deliver document average 7.38 days prior to the meeting date.

5.21 The Board of Directors and the Nomination and Remuneration Committee require to evaluate the performance of executives annually in the form of performance indicators (KPI) that specified target relating to the remuneration rate as prescribed by the Nomination and Remuneration Committee. Also, the President will be evaluated every year.

The Nomination and Remuneration Committee will consider the remuneration that reflects the performance result and remuneration standard of other companies in the same industry. (Please see the details of Executive Remuneration.)

5.22 Directors and Executive Development

1. Orientation

The Board of Directors organizes the orientation for all new directors to provide knowledge and understanding in business and operations of the Company in order to be ready to perform their duties as director. At the same time, the Company establishes the policy to strengthen knowledge and new vision in terms of corporate governance, industry condition, technology business and new innovation for all directors in order to encourage their performance with effectiveness and be able take the position as directors as soon as possible and also assign the Company Secretary to be a coordinator on the following matters;

- (1) Acknowledged matter: business structure and director structure, scope of authority, and law.
- (2) General business information, operation guideline and visiting the production line.
- (3) Arrange the discussion session with the chairman and the President to inquire them about in-depth information of the Company's business operation.

In 2015, the Company did not recruit a new director. However, to know the current information, the Company updates the Manual of Directors and rules in accordance with the laws, regulations and important policies such as corporate governance policies, Code of Conduct relating

to anti-corruption measures and ASEAN CG Scorecard guidelines that directors should know.

2. Knowledge Development

The Company supports the directors and top executives to participate in the seminar that will be benefit to perform their duty as well as exchanging the idea with the Board of Directors. The Company 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) 2 were Dr. Cheerawit Sureerattanun Vice President – Sales, Business Development and Marketing and Mr. Mongkol Sae-jew Vice President - Operation SBM&ICP

In 2015, the Directors and Executives attended the training courses as follows:

1) Director	Training Courses
1. Mr. Sansern Wongcha-um Chairman of the Board	1. Strategic Planning and Management
2. Mr. Yongyuth Kitaphanich Vice Chairman	1. Strategic Planning and Management 2. Remuneration Management at satisfied both employer and employee "Progress of Work, the Sustainability of Organization" 3. Professional Pursuation Skill 4. The Course of "How to manage the welfare for the employee in order to receive the highest tax benet" 5. The Course of "Tax Planning for Family's Business and Keeping up with the Estate Tax"
3. Mr. Panja Senadisai Chairman of the Audit & Corporate Committee	1. Strategic Planning and Management
4. Mr. Sobson Ketsuwan Chairman of the Executive Board	1. Strategic Planning and Management
5. Mr. Paitoon Taveebhol Chairman of the Nomination & Remuneration Committee	1. Strategic Planning and Management 2. CG in substance Organizational Culture & Corporate Governance 3. IOD Director Conference 2015 - Re-energizing Growth Through Better Governance 4. IOD Director Forum 2/2015 Building Better Board Through Effective Independent Director 5. Thailand CG Forum Governance as a Driving Force for a Business Sustainability 6. 2015 OECD Asian Roundtable on Corporate Governance
6. Mr. Ajarin Sarasas Chairman of the Risk Management Policy Committee	1. Strategic Planning and Management
7. Mr. Yongkiat Kitaphanich President	1. Strategic Planning and Management
8. Ms. Napatsorn Kitaphanich Director	1. Strategic Planning and Management
9. Mr. Surasak Khaoroptham Independent Director	1. Strategic Planning and Management
2) Management	Training Courses
1. Mr. Patpong Weerasin Vice President – Operation SAT & Managing Director SFT	1. Directors Certification Program (DCP)
2. Mr. Somsak Sithinuncharoen Managing Director BSK	1. Directors Certification Program (DCP)
3. Dr. Wichai Srimavon Vice President – Somboon Learning Academy	1. Directors Certification Program (DCP)

Directors' Experiences



5.23 The Board of Director stipulates (1) a self-assessment of the Board (2) self-evaluation of individual directors. (3) self-evaluation of sub-committees including the Board of Directors, the Audit & Corporate Governance Committee, the Nomination and Remuneration Committee, the Risk Management Policy Committee. The directors had considered the work and solve the problem together for the improvement / development.

(1) The result from self-assessment of the Board of Director in 2015

Average score 4.53 in Level Excellent

Assessment Topics - Structure and Qualication of Director	average 4.62
- Role/Duty/Responsibility of Director	average 4.52
- The Board of Directors' meeting	average 4.58
- The performance of the Board	average 4.51
- The relationship with Management	average 4.49
- Self-development and Executives	average 4.46

Additional opinion/remark from the self-assessment is that the Board of Directors' meeting is higher than last year due to the increase of duty to consider the strategy in the middle term and long term under economic crisis and high competition.

(2) The self-assessment of each director for the Year 2015

Average score 4.57 in Level Excellent

Assessment Topics - Structure and Qualication of Director	average 4.62
- The Board of Directors' meeting	average 4.58
- Role/Duty/Responsibility of Director	average 4.52

Additional opinion/remark from the self-assessment is that the Role/Duty/Responsibility of Director is higher than last year.

(3) The result from self-assessment of the Committee for the Year 2015

3.1 The Executive Board of Director

Average score 4.35 in Level Very Good

Assessment Topics - Structure and Qualication of Director	average 4.32
- The Board of Directors' meeting	average 4.53
- Role/Duty/Responsibility of Director	average 4.34
- Self-development	average 4.22

Additional opinion/remark from the self-assessment is that to set the meeting schedule will assist the director to allocate time and perform the duty efficiency.

3.2 The Audit and Corporate Government Committee

Average score 4.80 in Level Excellent

Assessment Topics - The performance of the directors	average 4.67
- Review of Financial Reporting/ Detection Systems	average 4.67
- Independence of director	average 4.67
- Compliance with the law	average 5.00
- The report of director	average 5.00

Self-Assessment Procedures- The Whole Board of Directors

1. The Board of Directors is the one who approve and review the assessment form to be correct in accordance with the Criteria specified by the Corporate Governance Section.
2. The Company Secretary: the conclusion and analyze the assessment result of performance of the Board of Directors and report to the Board of Director
3. The Company Secretary (1) to provide improvement plan from analysis and additional opinion by the Board of Director

The Criteria of Self-Assessment - The Whole Board of Directors

1. Structure and the qualification of the Board of Directors consists of the variety of directors, director ratio, qualification of each committee
2. Roles, duties and responsibilities of the Board of Directors consists of using the sufficient time to consider the important matter, conflict of interest, internal control system and risk management.
3. The Board of Directors' Meetings consist of arranging the meeting schedules in advance for the whole year, quality of document having sufficient for the Board of directors' decision.
4. Duty of director consists of attending the Meeting regularly and giving opinion independently
5. Relation with the Management consists of giving opportunity for discussion and taking part to solve problem
6. Director Self-Development and Executive Development consist of understanding in his role, having knowledge in the Company's business, supporting the director to attend training, successor plan, etc.

Self-Assessment Procedures-Each Director

1. The Board of Directors is the one who approve and review the assessment form to be correct in accordance with the Criteria specified by the Corporate Governance Section.
2. The Company Secretary is the self-assessment to give opinion in relation to the role and duty of the director, independence, management structure, knowledge development and opinion related with management administration of organization.
3. The Company Secretary is to conclude and analyze the assessment result of the Board of directors report to provide improvement plan

The Criteria of Self-Assessment - Each Directors

1. Director qualification: the variety of the Board of Directors, approval for the director performance
2. Roles, duties and responsibilities : the independence of director, giving opinion, joining activities, internal control system, risk management and information disclosure
3. Meetings: attending the meeting, giving opinion and study through information in advance
4. Giving other useful opinion to the Company

Additional opinion/remark from the self-assessment found that the Audit and Corporate Government Committee pays an important role for the review of financial report and related system.

3.3 The Nomination and Remuneration Committee

Average score 4.69 in Level Excellent

Assessment Topics - The director qualification	average 4.83
- Independence of director	average 4.50
- Structure and Director Development Plan	average 4.58
- Remuneration Policy in other forms	average 4.75
- Method/Criteria of Remuneration	average 4.75
- To establish sustainability practice	average 4.75

Additional opinion/remark from the self-assessment is that the Nomination and Remuneration Committee focused on the development and successor plan of the executive in order to protect the interrupt of business.

3.4 The Risk Management Policy Committee

Average score 4.56 in Level Excellent

Assessment Topics - To supervise and process risk management	average 4.25
- To follow up and assessment	average 4.50
- To establish risk control measure	average 4.50
- To report the performance constantly	average 5.00

Additional opinion/remark from the self-assessment is that the Risk Management Policy Committee focused on the risk protection both in the short term called monitor and in the long term called the prudential supervision.

- 5.24 The Company established a Successor 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 Board of Directors shall prescribe the development plan to provide the successor plan for the President and Vice President in all functions.
- 2) The Nomination and Remuneration Committee shall prescribe the qualification, knowledge, competency and experience of each position in order to select the executive who has qualifications in compatibility with required qualifications in each position.
- 3) The President shall evaluate the 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 to reduce the competency gap.
- 4) To assign HR Executive Committee to monitor and follow up on the trainings to develop knowledge and competency of the successor of the Vice President.
- 5) The President shall rotate the duty and responsibility of the Executives who has compatible qualifications and assign the Vice President to participate in the Executive

Board in order to gain understandings, experiences and readiness in the organization administration in the future.

- 6) The President shall reports the performance and development in accordance with the Individual Development Program of the executive who has compatible qualifications to the Nomination and Remuneration Committee twice a year.
- 7) The Nomination and Remuneration Committee shall regularly review and summarize result of the successor plan of the President and Vice President and report to the Board of Directors twice a year.

5.25 To determine the strategy to improve the corporate governance, the risk management, the corporate social responsibility based on the criteria of knowledge and morality and defined as one of the six major missions of organizational strategy in order to enable the business operations as sustainable growth in accordance with the Principle of Sufficiency Economy Philosophy and build up the good immunity to carry out the business operations and promote all levels of employees throughout the organization to have knowledge, understanding, consciousness to perform their duties with responsibilities, due care, honesty through training and seminar under the course so called CG, on the subject "Moral...with the Sustainability of Organization", for 8 consecutive years.

5.26 President Remuneration Policy in short and long terms including President performance. The Board of Directors evaluated the performance of the President at the end of the year by assigned the Nomination and Compensation Committee to be an evaluator and propose to the Board of Directors for approval. The results of the President's evaluation are strictly confidential and it shall not be disclosed. The criteria on the assessment of the President remuneration for both short term and long term are as follows;

The Short Term : To pay remuneration in salary and bonus considered by the performance.

Part 1 : Evaluation from index of the organization performance

Part 2 : Evaluation of Leadership. (Team Building, Communication, Focus on achievement, Change

Management). The results of the evaluation will be considered as the increase rate of salary approved by the Board of Directors.

The Long Term : To set up for the offer of employees at management level of the Company and/or its subsidiary (including the employee acting as director) under ESOP Scheme as follows:

- 1) Period of project operation: The Project continue for 4 years (2012-2015) by allocation period for 3 years due to sale restriction of allocated share (Lock-Up period) in each time for 1 year after the date of granted right.
 - 2) The Company will add the contribution to the Provident Fund as of 6% of salary every month.
- 5.27 The Board of Directors has increased the duty (Charter) of the Audit and Corporate Governance Committee with regard to the appointment and dismissal of the external auditor. (Report of the Audit and Corporate Governance Committee - Annual Report)
- 5.28 To arrange the training for directors and executives including the relevant staff in order to review their knowledge and understanding of the preparation on "Report on conflicts of interest" to prevent conflicts of interest.
- 5.29 The Board of Directors provided a policy to develop the potential of all employees to serve the ASEAN Economics community (AEC) by establishing the Somboon learning Academy at Rayong Province.

The Company has managed the Somboon Learning Academy since 2015 and also provided the training for all staffs in order to development their working skill consistency with the target of organization in 4 aspects which are

- (1) Basic knowledge in quality/stability/safety, occupational health and environment
- (2) Business knowledge and business moral
- (3) Efficiency development in professional
- (4) Knowledge in leadership and administrative management

In 2015, the Company has invested more than 7.5 million baht on training courses of the human resource development so that each employee shall be trained average 17.28 hours per person per year (Please see details in the Sustainability Report.)

→ Principles and processes for Risk Assessment for Anti-Corruption



From 2010 to present, the Company has joined the declaration of intent against corruption and the Company is one of nine companies certified from the National Anti-Corruption Commission of Thailand. In 2014, the Company has expanded Anti-Corruption network to the suppliers to join the declaration of intent against corruption with the Companies in Somboon Group and to promise to report in case that SBG employee request for money, the reception expense, donation, gift or other benefit for themselves or related person from a person who engages in business with the Company. The Company has the whistleblowing channel direct to the executives. The Company set target that all suppliers will declare their intension against corruption within 3 years (2015-2018) as to be one requirement to be the supplier of SBG.

As a result of the whistleblowing channel, in 2015, the suppliers notified the case of offering money or something to SBG employee leading to the corruption. Therefore, the Company request the employee to be strictly careful in this issue and please kindly coordinate and comply the Anti-Corruption policy.

Mr. Yongkiat Kitaphanich
President

The Board of Directors has focused on the anticorruption to be a transparent organization therefore, the Board of Directors shall stipulate the supporting plan and moral of organization for long term as 6 years (2010-2015) through training "Moral...with the Sustainability of Organization" to enlighten the employee to be good, discipline, knowledge and moral bringing about the new culture under the supporting plan and moral of organization.

The Company is 1 of 27 organizations to announce the intension for anti-corruption and to be the 1 of 9 organizations certified from the Private Sector Collective Action Coalition against Corruption Council: CAC to anti-corruption on July 26, 2013.

The Board of Directors approved the Policy/ Rule/ Guideline for the SBG anti-corruption as follows:

The Board of Directors

The Board of Directors has restricted the directors, executives and employees of SBG to accept all kinds of corruption such as to receive thing, gift, the reception expenses, donation, or other benefit for themselves from a person who engages in business with the Company including the employee, supplier, customer and all stakeholders both domestic and international.

Conditions

- (1) To stipulate the Anti-Corruption Policy in the Manual of Corporate Governance and Code of Conduct
- (2) To cover all activities associated with the SBG operation
- (3) To evaluate the risk of corruption throughout the organization annually

Guidelines

- (1) Directors, executives, and employees shall comply with the Anti-Corruption Policy, business ethics and codes of conduct, and will not be a part of any kind of corruption, either directly or indirectly.
- (2) Every employee will not disregard or ignore any corruption activities involved with the Company and subsidiaries; they will notify the supervisor or the person responsible for the matter and corporate in the investigation. If they have any question, they can ask or consult the supervisor or the person responsible for overseeing the business ethics via the available communication channel.
- (3) The Company will be fair and protect employees who refuse or notify about corruptions involved with the Company and subsidiaries by using protection measure for petitioners or people cooperating in reporting corruptions according to the Company's policy in filing complains and suggestions.

- (4) The person that commits a corruption or violates the Company's business ethics will be disciplined according to the Company's rules and regulations.
- (5) The Company and subsidiaries realize the importance of providing and educating people whose responsibility is related to the Company, subsidiaries and stakeholders.
- (6) The Company is determined to create the "Good and Smart People" who has good conscience and is a good citizen of the society and country.

Principles and processes for Risk Assessment for Anti-Corruption

The Board of Directors assigned the Internal Audit Department to evaluate the risk separated from corporate risk by using a corruption risk assessment guideline according to Core Business's working system namely (1) Order to Cash (2) Planning and Production (3) Procure to Pay and (4) Warehouse & Logistic, to consider the risks on each activity in order to analyze the corruption channel and assess the opportunity as well as the impact (the score level of opportunity and impact assessment based on the criteria of Enterprise Risk Management Manual) and then the result of assessment was applied to prepare the annual audit plan and will be reviewed annually.

The Board of Directors provided the guidelines for monitoring and assessment on the performance under the anti-corruption policy as follows;

1. To survey a "Report on Conflict of Interest" of the top 4 of Directors and Executives as specified by the law and expand such survey to all management level and relevant employees who is related to the conflict of interest in order to prevent the conflict of interest which may lead to the corruption.
2. To provide the whistleblowing channel and protection measures for the whistleblower at the Company's website and encourage all employees to make a complaint and whistleblowing and shall be deemed as a discipline and duty which the employee should comply with.
3. To assign the Internal Audit Department to assess the corruption risk and prepare the assessment plan in accordance with the internal audit plan.
4. A person who commits any corruptions is deemed to violate the Code of Conduct and shall be punished as specified in the Company's Regulations and by law if such action is an illegal.
5. To promote the knowledge through the course of "Moral with the Sustainability of Organization" for all management level and the activities named leading toward to better thing for employees at the operational level.

The Denition of Corruption

1

A corruption or any actions that the employees request for money, the reception expenses, donation, gift or other benefit for themselves or related person from a person who engages in business with the Company whether direct and indirect way.

2

A bribery or offering of money or something that the employee has involved with such bribery, soliciting money, gift or other benefit for themselves to lead to the corruption.

3

The conflict of interest which the employee use his/her position for his/her own personnel gain by having a family's member engaging in business with the Company to influence on the decision and impacts on the benefit of the Company.

4

To give a thing/ any benefits with the pleasure in the return of good relationship between the employee and suppliers influencing on the decision to perform their duties whether in the form of money or things.



The benefits from the declaration against corruption

1. To be accepted by the public
2. To expand the market
3. To add the value
4. To decrease the cost
5. To develop the quality of life
6. To change the corporate culture
7. To establish the discipline at work
8. To balance the power
9. To solve the problem quickly

The whistleblowing channel

The Board of Directors gave an opportunity for employees and stakeholders to express their opinion independently in order to develop the management system and verify the fact via an email of the following independent directors:

1. Mr. Sansern Wongcha-um
Email : sansern.w@somboon.co.th
2. Mr. Panja Senadisai
Email : panja.sena@gmail.com
3. Mr. Paitoon Taveebhol
Email : ptaveebhol@gmail.com
4. Mr. Sobson Ketsuwan
Email : sobsonket@gmail.com
5. Mr. Ajarin Sarasas
Email : ajarin.s@gmail.com
6. Mr. Surasak Khaoroptham
Email : surasak@lombardinvestments.com
7. The Company Secretary
Email : thanakit.p@somboon.co.th

The contribution of the employees and the employers

Collection and Contribution (%) of the wage			Payment of Contribution and Benefit of the employees	
Year of work or year of membership	Employee	Employer	Year of work	The right of the contribution and benefit (%)
• 4 months or less than 4 years	3	3	• More than 5 years	0
• 4-7 years	3 or 4	3 or 4	• 5 years but less than 6 years	50
• More than 7 years	3, 4, 5, 6	3, 4, 5, 6	• 6 years but less than 7 years	60
			• 7 years but less than 8 years	70
			• 8 years but less than 9 years	80
			• 9 years but less than 10 years	90
			• 10 years onward	100

Operation 2015

1. The Company has promoted the knowledge by providing training/ seminar, workshop and various activities to lead to a new corporate culture based on the promotion and implantation of the organizations' moral plan.

1.1 The Company provided the course of "Moral with the Sustainability of Organization" for the foreman by focusing on the content of ethics and awareness of the work. There were 572 employees attended which was separated into 13 groups (44 employees per group) and the evaluation result was at good level, average score at 87% which is considered as pretty good level.

1.2 The Board of Directors provided the policy to encourage suppliers and stakeholders to grow together with the SBG by establishing the strategy to increase business value.

Based on the beginning of Collective Action Coalition on Anti-Corruption of SBG, in order to ensure that Supply Chain Process is truly transparent, the Company has expanded the declaration of intent against corruption's network to the suppliers by supporting with the knowledge of Anti-Corruption so as to expand the network and give opportunities to suppliers to be SBG member.

2. The employees and stakeholder can access to the whistleblowing channel, the Board of Directors has increased the channels to submit a complaint and suggestion and the process of receiving such complaint including the protection measure for the complainers in order to apply their suggesting to improve the management process and prepare the training course and communication effectively. (as details specified in Section 7 the whistleblowing channel, Code of Conduct/ www.satpcl.co.th at Sustainable Development Section)
3. The Board of Directors has been aware of employees' quality of life, therefore, the Company specified guidelines on employees' welfare and remuneration in the long term and pay the remuneration to them appropriately and consistency with remuneration in the same industry. The Company defined the rate of the first minimum wage for general employees without work experience at 315 baht which is higher than to the minimum wage specified by law and also provided other welfares in the form of an extra money at 175 baht per day which consist of lunch, shift allowance, diligence allowance. Thus, the total minimum wage is 490 bath per day.

In addition, the Company provided other welfares to improve employees' quality of life such as giving free rice every day, controlling the food price to be lower than the market price, shuttle bus for employees, nursing room, employees' health insurance, uniform and allow the employees to share their opinions via suggestion channel and internal communication system.

To provide employees with long-term provident fund for retirement, the Company was established the Provident Fund and pay the contributions and benefits to the employees.

➔ Expansion Procedure

of the SBG Collective Action Coalition against the Corruption

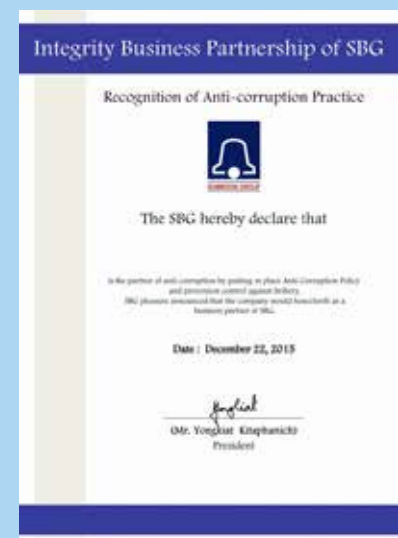


1. To set up the Corporate Governance Committee consisting of the Company's secretary (Leader), Procurement Department and Human Resources Management Department and Internal Audit Department
2. The Company stipulated the plan of network expansion of anti-corruption to the business alliance by selecting the supplier which has rotation rate of sale and purchase more than 50 million baht per year. The suppliers shall declare their intention against corruption with SBG in 100% within 2017.
3. To train the supplier to understand the declaration of intent against corruption.
4. SBG set the certificate ceremony on December 22, 2015 as to be the network of anti-corruption with SBG to 78 supplies as follows:

The Company has expanded the SBG Anti-Corruption Project for 2 consecutive years as follows:

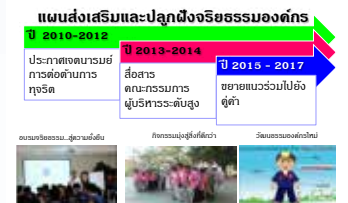
- Required procedures to join the SBG Collective Action Coalition against the Corruption
 1. Declaration against corruption
 2. 71 Self-assessment Passing

- | | | |
|---|---|--|
| 1. Grand Part Packaging Co., Ltd. | 27. Buriyat Industry 1998 Co., Ltd. | 53. Tocho Thailand. Co., Ltd. |
| 2. Goshu Kohsan Co., Ltd. | 28. Phol Dhanya PCL. | 54. Supat Engineering Co., Ltd. |
| 3. Quality Sand Corporation Co., Ltd. | 29. Phanoomphai Precision Co., Ltd. | 55. Suriyan Travel Co., Ltd. |
| 4. J.K.S Recycle Co., Ltd. | 30. P.S Steel Co., Ltd. | 56. Lao Sang Charoen Co., Ltd. |
| 5. J.P.K Enterprise Co., Ltd. | 31. Peaceable Co., Ltd. | 57. Anggrapha Steel Co., Ltd. |
| 6. J.P.E Engineering Co., Ltd. | 32. P&J Surpass Co., Ltd. | 58. Arnon Tools Manufacturing Co., Ltd. |
| 7. Charemchai Industry Co., Ltd. | 33. Poonsup Automation Technology Co., Ltd. | 59. A.T.K. Smart Service Co., Ltd. |
| 8. Chor. Changthai Construction 999 Co., Ltd. | 34. Permpon Paint Autopart (2013) Co., Ltd. | 60. A.P. Transport Center Co., Ltd. |
| 9. Champion Machine Tool (Thailand) Co., Ltd. | 35. Pine-Pacific Corporation Co., Ltd. | 61. Asia Service Express Co., Ltd. |
| 10. Cereclor Corporation (Thailand) Co., Ltd. | 36. Full Metal Product Co., Ltd. | 62. F T G Engineering Co., Ltd. |
| 11. Soonmark (Thailand) Co., Ltd. | 37. Focus Mechanic Co., Ltd. | 63. S.T.K Equipment Co., Ltd. |
| 12. WP Energy Co., Ltd. | 38. Mangkorn-Pundow Co., Ltd. | 64. S.P. Engineering and Part Co., Ltd. |
| 13. Demgo PCL. | 39. Master Electric Co., Ltd. | 65. Amcol International (Thailand) Co., Ltd. |
| 14. T.V.S. Automation and Part Co., Ltd. | 40. Motion Power and Services Co., Ltd. | 66. Air Power System Co., Ltd. |
| 15. T.R Modern Industry Co., Ltd. | 41. Uni - Seallight Co., Ltd. | 67. L.Y. commercial Co., Ltd. |
| 16. T.N. Machinery Co., Ltd. | 42. Richland Machine Tool Co., Ltd. | 68. Hidaka Yookoo Enterprises Co., Ltd. |
| 17. TOA Performance Coating Corporation Co., Ltd. | 43. Rungjarin Airbus Co., Ltd. | 69. Trident Steel Co., Ltd. |
| 18. Thevaraya Co., Ltd. | 44. Walter (Thailand) Co., Ltd. | 70. S.Y.S. Metal Product Co., Ltd. |
| 19. Taegu Tec (Thailand) Co., Ltd. | 45. Y.M.P (Thailand) Co., Ltd. | 71. Bangplee Stationery Limited Partnership |
| 20. Thai Houghton 1993 Co., Ltd. | 46. Wisdom Industrial Co., Ltd. | 72. Goody Engineering and Chemical Limited Partnership |
| 21. Thai Chin Ching Silica Sand Co., Ltd. | 47. V.R.P. Rubber and Trade Co., Ltd. | 73. ChiewChanYuth Limited Partnership |
| 22. Thai Sintokogio Co., Ltd. | 48. Western Metal Forming Co., Ltd. | 74. D & B Limited Partnership |
| 23. Thai Nitshoei Co., Ltd. | 49. Scheme Plus Co., Ltd. | 75. J.L. Part and Tooling Limited Partnership |
| 24. Thai Building Plus Co., Ltd. | 50. Siam Nippon Tech Co., Ltd. | 76. CMT Corporation Limited Partnership |
| 25. Thai Sakol Group Co., Ltd. | 51. Siam Automotive Metal Co., Ltd. | 77. Dhitiwath Kamchang Limited Partnership |
| 26. Nippon Kikai Engineering Co., Ltd. | 52. Siam Oil Products Co., Ltd. | 78. Tanakon Transport 51 Limited Partnership |





แนวปฏิบัติ : ยุทธธรรม/จริยธรรม ความซื่อสัตย์สุจริต และความโปร่งใส



2010

- SAT Received the transparency award from the Office of Anti-Corruption Commission
- Participated in announcing its intention to prevent corruption



2010



2011



2012

2011

- Provided trainings to the Board of Directors and top executives



2011

2012

- Revised the good corporate governance manual to be in line with the preventive corruption operation
- Provided trainings to directors and middle-leveled executives



2012



2013

บทบาทในการประกาศเจตนารมณ์

1. ส่งเสริมความรู้ ให้กับพนักงาน คู่ค้า ผู้มีส่วนได้เสีย
2. สื่อสาร ช่องทางการแจ้งเบาะแส และการคุ้มครอง
3. ขยายความร่วมมือ "โครงการต่อต้านการทุจริตคอร์รัปชั่น"

2013

- Certified by CAC in the preventive corruption measures
- Announced its participation in the anti-corruption coalition to partners
- Anti-corruption representative in Asia Pacific region PR. SBG 180 countries around the world



2013

Business Operations with fairness:

The Board of Directors has the policy and has conducted on the practice with suppliers equally and fairly with honesty. To respect the right of intellectual property, promotion of political right and to follow the commitment to stakeholders of the company as follows.

1. Fair Competition : To strictly comply with the conditions agreed with the seller or the creditor, according to the fair agreements in line with the commitment of business operation.

The operating guideline

- (1) To specify the terms and conditions in the purchase and sale agreement and strictly comply with the conditions, in the case, the Company shall not comply such terms and conditions, the Company must promptly notify the customer to mutually solve problems.
- (2) To give correct information and recommendation, sufficient and up-to-date to the customers to know about the goods and service.
- (3) To deliver quality products consistent with the agreement of customers in a fair price. The Company shall not conduct business to have excessive profit.

Operation in 2015

The Company has visited supplier every month and participate in the discussion about product and service development that will meet to customers' need; the Company also gives advices on how to use its products for ultimate effectiveness.

2. To promote the social responsibility in supplier:

- (1) To promote the work of social responsibility of the seller and give an opportunity for the seller to participate in CSR activities of the company continuously directly and indirectly, the direct way is through labor volunteer or indirect way with property or thing support d according to the ability and intent of the seller.
- (2) To inspect the connection and relationship between employees in every level with sellers, subcontractor, contractor of the company continuously in order to prevent unfairness and inequality in the business operation between sellers, sub-employees, each sub-contractor of the company.
- (3) To notify and request cooperation and inspect the fairness in the employment and the work operation according to the labor law of the Seller, sub-employee, sub-contractor who are trading partners of the company whether they are fair and follow the law continuously or not.

The operating guideline

- (1) To specify measures on society and environment in the policy and operating practice in buying and hiring
- (2) To promote trading alliance/partners to accept and apply in similar policy in a way that does not cause unfair competition.
- (3) To promote the implementation of the social responsibility of its partners and an opportunity for partners to participate in social activities of the Company.

Operation in 2015

- (1) The Company asks that relevant executives and employees report their stake holding activities and of related persons to the Company whenever there is such transaction
- (2) The Company organized activities to strengthen relationship of the Company with partners such as charity bowling activity.
- (3) The Company provides many communication channels for partners to submit complaints and suggestions to improve their management.

3. Respect in the property right: : To promote and strictly comply with the right in property, intellectual property, copyright, and patent, moral right.

The operating guideline

- (1) To specify policy in the ethics and work regulation in the work procedure regarding customer treatment
- (2) To promote executives, employees to use resource and property of the company efficiently in order to increase the competition ability and to provide a good service to customers, to use products and service with legal copyright and do not support products or action that is intellectual property right infringement

Operation in 2015

The Company is determined to protect the intellectual properties of the Company from being violated and illegally used without permission. The Company also respects intellectual properties of others and creates a policy in regards to this matter in the business ethics and codes of conduct.

4. To be related with politics in responsibility : The Company has operated the business with no political bias and will not participate and get involved in any political party or any people with political power and not use the fund or resource of the company to support directly or indirectly to any political party or politicians. Executives and personnel are not allowed to use the power to manipulate, threaten and force.

The operating guideline

- (1) To have campaign and promote personnel to have knowledge through communication channel such as weekly news, radio broadcast, etc.
- (2) To give n opportunity for personnel to use political right independently without persuasion and domination

Operation in 2015

The Company promotes knowledge of political rights. And an opportunity for employees to use freely. Without threatening to dominated induce and participate in any way.

Respect for Human Rights

The Board of Directors has placed importance and considers it as the main policy in the business operation to permanency by considering the respect of human rights and respect the dignity of human of every employee which is the foundation of the quality and valuable business operation

The Company realizes that employees are an important factor that create quality products for the Company. Therefore, the Company puts an emphasis on fair treatment and provides opportunities, returns, appointments and transfers as well as development in capacity and morals to employees. This is so that they will be a competent person and good citizen of society. For example, employees must receive fair employment and appropriate payments for their capacities; the Company must provide safe and environmentally friendly operation system for employees; employees must have trainings to improve their capacities and always be informed of the Company's news and updates.

The operating guideline

- (1) The company has a measure to protect employees who informed the government when there is an illegal action or an offense to the Security and Exchange Act and will be protected. The company cannot treat unfairly whether to change the work position, work characteristics, work place, work suspension, threat, disturb the work operation, employment discharge (section 89/2) that is from the cause of notifying the clue on illegal action or ethical offense.
- (2) To specify the policy for the company in Somboon Group to not conduct business with a company that

does not concern the human right especially the violation of basic rights on race, women, children, and disable people.

- (3) To specify to have risk assessment from violating the law on human rights at least twice a year.
- (4) To specify to have evaluation from internal audit department by specifying as a main process in the evaluation every year and report to the company committee.
- (5) To give an opportunity for personnel and interest people in every group to show comments through comment channel via Email of independent directors or company secretary.
- (6) There is communication channel for employees or interest people to know the progress of their notification.
- (7) To create provident fund for personnel as of 1 January, 2004.

The Company has strictly complied with the laws, rules and regulations. The Company provides fair and equal opportunities for employees to file complaints or freely express their opinions that may lead to the organizational development and management.

Fair Treatment to labor

The Board of Directors has placed importance to fair treatment to employees and to respect individuality and human dignity according to international human right standard and a good ethical rule to lead to the peace in society and create the growth to local organization.

1. To respect the right in the work according to the rule of human rights : without discriminating the work employment and does not force people who do not want to work and not use child labor and respect the right and freedom of employees.

The operating guideline

- 1) To specify the policy to not discriminating and the fairness of opportunity without limiting race, color, gender, religion, nationality, background, political opinion, age or disability as a factor in the consideration and decision to employ.
- 2) To place importance with the development of personnel in order to train for skill and increase potential by creating an opportunity for every personnel to learn regularly.
- 3) To create a way for personnel to make a complaint in the case they don't have fairness or to notify the clue on the thing that might be illegal and to have correcting measure and protecting measure of notifying employee that is systematic and fair.

2. To give social protection and work condition of employee : by specifying fair working condition and receive remuneration and other welfares that is appropriate and according to the law by avoiding unfair action that would affect the work position stability of employee or to threaten and create emotional pressure to an employee.

The Operating Guideline

- (1) To promote students to have a good life quality in the work and family
- (2) To have fair employment conditions and to let employees have suitable remuneration according to the potential in a form of salary, bonus, welfare, provident fund and other remunerations
- (3) To appoint, relocate, to give award and punish employees with honesty and on the foundation of knowledge and ability and suitability of employees
- (4) To specify policy to comply with the law, rules and regulation on employees strictly

- (5) To create an opportunity for employee to participate as welfare committee in order to give the information on the work operation and status of the company so that employee would know regularly.
- (6) To specify the measure to protect an employee who gives information to the government in the case there is violation of the law or against Security and Exchange Act that is from the notification or illegal action

3. To provide health protection and safety in the work : and to take care of environment and to arrange working system so that employees would have the safety in life and property and to have a good health.

The Operating Guideline

- (1) Requires the development of security policies and health in the workplace.
- (2) To analysis and measures to control security risks. The Occupational Safety and Health at work Including a program of pollution prevention that may occur during usage provide a clean workplace. And safety potential.
- (3) Communications to educate employees about the regulations on the safety practices in the operation and ensure that employees understand and follow the procedures correctly.
- (4) Provision of safety equipment Personal safety and protection needed for employees.
- (5) Risk assessment, safety the occupational safety and health at work.
- (6) Employee participation in safety management systems, occupational and environmental health and respect the rights of employees.

The operation in 2015 and operation plan of 2016 (as detail specified in the Sustainability Report).

Responsibility to Consumers

The Board of Directors still used the principle and follow the policy that would respond to the satisfaction of customers who buy the products and have received direct service from the company including consumers who uses the said product to be confident that apart from receiving the goods and service with fair price with good quality so the company would realized the safety that would affect society and environment and an action that would violate or cause customers to lose a right.

Operation Guideline

- (1) To respect the rights of consumers to have their basic demands fulfilled
- (2) To protect consumers' safety
- (3) Do not limit the information to consumers
- (4) To respect the rights of consumers to choose
- (5) To respect the rights of consumers in expressing opinions
- (6) To respect the rights of consumers to be compensated
- (7) To protect the rights of consumers to study information
- (8) To provide healthy environment

The operation in 2015 and operation plan of 2016 (as detail specified in the Sustainability Report).

Development of community and society

The Company has emphasized on community and society, with the focus on providing education opportunities to youth and underprivileged people, especially occupational education that will make them able to depend on themselves.

Moreover, the Company aims to work with community and support activities for communities both in the neighborhood and in remote area according to the Company's policy and the government's communal development direction to sustainably improve quality of life and economy for community.

Operation Guideline

- (1) Participation from community
- (2) Education, art, culture, morality
- (3) To create employment and improve skills
- (4) To promote health
- (5) Social investment

The operation in 2015 and operation plan of 2016 (as detail specified in the Sustainability Report).

Environmental Operation

In terms of environmental operation, the Company has achieved the objectives specified by the legal rules and regulations as well as the environmental management system ISO14001:2004 for which the Company has consistently been certified. The Company encourages all levels of employees to participate in the environmental caring activities through 5 Sor activities and Big Cleaning Day in order to create satisfaction to customers and company visitors. In regards to production process, the Company focuses on the maximum use of resources as well as the control and treatment measures and environmental quality assessment in the plant and nearby communities to ensure that the Company's operation is environmentally friendly and consistently improved according to the following operation guidelines.

Operation Guideline

- (1) To develop and seek information to manage and prevent pollutions
- (2) To be aware of sustainable use of resources
- (3) To promote operations that alleviate the global warming crisis
- (4) To share knowledge and information about environment to employees and cultivate the awareness as a part of the corporate culture that will lead to sustainable practice

The operation in 2015 and operation plan of 2016 (as detail specified in the Sustainability Report).

Research and development of social responsibility operation

The Board of Directors' vision in 2013 is **"to become the growing Asian automotive company with an expertise in designing and producing products with responsibility towards stakeholders and society."** The vision will lead to the creation of added value for the organization in the long term. Also it will lead to development of new knowledge that can change thinking and production process, maximum utilization of resources under appropriate cost so that the Company can increase its competitive ability.

The operation in 2015 and operation plan of 2016 (as detail specified in the Sustainability Report).

To provide the Sustainability Report

The Board of Director will develop the sustainability of organization then, the Company has provided the Sustainability Report to public and stakeholder separated from the Annual Report since 2013 assigned to the Nomination and Compensation Committee which has duty, scope of responsibility (Scope Duty of the Nomination and Compensation Committee- Management Structure.)

Competition and Industrial Trend

The estimated vehicle assembly in 2015, the automobile industry was targeting sales of about 2.15 million vehicles in the country, but due to the economic downturn, the exports were not met. As a result, the vehicle production decreased to 1.95 million vehicles. This was mainly caused by the global economy that has not recovered and the new model launch of pickup truck in the middle of the year.

Even though during the last quarter of the year various promotions from car seller were put in place to boost up the sales prior to the upcoming change in tax scheme effective in 2016, the overall economy has not been able to fully recover and consumers remain unconvinced. As a result, total car production in the year 2015 was 1,913,002 units, overall 1.76 percent increase from 2014. The increases were from domestic sales (799,632 units) of 9 percent and from export (1,204,895 units), by 7.

Vehicle Production in Thailand

YEAR	Passenger Car (unit)	Pickup truck (unit)	Commercial vehicle (unit)	Total Commercial Vehicle (unit)	Total (Unit)	Growth (%)
2548	227,603	822,867	24,846	847,713	1,125,316	21.25
2549	298,819	866,990	22,235	889,225	1,188,044	5.57
2550	315,444	948,388	23,514	971,902	1,287,346	836
2551	401,309	974,642	17,791	992,433	1,393,742	8.26
2552	313,442	670,737	15,199	685,936	999,378	-28.29
2553	554,387	1,066,759	24,158	1,090,917	1,645,304	64.63
2554	537,987	899,200	20,608	919,808	1,457,795	-11.40
2555	957,622	1,451,843	44,252	1,496,095	2,453,717	68.32
2556	1,069,786	1,331,693	52,439	1,384,132	2,453,918	0.01
2557	742,678	1,114,778	22,551	1,137,329	1,880,007	-23.39
2558	760,688	1,115,818	36,496	1,152,314	1,913,002	1.76

Notes: Information from TIA

Competition of automotive parts suppliers are likely to remain high due to an increase in foreign companies to invest in this industry and global sourcing and dual sourcing policy of the car makers. Together with the effective of ASEAN ECONOMIC COMMUNITY (AEC) fully in 2016, the company needs to focus its business strategy to enhance the competitiveness for example.

- Continuously enhance product quality and development.
- Effectively control costs.
- Improve productivity through high technology semi-automation and automation.
- Develop skill of workforces in all level to become specialist and obtain higher proficiency.

Risk Factors

The company is committed to making the risk management policy as a top priority and in an urgent manner. In the process, the company will consider various possibilities that any risks can occur. The risk management process covers all activities in a systematic and productive way to reduce the impact and the likelihood of an event that causes company not to achieve its objectives and goals. Risk management strategies include risk avoidance, risk transfer and risk control. The Company has classified risks as follows.

1. Strategic Risks

1.1 Business Risk

The company has set its vision to be a Growing in Asia automotive, Expertise in design and manufacturing with stakeholders and Social Responsibility. The company focuses on the implementation of the strategic plan in line with the mission and business plan of the Company. In 2015, the business faced significant risk factors such as slow growth of domestic auto industry, production of cars in the country more reliant on exports, and localization policy of car maker in new emerging countries. These are the risks of the company not to be able to achieve business objectives and goals. To ensure that it can achieve the objectives and goals, the Company has set up plans that include increasing new orders in the auto parts segment focusing on the target group e.g. passenger cars, expanding direct exports to and generating more income from diversification into new business (Non - Automotive). The latter includes the tractor parts and agricultural machinery and implements; and the development of new businesses that go along with growth of the country.

1.2 Policy Risks related to customers and competitors

In 2015, the risk from losing order from existing customers may was likely, the customer has a policy on the selling price and the cost reduction. Additionally, dual sourcing and global purchasing and sourcing policy have opened up new suppliers and new competitors. The Company has taken measures to reduce such risks, including the use of innovative way to increase productivity through full support of research and development. Such as the investment of semi-automatic and automation system used in the production process. The company has also emphasized cost control in order to stay competitive.

2. Operation Risks

2.1 Technology Risk

The technology risks that the company experienced are both current and future technological changes of the development of alternatives automotive such as Oil Hybrid-EV, Fuel-Cell that may lead to the development of products that are lightweight from shapes sizes and materials change. In a long term, these risks will cause the company to lose its competitiveness. In order to define new products that go along with technology for the future, the company is dedicated research and development resources to support the new technology in product development include new material and lightweight design.

2.2 Human Resource Risk

The Company recognizes the importance of human resources starting from recruitment process, quality of work life, remuneration and welfare and also human resource development. The risk of losing knowledge and expertise and development of new talents who can support company's growth were recognized. The company has taken risk measures by adopting Talent & Succession Planning for critical positions across the companies in the group. The Key man development program to prepare potential employees to support the growth of the company were put in place by focusing on engineer specializing in machining, mold design products and the production process.

3. Financial Risk

The company has expanded its business growth both domestically and overseas. The company's main raw materials are imported from abroad resulting in the company to face financial risk associated with the volatility of exchange rates. The company has taken into account the higher cost of raw materials and the impact of price competition by adjusting prices according to changes in raw material prices and exchange rates within a particular period. In order to manage the risks arising from the importation of machinery and equipment from abroad, hedging policy is in place in order to reduce the impact of imported goods.

4. Compliance Risks

The company has focused on building the confidence of quality throughout the process including the monitoring system from the quality of raw materials, manufacturing process to the delivery of the product to our customers. The company practices in accordance with the quality management system (ISO / TS16949) by targeting for zero claim and explicitly encourage and motivate all employees for quality awareness. A quality management representative for control and regulatory compliance of quality systems, including a review of the process by external Certify Body are in place to assure compliance. In addition, the company has complied with the laws and regulations related to the business in terms of environmental impacts, safety and liability for damages caused by unsafe products (Product Liability Law). The company has dedicated team of legal experts to study the various legal aspects and the impact that may hinder the growth of organizations, both locally and internationally. As for compliance with environmental laws and regulation, a periodic audit to ensure compliance with the management system ISO 14001 and safety requirements are conducted regularly. A Committee of Safety and Environmental are in place to ensure the direction and monitoring of the policy. There have been activities throughout the year such as searching for and eliminating harmful activity (Completely Check Completely Find Out - CCCF), safety culture activities, safety network and safety week, 5S and Kaizen activities. The measurement environmental effluent (air, water, waste) to the facility and the community have been conducted. Projects to reduce energy consumption and reduce waste including environmentally friendly and energy-efficient system were studied and implemented in the factories.

Major Changes and Developments in Past 3 Years

Year of 2015

- **June** SAT received the ESG 100 Certificate from THAIPAT Institute since SAT was selected as 1 among the top 100 SET-listed companies for outstanding performance in terms of responsible for environmental, social, and governance (ESG) aspects.
- **July** Rewards From the Department of Labour Protection and Welfare
 - > SAT, BSK and SBM received the honorable award of being outstanding organizations in employee relations and benefits for 10 consecutive years.
 - > SBM received the honorable award of being outstanding organizations in employee relations and benefits for 5 consecutive years.
 - > ICP received the award of being outstanding organizations in employee relations and benefits for 2015.
- **September**
 - 1) SAT, BSK and SBM received the CSR-DIW Continuous Award 2015 from Department of Industrial Works.
 - 2) SAT, BSK and SBM was certified in prevention standard and solving Drugs addiction problem in the workplace by the Labour Protection and Welfare Office.
- **October** SAT received SET Awards 2015 from the Stock Exchange of Thailand (SET) in collaboration with Money & Banking Magazine as follows:
 - > SET Sustainability Awards 2015
 - > Best Investor Relations Awards
- **December**
 - 1) SAT has expanded the collective action coalition against the corruption to its suppliers for 2 consecutive years and arrange the certification ceremony for recognition of Anti-Corruption Practice of SBG to 78 suppliers.
 - 2) SAT committed to support on business operation friendly with the children under Children's Rights and Business Principles.

Awards from Customers

- Bronze Award for the Best of Supplier's Quality Performance (SAT)
- Gold Award for the Best Overall Supplier's Performance (SAT)
- THCC-QA Improvement 2015 (SAT)
- The Winner TCC QA Improvement Activity 2015 (BSK)
- 2nd Runner-Up TCC-TPS Activity 2015 (BSK)

Year of 2014

- **March** SAT received Awarded Establishments outstanding "The promotion of Skill Development", organized by the Department of Labor
- **June** Information disclosure of non-executive directors' resignation.

- **July** SAT received the certificate of dual vocational education administration according to the development of technician project from the Office of Vocational Education Commission, Ministry of Education.
- **August** SAT, SBM, BSK, ICP received the honorable award of being outstanding organizations in employee relations and benefits for 5 consecutive years from the Department of Labour Protection and Welfare.
- **October**
 - 1) SAT and BSK received the CSR-DIW Continuous Award 2014 while SBM received CSR-DIW Award 2014 from the Department of Industrial Work.
 - 2) SAT was awarded an honorable plaque for the excellence in Social Development from the Ministry of Social Development and Human Security.
- **November** SAT received awards at SET Awards 2014, arranged by the Stock Exchange of Thailand (SET) in collaboration with Money & Banking magazine as detail below;
 - > SET Awards of Honor with the Excellence of Outstanding Corporate Governance for 6 consecutive years. (from 2009 to 2014)
 - > SET Awards of Honor with the Excellence of Corporate Social responsibility for 4 consecutive years. (from 2011 to 2014)
 - > Outstanding Investor Relations Awards
 - > CSR Recognition Awards for commitment to running its businesses for the benefit of society
- **December** SAT expanded the collective action coalition against the corruption to 11 partners and held the honor ceremony in order to grant them a certification for recognition of Anti-Corruption Practice of SBG.

Awards from Customers

- Award of Regional Contribution 2014 from Toyota Motor Thailand Co.Ltd. (BSK)
- Award of the 1st Runner-up : The result of MCC-QCC Final Presentation Convention in FY2014 (BSK)
- Award of Quality 2014 "Excellence in Zero Defect" (SAT)

Year of 2013

- **March** SFT approval to increase the authorized capital of 150 million baht of registered capital of 100 million baht and buy shares of SFT SAT 1.5 million shares at a price of 100 baht.
- **April** Meeting of Shareholders Approved the followings :
 - > approve the By canceling the shares not yet issued are not offered for sale to the employees under the ESOP.
 - > approved the capital increase of the Company in the amount of 86,754,722 baht registered capital of Baht 426,711,809 par value of Baht 1 per share for the stock dividend. And to offer to the senior executives of the Company and / or its subsidiaries. Under ESOP
 - > approve the Objectives increase of the Company. Program was established to support "Learning Academy"
- **July** SAT approved to be a part of the Private Sector Collective Action Coalition Against Corruption Council : CAC.
- **September** SAT received Award Establishments outstanding "Welfare" Contact a Year 5 (2009 -2013), held by the Department of Labor.

- **November** SAT was granted awards from the SET Awards 2012 and Bank& Finance magazine in the field of
 - > SET Awards of Honor for the excellence as the outstanding Corporate Governance report for a consecutive for 5 consecutive years. (from 2009 to 2013)
 - > SET Awards of Honor for the excellence as the best Corporate Social Responsibility for a consecutive for 3 consecutive years. (from 2011 to 2013)

Awards from Customers

- Award of The 1st Runner up : for the 9th QA Improvement Activity 2013 from Thai Hino Cooperation Club (SAT)
- Award of The Best of Supplier's Quality Performance (Gold) 2013 from Hino Motors Manufacturing (Thailand) Ltd. (SAT)
- Award of The Quality Excellence from Mitsubishi Motors (Thailand) Co., Ltd. (SAT)
- Award of The 1st Runner-up : 6th MCC-QCC Contest 2013 from Mitsubishi Motors (Thailand) Co., Ltd. (BSK)

Major Shareholders

The first top 10 major shareholders of the Company as of 26 August 2015 are as follows:

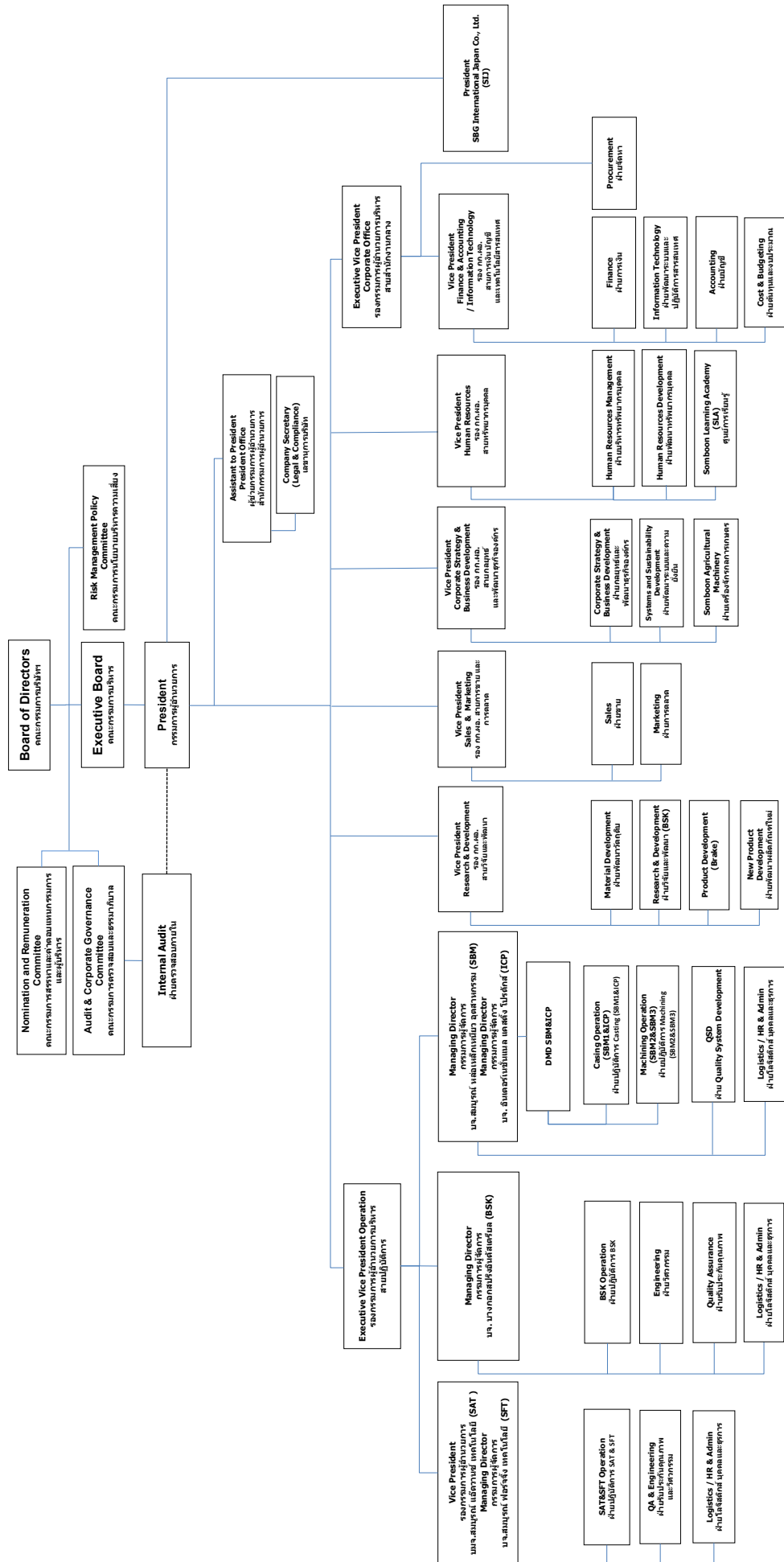
	List of Shareholders	No. of Shares	Percentage
1.	SOMBOON HOLDING COMPANY LIMITED	111,332,250	26.18
2.	KITAPHANICH FAMILY	70,329,687	16.50
3.	NORTRUST NOMINEES LTD-CL AC	20,607,900	4.85
4.	THAI NVDR CO., LTD.	20,279,148	4.77
5.	DBS BANK LTD	15,401,977	3.62
6.	CHASE NOMINEES LIMITED	9,857,254	2.32
7.	AIA COMPANY LIMITED-AIA D-PLUS	9,500,000	2.23
8.	AIA COMPANY LIMITED-APEX	8,123,166	1.91
9.	NORTRUST NOMINEES LIMITED-THE NORTHERN TRUST COMPANY RE IEDP AIF CLIENTS NORTRUST NOMINEES 10 PERCENT ACCOUNT	5,108,100	1.20
10.	THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED, FUND SERVICES DEPARTMENT	4,662,100	1.10

Limitation of Foreign Shareholders

The foreign shareholders can hold the shares of the company not exceeding 49 percent of total issued and paid-up shares. As of August 26, 2015, the foreign shareholders held 24.36 percent of total shares.

Organization Chart (Year 2015)

SOMBOON ADVANCE TECHNOLOGY PUBLIC COMPANY LIMITED



Management Structure

The Company's management structure consists of 5 groups of committee which are (1) the Board of Directors (2) the Executive Board (3) the Audit and Corporate Governance Committee (4) the Nomination and Remuneration Committee and (5) the Risk Management Policy Committee. Each group of committee contains the name list and scope of power and duty as following:

1. Board of Directors consists of

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

• Please find the photos of the Board of Directors on page 54-58.

• Mr. Thanakit Permpoonkantisuk is a secretary of Board of Directors.

➤ Authorized Directors

Directors who have authorization to sign and bind the Company are Mr. Yongyuth Kitaphanich, Mr. Yongkiat Kitaphanich and Ms. Napatsorn Kitaphanich. Any two of such three directors jointly sign with the company's seal be affixed.

➤ Scope of Powers and Duties of the 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 organizational 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.

2. Executive Board

a Chairman is an independent director, consists of

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

The Executive Director holds a term for three years. Mr. Thanakit Permpoonkantisuk is a secretary of Executive Board.

➤ Scope of 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 with the economic conditions and competitions
- Business plan and annual budget
- Every Investment project
- Annual Manpower Plan
- The recruitment / selection of a new executive in the Vice President level according to the rules of Nomination and Remuneration Committee designated by the applicant to consider the selection of at least two but not more than three people, excluding the President. For the return value considering to the salary structure except (1) the promotion (2) the remuneration which is not in accordance with the rules should be proposed to Nomination and Remuneration Committee for consideration.

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 organizational structure in Department Level (GM/AGM) and report to the Board of Directors (the lower level would be approved by President)
- The contract is related to management contract or advice contractual or provides technical assistance related to the core business of the company not exceeding of 20 million baht and a term of not more than one year.

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

3. Audit and Corporate Governance Committee

consists of all independent directors and one of them has the knowledge and experience in accounting and finance.

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

- *Mr. Paitoon Taveebhol has a knowledge and experience in accounting and finance to review the creditability of the financial statements of the Company.*
- *The Audit and Corporate Governance Committee holds a term for three years.*
Mr. Witsarut Boonto is a secretary of the Audit and Corporate Governance Committee.

➤ Scope of Powers and Duties of the 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 and Corporate Governance Committee inside the Company's annual report, signed by the Chairman of Audit and Corporate Governance 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 and Corporate Governance 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. Perform any acts designated by the Board of Director and already approved by the Audit and Corporate Governance Committee.
 13. Report the Audit Committee's performance to the Board of Directors every quarter.
 14. 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.
 15. Acknowledge a copy of report of Company's 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.
 16. Review the corporate governance policy and code of conduct; monitor compliance with the policy regularly at least once a year.
 17. Consider appointing working team to undertake supporting corporate governance and business ethics as appropriate.
 18. Review the self- evaluation form in relation to Anti-Corruption of the Company according to the Private Sector Collective Action Coalition against Corruption Project.

4. Nomination and Remuneration Committee

consists of all independent directors.

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

The Nomination and Remuneration Committee holds a term for three years. Mr. Thanakit Permpoonkantisuk is appointed to be a secretary of the Nomination and Remuneration Committee to replace Ms. Somluck Tanpisute on 1 June 2015.

➤ Scope of Powers and Duties of the Nomination and Remuneration Committee

1. To formulate policies for submission to the Board of Directors as follows.
 - 1.1 Policy, criteria and method for nomination of the directors and president.
 - 1.2 Policy, criteria and method for payment of remunerations and other benefits to the Board of Directors, subcommittees and president.
2. To select and nominate the persons with suitable qualifications to the Board of Directors 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 Nomination and Remuneration 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 president 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 president 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 once a year.
8. To specify the social responsibility and sustainability policies.
9. To review and follow up the company's operation to be in line with the policy as concern of impact on all stakeholders twice a year.
10. To consider appointing the working team to work on the social responsibility and sustainability as appropriate.
11. To perform any acts designated by the board of directors.

5. Risk Management Policy Committee

According to the resolution of Board of Directors Meeting No. 1/2557 on 21 February 2014, the Board of Directors appointed the Risk Management Policy Committee effective on 1 March 2014.

Name		Position
1. Mr. Ajarin	Sarasas	Chairman
2. Mr. Sobson	Ketsuwan	Director
3. Mr. Paitoon	Taveebhol	Director
4. Mr. Yongkiat	Kitaphanich	Director

The Risk Management Policy Committee holds a term for three years. Mr. Thanakit Permpoonkantisuk is appointed to be a secretary of the Risk Management Policy Committee on 1 January 2015.

➤ Scope of Powers and Duties of the Risk Management Policy Committee

1. To specify the process, the procedure, scope of duty of the Risk Management Policy Committee
2. To consider the risk factor affecting the organization strategy target by considering every risk thoroughly, discreetly in the quality and quantity and to provide beneficial proposition in order to prevent and watch out the risk from the current situation.
3. To provide suggestion, follow – up, evaluation and support the work operation of the risk management committee in the management level in order to operate and reach the target of the risk management regularly.
4. To report the operating's result to the Board of Directors at least once a year.

➤ Enterprise Risk Management Committee

consists of Executives of the Company

Name		Position
1. Mr. Yongkiat	Kitaphanich	Chairman
2. Ms. Napatsorn	Kitaphanich	Director
3. Dr. Wichai	Srimavon	Director
4. Mr. Patpong	Weerasin	Director
5 Mr. Koichi	Miyahara	Director
6 Dr. Cheerawit	Sureerattanun	Director
7 Mr. Somsak	Sitthinuncharoen	Director
8 Mr. Mongkol	Sae-jew	Director

Mr. Thantach Ritthinam is appointed to be a secretary of the Enterprise Risk Management Committee to replace Mr.Hiran Poblal on 1 January 2015

➤ Scope of Powers and Duties of the Enterprise Risk Management Committee

1. To supervise 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 be responsible for preparation of risk assessment and oversight of the implementation of risk management plan in corporate risk.
4. To held a meeting to review the implementation of risk management system with reporting to the Risk Management Policy Committee frequency or consecutively every quarter.

6. Management

consists of

Name		Position
1. Mr. Yongkiat	Kitaphanich	President
2. Ms. Napatsorn	Kitaphanich	Executive Vice President – Corporate Office
3. Dr. Wichai	Srimavon	Vice President – Somboon Learning Academy
4. Mr. Koichi	Miyahara	Vice President – Research and Development
5. Dr. Cheerawit	Sureerattanun	Vice President – Sales, Business Development and Marketing
6. Mr. Patpong	Weerasin	Vice President – Operation SAT and Managing Director SFT
7. Mr. Somsak	Sitthinuncharoen	Managing Director BSK
8. Mr. Mongkol	Sae-jew	Managing Director SBM and ICP
9. Mr. Nattakajorn	Yanpirat	Vice President - Finance & Accounting / Information Technology
10. Mr. Thanthach	Ritthinam	Vice President – Corporate Strategy & Business Development
11. Mr. Thanakit	Permpoonkantisuk	Assistant to President

• Please find the photos of the Management on page 58-60.

• Mr. Nattakajorn Yanpirat, Mr. Thanthach Ritthinam and Mr. Thanakit Permpoonkantisuk are appointed to be such positions above mentioned on 1 January 2016.

➤ Scope of 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 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 and report to Executive Board.
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.

➤ Self-evaluation of Board of Directors

The Board of Directors 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.

➤ Evaluating President's 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 and Elements of the Board of Directors

The Board of Directors has arranged the number of the directors as appropriate with the business size. Currently, there are 9 directors, 2 of them are Executive Directors and the remaining 7 are not. (6 of them are Independent Directors)

Independent Director is 66.66% of the Board of Directors, which consists of;

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

The definition of "Independent Director" of the Company are as following;

1. A person holding no more than 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.

Nominating of Directors and Executives

To make it to be conformed to the corporate governance policy, the 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.

Directors and Executives Development

The 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 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 Board of Directors for acknowledgement on twice a year basis.

Director's meeting

The Board of Directors 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:

The Board of Director's meeting records:

Name		Position	Attendance (Times)					
			Board of Directors	Executive Board	Audit & CG Committee	Nomination & Remuneration Committee	Risk Management Policy Committee	NED
1. Mr. Sansern	Wongcha-um	Independent director/ Chairman	12/12	-	-	-	-	1/1
2. Mr. Yongyuth	Kitaphanich	Vice Chairman/ Member of the Executive Board	12/12	11/11	-	-	-	1/1
3. Mr. Panja	Senadisai	Independent director/ Chairman of the Audit & CG Committee/ Member of the Nomination & Remuneration Committee	12/12	-	5/5	3/3	-	1/1
4. Mr. Sobson	Ketsuwan	Independent director/ Chairman of the Executive Board/Member of the Risk Management Policy Committee	12/12	11/11	-		3/4	1/1
5. Mr. Paitoon	Taveebhol	Independent director/ Member of the Audit & CG Committee/ Chairman of the Nomination & Remuneration Committee/ Member of the Risk Management Policy Committee	12/12	-	5/5	3/3	4/4	1/1
6. Mr. Ajarin	Sarasas	Independent director/ Chairman of the Risk Management Policy Committee / Member of the Audit & CG Committee/ Member of the Nomination & Remuneration Committee	12/12	-	5/5	3/3	4/4	1/1
7. Mr. Yongkiat	Kitaphanich	Director	12/12	-	-	-	4/4	-
8. Ms. Napatsorn	Kitaphanich	Director	12/12	-	-	-	-	-
9. Mr. Surasak	Khaoroptham	Independent Director/ Member of Executive Board/ Member of the Nomination & Remuneration Committee	12/12	11/11	-	3/3	-	1/1

The Board of Directors sets policy on the minimum quorum of the Board of Directors. To vote at the meeting Director of Infection Must be present for at least 2 out of 3 of its members.

Tenure Committee

The Board of Directors consists of person with knowledge and competency. The Company specified the number of the directors as appropriate with the business size. Currently, the Company has 9 directors, 2 of them are Executives and the remain 7 are Non-Executives (6 of them are Independent Directors) which is over 66% of the total directors. Each of them has term for 3 years and the term of Independent Directors not exceeding 9 years, starting from 1 January 2015 onwards.

Name	Year of appointment	Year of the latest election (2015)	Type of Director	Nomination/ Appointment to be director in 2016	Next due for Appointment
1. Mr. Sansern Wongcha-um	2551	2557	Chairman/ Independent Director	No	2560
2. Mr. Yongyuth Kitaphanich	2547	2557	Director	No	2560
3. Mr. Panja Senadisai	2547	2558	Independent Director	No	2561
4. Mr. Sobson Ketsuwan	2550	2558	Independent Director	No	2561
5. Mr. Paitoon Taveebhol	2551	2557	Independent Director	No	2560
6. Mr. Ajarin Sarasas	2552	2557	Independent Director	No	2560
7. Mr. Yongkiat Kitaphanich	2547	2556	Executive Director	Yes	2559
8. Ms. Napatsorn Kitaphanich	2547	2556	Executive Director	Yes	2559
9. Mr. Surasak Khaoroptham	2547	2556	Independent Director	Yes	2559

The Company Secretary

The Board of Directors has resolution to amend the Management Structure on 1 January 2015 that Legal and Compliance Unit will report directly to the Company Secretary. Mr. Thanakit Permpoonkantisuk has been appointed to be the Company Secretary since 2006 in accordance with Section 89/15 of Securities and Exchange Act to perform the following duties:

- (1) Center of document in document preparation and filing.
- (2) a register of directors
- (3) To arrange shareholder meeting, notice of calling a director meeting and minutes of meeting
- (4) To report on interest filed by a director or an executive
- (5) To arrange activities between directors and executives for good relationships
- (6) To coordinate in the performance to be in accordance with the resolution of the Board of Directors
- (7) To give opinions relating to laws, Notifications/ Announcements
- (8) Others business assigned by the Board of Directors

Biographies of the Company Secretary

Mr. Thanakit Permpoonkantisuk

- Master of Political Science, Thammasat University
- Qualification : Knowledge of relevant law, the ability to coordinate, brief and prepare minutes of meeting, the agility of the operation, good relationship, creative, communication leadership and strategic planning
- Trained the Company Secretary from Thailand Institute of Directors (IOD), or independent organization that has credibility.

The Board of Directors and Management

1. Board of Directors

Mr. Sansern Wongcha-um

- *Chairman of the Board of Directors/ Independent Director*

Age: 67

Education

- M.B.A., University of Bridgeport, USA
- Bachelor of Economics Thammasat University
- Thailand National Defense College (Class 37)
- Training Program
 - > Role of the Chairman
 - > Finance for Non-Finance Directors
 - > Director Accreditation Program

% Share held None

* Holding a Position of Director 4 Companies

* Holding a position of Director of non-listed Company - 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



Mr. Yongyuth Kitaphanich

- *Director/ Vice Chairman*
- *Member of the Executive Board*
- *Authorized Director*

Age: 63

Education

- Mini M.B.A., Thammasat University
- Bachelor of Commerce and Accountancy,
Chulalongkorn University
- Diploma, National Defense Course
for the Joint State-Private Sector (Class 9),
Thailand National Defense College
- Training Program
 - > Director Certification Program
 - > Role of the Chairman

% Share held None

* Holding a Position of Director 1 Company

* Holding a position of Director of non-listed Company 4 Companies

Work experience in the last 5 years

2014-Present Director
International Casting Products Company Limited
2012-Present Director
Somboon Forging Technology Company Limited
2004-Present Vice Chairman/ Member of the Executive Board
Somboon Advance Technology Public Company
Limited
1994-Present Director
Somboon Malleable Iron Industrial Company
Limited
1994-Present Director
Bangkok Spring Industrial Company Limited



Mr. Panja Senadisai

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

Age: 67



Education

- Doctor of Business Administration Program in Industrial Business Administration and Management College King Mongkut's Institute Technology Ladkrabang
- M.B.A., Suffolk University (USA)
- Training Program
 - > Directors Certification Program
 - > Audit Committee Program
 - > Role of the Compensation Committee
 - > Certificate of Capital Market Academy Leadership Program (Class 8)
 - > Certificate of Corporate Governance for Directors and Senior Executives of State Enterprises and Public Organization Course (Class 2) , Public Director Institute (PDI)
 - > Top Executive Program in Commerce and Trade (TEPCoT) (Class 4)

% Share held None

* Holding a Position of Director 4 Companies

* Holding a position of Director of non-listed Company - 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
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 Development Public Company limited
2003-2014	Director/ Member of the Audit Committee Rasa Properties Development Public Company Limited

Mr. Sobson Ketsuwan

- *Chairman of the Executive Board*
- *Independent Director*

Age: 70



Education

- B.Eng. (Honors) Industrial Eng.Chulalongkorn University, 1996
- M.B.A. General Management, University of Southern California
- M.S. Industrial & System Engineering, University of Southern California
- International Senior Management Program (ISMP), Harvard Business School
- Training Program
 - > Finance for Non-Finance Directors
 - > Audit Committee Program
 - > Director Certification Program

% Share held None

* Holding a Position of Director 1 Company

* Holding a position of Director of non-listed Company 2 Companies

Work experience in the last 5 years

2012-Present	Advisor D Corp Company Limited
2011-Present	Chairman of the Advisory Board 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

Mr. Paitoon Taveebhol

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

Age: 65



Education

- M.B.A., Kasetsart University
- B.A. (Accounting), Ramkhamhaeng University
- Certificate in Auditing, Thammasat University
- Training Program
 - > Director Accreditation Program
 - > Director Certification Program
 - > Audit Committee Program
 - > Role of the Chairman
 - > Chartered Director Program
 - > Advanced Audit Committee
 - > CG in substance
 - > IOD Director Conference 2015 Re-energizing Growth Through Better Governance
 - > IOD Director Forum 2/2015 Building Better Board Through Effective Independent Director
 - > Thailand CG Forum Governance as a Driving Force for a Business Sustainability
 - > 2015 OECD Asian Roundtable on Corporate Governance

% Share held None

* Holding a Position of Director 4 Companies

* Holding a position of Director of non-listed Company 1 Company

Work experience in the last 5 years

Present	Chairman of the Nomination & Remuneration Committee Somboon Advance Technology Public Company Limited
Present	Independent Director/ Chairman of the Audit Committee KCE Electronics Public Company Limited
2014-Present	Chairman ZEN Corporation Group Company Limited
2012 - Present	Independent Director/ Member of Audit Committee Easy Buy Public Company Limited
2008-Present	Independent Director/ Member of the Audit & CG Committee Somboon Advance Technology Public Company Limited
2002-Present	Independent Director/ Chairman of the Audit Committee/ Chairman of the Enterprise Risk Management Committee Central Pattana Public Company Limited
2010-2012	Independent Director/ Chairman of the Audit Committee/ Member of Corporate Governance Committee Big C Super Center Public Company Limited
2008-2011	Member of Audit and Evaluation Committee Walailak University

Mr. Ajarin Sarasas

- *Chairman of the Risk Management Policy Committee*
- *Member of the Audit & CG Committee*
- *Member of the Nomination & Remuneration Committee*
- *Independent Director*

Age: 71



Education

- Honorary Doctor of Business Administration Industrial Management Kensington University (USA)
- Diploma, National Defense Course for the Joint State-Private Sector (Class 1) Thailand National Defense College
- Certificate / License for Professional Practice : Senior Professional Industrial Engineer
- Training Program
 - > Director Certification Program

% Share held None

* Holding a Position of Director 1 Company

* Holding a position of Director of non-listed Company - None -

Work experience in the last 5 years

Present	Independent Director/ Member of Audit & CG committee/ Member of the Nomination & Remuneration Committee Somboon Advance Technology Public Company Limited
2014-Present	Chairman of the Risk Management Policy Committee Somboon Advance Technology Public Company Limited
Present	Independent Advisor in Total Quality Management (TQM)
Present	Honorary President Thai Autoparts Manufacturers Association (TAPMA)
Present	Special Lecturer in Quality Development
Present	Honorary Chairman Automotive Industry Club, Federation of Thai Industry
Present	Advisor of Director The Thai Automotive Industry Association
Present	Advisor Group of Cobra International Company Limited

Mr. Yongkiat Kitaphanich

- Director
- Authorized Director
- President

Age: 53



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
 - > Finance for Non-Finance Directors
 - > Director Certification Program

% Share held 1.95%

* Holding a Position of Director 1 Company

* Holding a position of Director of non-listed Company 4 Companies

Work experience in the last 5 years

Present	Chairman Auto Parts Industry Club of the Federation of Thai Industries
2012-Present	President Somboon Advance Technology Public Company Limited
2012-Present	Director Somboon Forging Technology Company Limited
2007-Present	Chairman International Casting Products Company Limited
2007-Present	Honorary President Thai Autoparts Manufacturers Association
2006-Present	Senior Vice President Thai Automotive Industry Association
2007-2012	Executive Vice President Somboon Advance Technology Public Company Limited Somboon Malleable Iron Industrial Company Limited Bangkok Spring Industrial Company Limited

Ms. Napatsorn Kitaphanich

- Director
- Authorized Director
- Executive Vice President

Age: 51



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

% Share held 1.65%

* Holding a Position of Director 1 Company

* Holding a position of Director of non-listed Company 4 Companies

Work experience in the last 5 years

Present	Executive Vice President – Corporate Office Somboon Advance Technology Public Company Limited
2014-Present	Director Somboon Malleable Iron Industrial Company Limited
2012-Present	Director Somboon Forging Technology Company Limited
2007-Present	Director International Casting Products Company Limited
2004-Present	Director Somboon Advance Technology Public Company Limited
1997-Present	Director Bangkok Spring Industrial Company Limited
2012-2013	Vice President - Finance & Accounting Somboon Advance Technology Public Company Limited
2007-2012	Vice President - President office Somboon Advance Technology Public Company Limited
2007-2010	Director/ Executive Director/ Member of the Nomination & Remuneration Committee Thai Listed Companies Association

2. Executives

Mr. Surasak Khaoroptham

- Independent Director
- Member of the Executive Board
- Member of the Nomination & Remuneration Committee

Age: 50



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
 - > Director Certification Program

% Share held None

* Holding a Position of Director 4 Companies

* Holding a position of Director of non-listed Company 2 Companies

Work experience in the last 5 years

Present	Independent Director	Somboon Advance Technology Public Company Limited
2014-Present	Director	MC GROUP Public Company Limited
2012-Present	Managing Director	Private Equity (Thailand) 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	Member of the Executive Board	Somboon Advance Technology Public Company Limited
2003-Present	Director	Altus Advisory Company Limited
2011-2014	Director	Nok Airlines Company Limited
2006-2013	Director	Mermaid Maritime Public Company Limited
2006-2012	Director	Easy Buy Public Company Limited
2006-2011	Chairman	Asia Books Company Limited
2003-2011	Managing Director	Altus Advisory Company Limited

Dr. Cheerawit Sureerattanan

- Vice President
- Sales & Marketing

Age: 49



Education

- Ph.D (Industrial Business Administration) , King Mongkut's Institute of technology Ladkrabang
- M.B.A., University of Khon Kaen University

% Share held 0.002%

Work experience in the last 5 years

2014-Present	Vice President - Sales & Marketing	Somboon Advance Technology Public Company Limited
2013-2014	Vice President - Operation SAT & SFT	Somboon Advance Technology Public Co., Ltd. Somboon Forging Technology Co., Ltd.
2007-2013	General Manager -SBM 2	Somboon Malleable Iron Industrial Co., Ltd.

Mr. Patpong Weerasin

- Vice President - Operation SAT
- Managing Director - SFT

Age: 47



Education

- Master of Science (Logistic Management), King Mongkut's University of Technology Thonburi
- B.B.A Industrial Management, Rajamangala Institute of Technology

% Share held 0.001%

Work experience in the last 5 years

2015-Present	Vice President - Operation SAT and Managing Director - SFT	Somboon Advance Technology Public Co., Ltd. Somboon Forging Technology Co., Ltd.
2013 - 2014	General Manager - Sales and Customer Service	Somboon Advance Technology Public Co., Ltd.
2007 - 2013	General Manager - Procurement	Somboon Advance Technology Public Co., Ltd.

Mr. Koichi Miyahara

- *Vice President*
- *Research and Development*

Age: 53



Education

- Master of Mechanical Engineering, Kagoshima University
 - Bachelor of Mechanical Engineering, Kagoshima University
- % Share held 0.00005%

Work experience in the last 5 years

2014 - Present	Vice President – Research and Development Somboon Advance Technology Public Co., Ltd
2012-2014	Vice President - Sales, Business Development & Marketing Somboon Advance Technology Public Co., Ltd
2008-2012	Managing Coordinator Toyota Kirloskar Motor India (TMC)

Mr. Mongkol See-jew

- *Managing Director*
- *SBM & ICP*

Age: 53



Education

- Master of Industrial Management Engineering,
King Mongkut's Institute of Technology Ladkrabang
- % Share held 0.002%

Work experience in the last 5 years

2014-Present	Managing Director - SBM & ICP Somboon Malleable Iron Industrial Co., Ltd. International Casting Products Co., Ltd.
2007-2013	General Manager - SBM 1 & ICP Somboon Malleable Iron Industrial Co., Ltd. International Casting Products Co., Ltd.

Dr. Wichai Srimavon

- *Vice President*
- *Somboon Learning Academy*

Age: 54



Education

- Ph.D. (Strategic Leadership Supremacy), Suan Dusit Rajabhat University
- Master of Education (Quality Management), Suan Sunandha University
- Bachelor of Public Administration, Sukhothai University

% Share held 0.006%

Work experience in the last 5 years

2013-Present	Vice President -Somboon Learning Academy Somboon Advance Technology Public Co., Ltd
2008-2013	Vice President - Procurement & Quality Development Somboon Advance Technology Public Co., Ltd
2007-2008	Vice President - Procurement & Logistics Somboon Advance Technology Public Co., Ltd

Mr. Somsak Sitthinuncharoen

- *Managing Director - BSK*

Age: 52



Education

- Master of Industrial Management Engineering,
King Mongkut's Institute of Technology Ladkrabang
- % Share held 0.002%

Work experience in the last 5 years

2014-Present	Managing Director - BSK Bangkok Spring Industrial Company Limited
2001-2013	General Manager - BSK Bangkok Spring Industrial Company Limited

Mr. Thanthach Ritthinam

- Vice President - Corporate Strategy & Business Development

Age: 43



Education

- M.B.A. – General Management (English Program), Ramkhamhaeng University
- Master of Science - Computer and Engineering Management (English Program), Assumption University
- Certificate of Chemical Engineering, University of Technology (UK)
- Bachelor of Science in Petrochemical (1st Class Honor) King Mongkut's University of Technology North Bangkok

% Share held 0.001%

Work experience in the last 5 years

2016-Present	Vice President – Corporate Strategy & Business Development Somboon Advance Technology Public Co., Ltd.
2014-2015	General Manager - Corporate Strategy & Business Development Somboon Advance Technology Public Co., Ltd.
2012-2014	General Manager - Business Development and Marketing Somboon Advance Technology Public Co., Ltd.
2011-2012	Project Development Manager Star Petroleum Refining Company Limited
2008-2011	Economic and Planning Manager Star Petroleum Refining Company Limited

Mr. Nuttakajorn Yanpirat

- Vice President - Finance & Accounting/ Information Technology

Age: 39



Education

- Master of Science in Engineering: University of Pennsylvania
- Bachelor of Science in Engineering: University of Pennsylvania
- Bachelor of Science in Economics: University of Pennsylvania

% Share held None

Work experience in the last 5 years

2016- Present	Vice President - Finance & Accounting/Information Technology Somboon Advance Technology Public Co., Ltd.
2014-2015	General Manager - Finance & Accounting/ Information Technology Somboon Advance Technology Public Co., Ltd.
2013-2014	General Manager - Finance Somboon Advance Technology Public Co., Ltd.
2010-2013	Engineering Manager Aeronautical Radio of Thailand Company Limited

Mr.Thanakit Permpoonkantisuk

- Assistant to President

Age: 52



Education

- Master of Political Science, Thammasat University

% Share held 0.00005%

Work experience in the last 5 years

2016 - Present	Assistant to President Somboon Advance Technology Public Company Limited
2005-2015	General Manager - Company Secretary Somboon Advance Technology Public Company Limited
2547-2548	General Manager Somboon Advance Technology Public Company Limited

Shareholding of the Board of Directors and Management

Director		Number of Ordinary Shares August 26, 2015	Nature of Interest	Number of Rights Over Ordinary Shares
Mr. Sansern	Wongcha-um	-	-	-
Mr. Yongyuth	Kitaphanich	9,019,968	Direct	-
Mr. Panja	Senadisai	-	-	-
Mr. Sobson	Ketsuwan	-	-	-
Mr. Ajarin	Sarasas	-	-	-
Mr. Paitoon	Taveebhol	-	-	-
Mr. Yongkiat	Kitaphanich	8,326,500	Direct	-
		589,743	Indirect (Wife)	-
Ms. Napatsorn	Kitaphanich	7,028,976	Direct	-
Mr. Surasak	Khaoroptham	-	-	-
Mr. Wichai	Srimavon	27,100	Direct	-
Mr. Patpong	Wiyahara	7,250	Direct	-
Mrs. Koichi	Miyahara	225	Direct	-
Mr. Cheerawit	Sureerattanun	9,350	Direct	-
Mr. Somsak	Sittinanchaoen	10,450	Direct	-
Mr. Mongkol	Sae-jew	9,350	Direct	-
Mr. Thanakit	Permpoonkantisuk	250	Direct	-
Mr. Nuttakajorn	Yanpirat	-	Direct	-
Mr. Thanthach	Ritthinam	6,150	Direct	-
		45,000	Indirect (Wife)	-

Movement in Rights for Directors and Management Personnel

Name		Ordinary shares							
		August 26, 2015	August 25, 2014	August 26, 2013	August 23, 2012	March 14, 2012	December 30, 2011	December 30, 2010	August 4, 2010 (Capital Increase)
1. Mr. Sansern	Wongcha-um	-	-	-	-	-	-	-	-
2. Mr. Yongyuth	Kitaphanich	9,019,968	9,019,968	15,381,468	7,215,975	7,215,975	7,215,975	7,215,975	7,215,975
3. Mr. Panja	Senadisai	-	-	-	-	-	-	-	-
4. Mr. Sobson	Ketsuwan	-	-	-	-	-	-	-	-
5. Mr. Ajarin	Sarasas	-	-	-	-	-	-	-	-
6. Mr. Paitoon	Taveebhol	-	-	-	-	-	-	-	-
7. Mr. Yongkiat	Kitaphanich	8,916,243	8,916,243	8,896,843	6,660,900	7,215,975	7,215,975	7,215,975	7,215,975
8. Ms. Napatsorn	Kitaphanich	7,028,976	7,017,676	7,017,676	5,612,641	5,612,641	5,612,641	5,612,641	5,612,641
9. Mr. Surasak	Khaoroptham	-	-	-	-	-	-	-	-
10. Mr. Wichai	Srimavon	27,100	27,475	16,875	-	-	-	-	-
11. Mr. Patpong	Wiyahara	7,250	7,250	-	-	-	-	-	-
12. Mrs. Koichi	Miyahara	225	11,600	1,250	-	-	-	-	-
13. Mr. Cheerawit	Sureerattanun	9,350	9,350	1,250	-	-	-	-	-
14. Mr. Somsak	Sittinanchaoen	10,450	10,450	1,250	-	-	-	-	-
15. Mr. Mongkol	Sae-jew	-	9,350	9,350	1,250	-	-	-	-
16. Mr. Thanakit	Permpoonkantisuk	250	-	-	-	-	-	-	-
17. Mr. Nuttakajorn	Yanpirat	-	-	-	-	-	-	-	-
18. Mr. Thanthach	Ritthinam	51,150	-	-	-	-	-	-	-

Information from report on securities holding of the Board of Directors as at August 26, 2015

Dividend Policy

Company has a policy to allocate the annual profit for the annual dividend distribution, taking into account the following conditions: (i) its operational results turn out to be a profit, (ii) there remain no accumulated losses, (iii) the cash flow is sufficient for dividend payment, and (iv) whether there is a future plan of any investment projects. It is a policy of the Company to pay dividend at a minimum rate of 30 (thirty) per cent of its net profit after tax and legal reserve. However, a dividend payment partly depends on the Company's investment and finance plans.

Subsidiaries policy dividends will be determined by the factors mentioned above as well

Details of the dividend in the past 5 years

(Unit: Baht)

Details of dividend payment	Year 2015 (The Proposed year)	Year 2014	Year 2103	Year 2102	Year 2011
1. Net profit	Baht 641,538,005	Baht 649,834,968	Baht 966,098,875	Baht 815,763,445	Baht 408,163,980
2. Number of shares	425,193,894	425,193,894	424,945,994	339,957,087	339,923,287
3. Dividend payout rate per share	Baht 0.60	Baht 0.60	Baht 0.75	Baht 0.97	Baht 0.45
4. Total amount of dividend	Baht 255,116,336.40	Baht 255,116,336.40	Baht 318,709,495.50	Baht 329,748,234.39	Baht 152,965,479.15
5. Dividend payout against net profit after tax	39.77%	39.26%	32.99%	40.42%	37.47%

Remunerations

The director remuneration policy has been clearly and transparently established by the Board of Directors, with the Nomination and Remuneration 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 Remuneration 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 Remuneration and Meeting Allowance

Position	Monthly Remuneration (Baht)	Meeting Allowance/Time (Baht)				
	Board of Directors	Board of Directors	Executive Board	Audit and Corporate Governance Committee	Nomination and Remuneration Committee	Risk Management Policy Committee
1. Chairman	27,000	45,000	45,000	37,500	37,500	37,500
2. Vice Chairman	18,750	31,250	-	-	-	-
3. Other Board members	15,000	25,000	30,000	25,000	25,000	25,000

2. Bonus

2.1 The Remuneration of the Board of Directors for the year ended 31 December 2015.

The Remuneration of the Board of Directors in form of allowances and remuneration totally Baht 10,552,024 is as following:

Name	Bonus of 2014 (Baht)	Meeting Allowance (Baht)					Total (Baht)
		Board of Directors	Executive Board	Audit and Corporate Governance Committee	Nomination and Remuneration Committee	Risk Management Policy Committee	
1 Mr. Sansern Wongcha-um	603,227	864,000	-	-	-	-	1,467,227
2 Mr. Yongyuth Kitaphanich	418,908	600,000	360,000	-	-	-	1,378,908
3 Mr. Panja Senadisai	335,127	480,000	-	187,500	75,000	-	1,077,627
4 Mr. Sobson Ketsuwan	335,127	480,000	540,000	-	-	75,000	1,430,127
5 Mr. Ajarin Sarasas	335,127	480,000	-	125,000	75,000	150,000	1,165,127
6 Mr. Paitoon Taveebhol	335,127	480,000	-	125,000	112,500	100,000	1,152,627
7 Mr. Yongkiat Kitaphanich	335,127	480,000	-	-	-	-	815,127
8 Ms. Napatsorn Kitaphanich	335,127	480,000	-	-	-	-	815,127
9 Mr. Surasak Khaoroptham	335,127	480,000	360,000	-	75,000	-	1,250,127
Total							10,552,024

- Note:
1. Bonus was calculated from the 2015 Company's business performance but was paid in the year 2016
 2. The Executive Board's meeting was held for 11 times and there was one time joint meeting with the Nomination and Remuneration Committee in January 2015. Thus, the meeting allowance was totally paid to the Executive Board for 12 times.

2.2 Other Remunerations

There were no other remunerations except the monthly remuneration, meeting allowance and bonus.

Remunerations of Management

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

Units : Baht	Number of executives	Year 2015	Number of executives	Year 2014
Salary	8	33,313,307.00	9	31,277,920.00
Bonus	8	5,622,744.00	9	7,830,915.70
Total		38,936,051.00		39,108,835.70

- หมายเหตุ
- In the Year 2015, Managements consisted of 8 executives which are Mr. Yongkiat Kitaphanich, Mr. Wichai Srimavon, Ms. Napatsorn Kitaphanich, Mr. Koichi Miyahara, Mr. Somsak Sitthinuncharoen, Mr. Mongkol Sae-jew, Mr. Cheerawit Sureerattanun and Mr. Patpong Weerasin.
 - In the Year 2014, Managements consisted of 8 executives which are Mr. Yongkiat Kitaphanich, Mr. Wichai Srimavon, Ms. Napatsorn Kitaphanich, Mr. Koichi Miyahara, Mr. Somsak Sittinanchaen, Mr. Mongkol Sae-jew, Mr. Cheerawit Sureerattanun, Mr. Sanphet Laokalapasanti and Mr. Patpong Weerasin.

2. Other remunerations

Contributions to the Provident Fund

In 2015, the Company paid the following contributions to the Company's executives:

Units : Baht	Number of executives	Year 2015	Number of executives	Year 2014
Provident Fund	7	1,575,840.00	9	1,153,810.40

Note :

- In the Year 2015, Managements consisted of 8 executives which are Mr. Yongkiat Kitaphanich, Mr. Wichai Srimavon, Ms. Napatsorn Kitaphanich, Mr. Koichi Miyahara, Mr. Somsak Sitthinuncharoen, Mr. Mongkol Sae-jew, Mr. Cheerawit Sureerattanun and Mr. Patpong Weerasin.
- In the Year 2014, Managements consisted of 8 executives which are Mr. Yongkiat Kitaphanich, Mr. Wichai Srimavon, Ms. Napatsorn Kitaphanich, Mr. Koichi Miyahara, Mr. Somsak Sittinancharoen, Mr. Mongkol Sae-jew, Mr. Cheerawit Sureerattanun, Mr. Sanphet Laokalapasanti and Mr. Patpong Weerasin.

Employees

Number of employees

Number of employees as at 31 December 2015 and at 31 December 2014 of the Company and its subsidiaries are as follows;

Company	Number of (people)			
	31 December 2015		31 December 2014	
	Male	Female	Male	Female
1. Somboon Advance Technology Public Company Limited	544	171	501	159
2. Somboon Malleable Iron Industrial Company Limited	1,065	154	1,139	163
3. Bangkok Spring Industrial Company Limited	505	58	424	75
4. International Casting Products Company Limited	367	71	488	55
5. Somboon Forging Technology Company Limited	29	2	9	1
Total	2,510	456	2,561	453
Amount of Employee by type of employment	Male	Female	Male	Female
Employee	2,445	444	2,467	446
Subcontract	65	12	94	7

Number of employees as at 31 December 2015 and at 31 December 2014 of the Company and its subsidiaries can be classified by the primary work as follows:

Department	Number of (people)	
	31 December 2015	31 December 2014
1. Production Department/ Engineering Laboratory-Jig Shop	1,719	1,861
2. Engineering Department	130	123
3. Maintenance/ Warranty/ Planning	483	472
4. Warehouse Sourcing and Procurement	179	192
5. Human Resources and Administration (including individual BU)	86	86
6. Finance and Accounting	59	55
7. Sales and Marketing	30	38
8. Quality Development / Product Development / Development Process	54	61
9. Management / Operations Management	102	117
10. Information Technology Department / Division BPI	11	9
11. Others (BD / Legal / SEE / Audit / Planning)	113	-
Total	2,966	3,014

Note : The Company does not have Trade Union and any labor disputes in the past five years.

Remunerations of employees

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

Units :Baht	Number of employees	Year 2015	Number of employees	Year 2014
Salary	3,311	730,171,288.70	3,379	711,040,579.13
Bonus	2,805	175,937,707.00	2,867	181,883,760.19
Total		906,108,995.70		892,924,339.32

2. Other remunerations

Contributions to the Provident Fund

In 2015, the Company paid the following contributions to the Company's employees:

Units :Baht	Number of employees	Year 2015	Number of employees	Year 2014
Provident Fund	2,143	23,263,855.97	2,143	20,084,538.06

Internal control

In the Meeting of the Company's Board of Directors No. 2/2559 on 16 February, 2016, there were 3 directors of Audit and Corporate Governance Committee joined the Meeting and expressed opinion on the satisfaction and suitability of the internal Audit control by referring to "evaluation form of satisfaction of internal control system" of the Office of Security and Exchange Commission.

The Audit Committee has reported the internal audit summary and proposition and inspection which focus on the operating inspection so that it would be efficient continuously. There is follow-up to revise according to the audit result report and report to the company board of directors regularly. From the review, the company has sufficient internal control system. The company has arranged sufficient personnel to operate according to the system efficiently and to have internal control system on follow up the work operation supervision of the company in order to prevent the property of the company and subsidiary from the fact that directors or executives had used illegally or without authorization and to enter into a transaction with people who might have conflict and general related people with the important details as follows.

➤ 1. Internal Audit in the Organization

The Company had specified the clear business operation target and can be measured by specifying the annual budget business plan and clear indicator in creating the value to shareholders and enhance the ability and quality of life of personnel and to have environment friendly process. This would respond to the expectation of customers including the design and product development and responsibility to society by paying incentive reward to personnel and consider from the achievement of the target of personal indicator and profit of the company in order to create the benefit in the development of work operation quality.

Regarding business supervision of the Company, the structure of the supervision consists of the Board of Directors and sub-committee including Executive Board of Directors, Audit and Corporate Governance Committee, Nomination and Remuneration Committee and Risk Management Policy Committee. Each committee is responsible for shareholders on the business operation of the company and supervise management so that it would be according to the target and has the highest benefit to shareholders and to be in the good ethic frame and be responsible to society, promote and follow up the progress of the good business supervision development process and social responsibility continuously, the consideration to improve CG manual and Code of Conducts and to provide the guideline and other necessary suggestion in order to improve. In this year, the Company has received 2 awards which are SET Sustainability Awards and Thailand Sustainability Investment and the Company has continuously received CSR-DIW Continuous from Department of Industrial Works.

According to anti-corruption, the Company has joined the project of Collective Anti-Corruption: CAC by Certified in 2013 and in 2014 and 2015 the Company has expanded the result to be the participants to important suppliers of the Company and in order to have continuity, the Company had evaluated the risk related to the corruption inside the company and review the operation according to the policy to the anti-corruption of Thai Private Sector to the anti-corruption in order to confirm that the Company has enough measurement in the protection and fraud and corruption inspection effectively.

➤ 2. Risk Assessment

The Board of Directors has stipulated the risk management policy as an important policy. The Risk Management Policy Committee has the duty to supervise and follow up on the efficiency risk management of the company. The Risk Management Committee shall be on managing level includes directors and executive in each field who perform the duty of evaluating the risk factors from outside factors such as economic condition, government policy and fluctuation of the raw material price and internal factor that affects the target and business operation of the company and specify responsible

people in various agencies and to assign the risk management to be the responsibility of every executives and to have plan and specify risk management measure and to evaluate the risk factor that might affect the business operation and the target of the Company and to arrange the risk management always follow up of the various agencies inside an organization and report to the Board of Directors. The Company had provided the knowledge to every level of staff so that they would understand and realize the importance in the risk management continuously.

3. The Control of the Work Operation

The Board of Directors had appointed 4 sub-committee consisting of the Executive Board of Directors, Audit and Corporate Governance Committee, Nomination and Remuneration Committee and Risk Management Policy Committee. The 4 groups of committee had performed the work under the scope or duty assigned under the monitoring of the executive.

Moreover, the Audit Committee has considered and reviewed and approve the annual audit plan in order to cover every work operation process with high risk and to cover the anticipation of people related to the Company which makes the Company to be sure that the various agencies had sufficient control of the work operation on the finance, work operation, law and compliance, rule, regulation, and the anti-corruption. The Audit Committee has considered the important point and the problem found from an inspection by proposing the executive to revise and to have the report of the revision result and prevent measures.

In case of entering into a transaction with business or relevant people which might lead to the conflict of interest between companies and the business or related people with the Company. The business that happens must go through the approving process according to the regulation of the company just like a normal business and related people to the making of item must consider that transaction is reasonable and according to the normal business by considering the highest benefit of the company and shareholders as it is an action with outside people and legal. The business that would bring about the conflict of interest and the said people with interest would not have the right to vote and reveal the information according to the law.

The Company is determined to develop the production process in order to be accepted in the international standard and to focus on safety in the work and environment maintenance. The Company has certified the quality management system "ISO/TS 16949" and "ISO14001" which has separate section from the production line to perform of the duty of inspecting and following up to comply with rule and specification regularly. As for the business on finance, purchase and procurement, stipulated the staff and executive must comply the Authority Table and "Procurement Control Manual" specified in writing by clearly stated the criteria, condition and the power in approving to pay the money and entering in procurement contract in order to be careful and prevent fraud in money-related transaction.

4. Information Technology and Telecommunication System

To propose the matter for the Board of Directors to consider, the Company has arranged important information so that the Board of Directors would use in the decision-making by making analytical report comparing the principle and reason along with documents and send the information for studying in advance for 7 days. There is secretary of the Company to provide recommendation on the regulation and various rules and supervise the business of the Board of Directors and coordinate so that there would be operation according to the resolution of the Board of Directors and the agency which is the center in making and storing documents including Director registry, Board of Directors Meeting appointment letter, minutes of the Meeting of the Board of director, shareholder meeting appointment letter and minutes of shareholder meeting orderly so that shareholders can verify the suitability in the work operation of directors.

As for the storing of accounting record and various accounting, the Company would store it completely in every category for transparency and to be work operation information without notification from an auditor that there is a flaw in this matter.

The Audit Committee has considered along with an auditor, internal audit and related people in making the financial statement of the company in every quarter in order to make sure that the company has used accounting policy according to the general accounting principle and suitable with the business type of the company and to reveal suitable information according to the law.

5. Follow-up System

The Company has followed up on the work operation whether it is according to the target by having the Meeting of the Board of Directors in 2014 for the total of 12 times and the Executive Board of Directors for 11 times in order to follow up the work operation in each level starting from the Board of Directors, the Executive Board of Directors and Executives in order to follow up the target and supervise the work operation according to the strategy, work plan and the project in the annual business plan that has been approved from the Board of Directors and to solve problems that might happen and to adjust the work plan so that it is consistent with the changed situation and when it is found that the work operation result is different from the specified target and specified the responsible people to present the report in order to review the work operation and analyze the including co-consider to approve the plan to solve problems and to continuous report. The Company has arranged regular internal control system audit. The executive would be responsible in supervision of the internal control system and there is Internal Audit Department to inspect and report the result independently to the Audit and Corporate Governance Committee.

Related Transaction

The Company and its subsidiaries related transactions with person(s) who would have been involved in the dispute during the year 2014 and 2015 were as follows;

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

Description of important items <u>List of ordinary transactions</u>	Total amount remaining (Million Baht)		Conditions of price/ Necessity
	2014	2015	
1. SAT sold scraps material to SBM	1.74	0.91	Market price/ to increase income to SAT by selling scraps material which was normal loss from the production
2. SAT sold Semi-finished products to SBM	122.42	133.59	market price
3. SAT received interest of loan from SBM	2.74	2.74	According to loan agreement
4. SAT paid utilities fee for SBM	0.14	0.48	Price was close to the Cost/ SAT used utilities of SBM
5. SAT received utilities payment from SBM	19.82	14.48	Price was close to the Cost/ SBM used utilities of SAT
6. SAT received management fee from SBM	47.00	46.22	Price was close to the Cost/ Services for SBM

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

Bangkok Spring Industrial Co., Ltd. (BSK)

Description of important items <u>List of ordinary transactions</u>	Total amount remaining (Million Baht)		Conditions of price/ Necessity
	2014	2015	
1. SAT paid utilities fee for BSK	3.45	1.43	Price was close to the Cost/ SAT used utilities of BSK
2. SAT received utilities payment from BSK	2.96	2.74	Price was close to the Cost/ BSK used utilities of SAT
3. SAT received management fee from BSK	44.50	42.71	Price was close to the Cost / Services for BSK
4. SAT Dividends received from BSK	54.08	-	

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

International Casting Products Co., Ltd. (ICP)

Description of important items <u>List of ordinary transactions</u>	Total amount remaining (Million Baht)		Conditions of price/ Necessity
	2014	2015	
1. SAT sold scraps material to ICP	6.43	4.49	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	200.00	30.00	According to loan agreement
3. SAT received interest of loan from ICP	8.00	4.49	According to loan agreement
4. SAT received management fee from ICP	38.21	32.70	Price was close to the Cost/ Services for ICP
5. SAT received utilities payment from ICP	1.74	1.90	Price was close to the Cost/ ICP used utilities of SAT
6. SAT paid utilities fee for ICP	-	0.03	Price was close to the Cost/ SAT used utilities of ICP

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

SBG International Japan Co., Ltd. (SIJ)

Description of important items <u>List of ordinary transactions</u>	Total amount remaining (Million Baht)		Conditions of price/ Necessity
	2014	2015	
1. SAT was the short-term loan lender of SIJ	40.00	40.00	According to loan agreement
2. SAT received interest of loan from SIJ	1.61	1.52	According to loan agreement
3. SAT received utilities payment from SIJ	0.05	-	Price was close to the Cost/ SIJ used utilities of SAT
4. SAT paid utilities fee for SBM	3.07	11.48	Price was close to the Cost/ SAT used utilities of SIJ

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

Somboon Forging Technology Co., Ltd. (SFT)

Description of important items <u>List of ordinary transactions</u>	Total amount remaining (Million Baht)		Conditions of price/ Necessity
	2014	2015	
1. SAT was the short-term loan lender of SFT	20.00	80.00	According to loan agreement
2. SAT received interest of loan from SFT	0.12	1.62	According to loan agreement
3. SAT received utilities payment from SFT	0.44	0.93	Price was close to the Cost/ SFT used utilities of SAT
4. SAT received management fee from SFT	-	11.70	Price was close to the Cost/ Services for SFT

Remark: Item 1-4 is the items indicated in the notes to the financial statement.

Tsuchiyoshi Somboon Coated Sand Co., Ltd.

Description of important items <u>List of ordinary transactions</u>	Total amount remaining (Million Baht)		Conditions of price/ Necessity
	2014	2015	
1. ICP purchased dry sand from Tsuchiyoshi Somboon Coated Sand Co., Ltd.	25.40	37.00	Market price / purchase from time to time in the production.

Remark: Item 1 is the items indicated in the notes to the financial statement.

Report of the Audit and Corporate Governance Committee

The Audit Committee consists of 3 independent qualified members where one of them is knowledgeable and experienced in accountancy. The 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 2014, the Audit Committee held a total of 5 meetings and regularly reported to the Company Board of Directors the operational result every quarter. Each Audit Committee member attended the meetings detailed as follows:

Mr. Panja Senadisai	Chairman of Audit Committee	attended 5/5 meetings
Mr. Paitoon Taveebhol	Member of Audit Committee	attended 5/5 meetings
Mr. Ajarin Sarasas	Member of Audit Committee	attended 5/5 meetings

In some meeting, the Audit Committee jointly made discussions with President, the Management, Auditor and Internal Auditor in accordance with the reasonable Agenda in the meeting every time. The Audit Committee made a report, 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 2015 jointly made with the Management and Auditor in order to give the approval on the Financial Statements which are made correctly and 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 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 Plan and result of the audits of the Auditor prior to submitting them to the Company Board of Directors for further considerations.

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 to utilize in improving a performance 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 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 performances in accordance with the issues found by the Internal Auditor.

Compliance with the Requirements and Related Law:

The Audit Committee has constantly verified to that the Company comply with the Law of Securities and Exchange, the Requirements of the Stock Exchange of Thailand and the Law relating to the company's business. The Audit Committee view that the verified 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 are sufficient and the Management is assigned to make the follow-up on the significant substances on the promulgation of the Securities and Exchange Notification and report information back to the Committee for acknowledgement and close consideration.

Compliance with Corruption Prevention Measure

In the past year, the Audit Committee considered the report of the Internal Auditor to review the compliance under the Anti-corruption Policy by arrangement of the risk assessment in connection with Anti-corruption within the Company. The Audit Committee had confidence that the Company has sufficient measures to oppose and detect the corruption efficiency.

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 disposal 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 to select the Auditor for the Year 2016 and approved KPMG Poomchai Audit Limited (KPMG) as the Auditor of Somboon Advance Technology Public Company Limited and its subsidiaries by comparing with other auditors 'qualification in the performance standard, proper remuneration, audit service and other services such as consultation on internal control, arranging the seminar for customers, consultation on Information Technology system including the expertise to audit the other companies related in automotive manufacturing and the listed companies in the Stock Exchange. Therefore, It shall be deemed that the Company Board of Directors to propose to the General Shareholders Meeting in order to obtain the approval of the Meeting to appoint Mr. Sakda Kaothanthong or Mr. Bunyarit Thanormcharoen or Ms. Siripen Sukcharoenyingyong of KPMG Poomchai Audit Limited to be the Auditors of the Company and its subsidiaries for the Year 2016 at the total remuneration amount with those of the subsidiaries of 4,072,000 Baht which, in this respect, the Auditors will not provide other services to the companies in the Group.

Corporate Governance:

Promoting and following up 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. In this year, the Company has received 2 awards which are SET Sustainability Awards and Thailand Sustainability Investment and the Company has continuously received CSR-DIW Continuous from Department of Industrial Works.

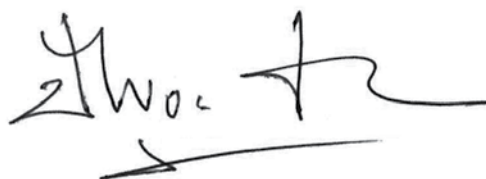
Risk Management:

Monitor 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 2015 on 15 January 2016, 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 Auditors, considerations on connected transactions or the transactions which may cause 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.

The 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 sustainability in good governance.



Mr. Panja Senadisai

Chairman of Audit and Corporate Governance Committee

Report of Nomination and Remuneration Committee for Directors and Executives

Nomination and Remuneration Committee consists of independent director by Mr. Paitoon Taveebhol, independent director, as the Chairman of the Nomination and Remuneration Committee and there are the independent directors performing the duty in the Nomination and Remuneration Committee namely; Mr. Panja Senadisai, Mr. Surasak Khaoroptham and Mr. Ajarin Sarasas with the position term of 3 years effective as of 1 January, 2013.

In 2015, the Nomination and Remuneration Committee had 3 meetings. Every director joined the meeting every time in order to follow up and consider the important matters that assigned from the Board of Directors as follows:

1. To review the role, duty and responsibility of the Nomination and Remuneration Committee.
2. To review the policies on the nomination and remuneration and significant criteria as follows:
 - 2.1 Criteria and nomination of directors process and the appointing of executives.
 - 2.2 Criteria of adjusting the wage and incentive to be consistent and reflect the actual work operation and suitable with the economic situation and the industrial trend.
 - 2.3 To review the remuneration structure and other benefits of directors in order to be consistent with the responsibilities and the operation of directors.
 - 2.4 To review the policy and criteria of director remuneration by
 - 2.4.1 The scope of responsibilities and performance of directors
 - 2.4.2 Information comparing with other companies in the same industry having same capacity and nature of business, and a report on directors' remuneration conducted by the Thai Institute of Directors (IOD).
 - 2.5 To specify the policy of the Corporate Social Responsibility and Sustainable Development
 - 2.6 To promote, support and open an opportunity for minor shareholders to take part in supervising the business and to give the opinions on the business operation, propose the agenda and persons for being considered to be elected as directors instead of direct who retired by rotation for the Year 2015 as required by recruitment process 90 days in advance from 1 October 2015 to 31 December 2015 through the website of the Company.



Mr. Paitoon Taveebhol

Chairman of Nomination and Remuneration Committee
of Directors and Executives

Report of Risk Management Policy Committee

The Risk Management Policy Committee consists of Mr. Ajarin Sarasas, the Chairman of Risk Management Policy Committee and the directors performing namely: Mr. Sobson Ketsuwan, Mr. PaitoonTaveebhol and Mr. Yongkiat Kitaphanich. The position term is 3 years effective on 1 March 2014.

In 2015, the Risk Management Policy Committee has performed the duty assigned by the Board of Directors. There were 4 meetings of the Risk Management Policy Committee summarized the important matters follows:

1. To specify scope of work of the Risk Management Policy Committee.
2. To consider the risk factors that affect target of the organization strategy by thoroughly considering risk from internal and external and providing useful recommendation in order to prevent and monitor risk.
3. To recommend, follow up the performance of Enterprise Risk Management Committee in order to meet target.
4. To recommend to arrange risk training to enhance risk analysis skill for relevant executives
5. To report the operating's result to the Board of Directors at least once a year.

Besides, to recommend the management to prevent risk from external and internal by priority and to prevent risk in the short term called monitor and to prevent risk in the long term called the prudential supervision.



Mr. Ajarin Sarasas

The Chairman of the Risk Management Policy Committee

Report of Board of Directors' Responsibility for Financial Report

The management has prepared the financial statement ended on December 31, 2015 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, 2015 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. Yongkiat Kitaphanich
President

Explanation and Analysis of the Financial Position and Performance

Overall performance

The Company and its subsidiaries have operated the business of Automotive manufacturing parts. The main income of the company group is from selling automotive parts such as Axle shaft, leaf spring, disc brake, drum brake, stabilizer bar, coil spring etc. The sale is for car maker manufacturer (Original - Equipment Manufacturer) in the country mostly.

Profit and loss analysis

▾ Profit Analysis

In the year 2015 and 2014, the Company has total income of 8,817 million baht and 8,179 million baht (accordingly) which has increased by 638 million baht or 8%. The net income from selling goods and service of the year 2015 and 2014 is 8,644 million baht and 8,084 million baht (accordingly), increased by 560 million baht or 7%, due to the adjust to increase sale price per unit in consistency with the cost which is increasing though the overall automotive industry has been slowdown because of negative factor from the political effecting the overall economic. Main customer of the company is pick-up car manufacturer, which its' production volume decreased from last year.

Cost and expense Analysis

▾ Selling and Service Cost

In the year 2015 and 2014, the company has the total selling and service cost of 7,392 million baht and 6,667 million baht (accordingly), increased by 726 million baht or 11% ;the rate of cost of sale and service sales in 2015 was 86% higher than last year in 3% from higher fixed cost in part of the increase of production line to serve customer's needs and variable cost is increasing from assemble part. In the means time, the Company control the production quality to be consistency with the current situation of automotive industry.

▾ The expense from selling and service

In the year 2015, the company has the expense in the selling and service of management for the amount of 680 million baht, decreased by 25 million baht or 3% mainly from closely monitoring in administration expense such as transportation cost, expense relating to employee and man-power to align with the current situation of automotive industry.

▾ Corporate income tax

In the year 2015, the company has corporate income tax for the amount of 43 million baht, decreased 26 million baht or 38% mainly from profit management in line with granted privilege from the Board of Investment.

➤ Profit from the work operation

The company's operating profit, excluding share of profit from investment in associates, financial cost, and corporate income tax in 2014 in the amount of 744 million baht, decreased by 62 million baht from last year or 8% from decreasing in sale volume in some products of main customer.

➤ Net Profit

The company's net profit is the amount of 642 million baht, decreased by 8 million baht or 1% from the previous year, mainly from the decline in sales volume in some products of main customer.

Financial position analysis

➤ Asset

The Company's total assets according to the consolidated financial statement as at 31 December 2015 and as at 31 December 2014, is the amount of 9,634 million baht and 9,814 million baht (accordingly), decreased by 180 million baht or 2% mainly from decreasing of land, building and equipment due to write-off and depreciation.

• Trade customers

The Company has net trade receivables as at 31 December 2015 for the amount of 1,311 million baht and 1,296 million baht for the net trade receivable as at 31 December 2014, increased by 15 million baht due to slightly increase of sale volume at the end of the year. The average debt collection period was 54 days same as the previous year.

• Investments

According to the consolidated financial statements as at 31 December 2015, the Company's net investment in related companies is the amount of 306 million baht. The investment was made in Yamada Somboon Co., Ltd., Tsuchiyoshi Somboon Coated Sand Co., Ltd., Nisshinbo Somboon Automotive Co., Ltd. and Somboon Somic Manufacturing Co., Ltd. The Company's cost of investment in the afore-mentioned companies is for the amount of 73 million baht.

• Land, Property and Equipment

The Company's net land, property and equipment as at 31 December 2015 is for the amount of 5,705 million baht, and 6,209 million baht as at 31 December 2014, decreased by 505 million baht or 8% due to the depreciation on period for the amount of 845 million baht. The Company and subsidiaries has made additional investment total 381 million baht in Axle shaft production line, Coil spring production line and Casting production line to enhance production capacity for the future customer demand, and to build a new plant of the subsidiary for the molding production line, and Somboon Learning Academy for the development of human resource.

➤ Debt

As at 31 December 2015, the Company's total liabilities is 4,103 million baht. The short-term liabilities is 2,333 million baht and long-term liabilities is 1,769 million baht, decreased by 494 million baht or 10% from the previous year. The main decrease is from the paid-up investment to enhance production capacity of the plants. The liability from bank loans decrease by 669 million baht. During the year, the Company withdrew loan in the amount of 46 million baht and the Company repaid the long-term loan in the amount of 717 million baht.

Part of shareholders

↳ Capital structure

The Company's shareholders' equity as at 31 December 2015 is 5,531 million baht, increased by 313 million baht from the year ended 31 December 2014 of which the shareholders' equity equal 5,217 million baht. This is the result of the interim operating profit.

The company's profit appropriation in 2015 includes dividends for 2015 operating results at the rate of 0.60 baht per share, with the total of 255.1 million baht. The paid dividend is from the business that is supported by BOI in the whole amount. The interim dividends were paid on 3 September 2015 at the rate of 0.20 baht per share, or the total of 85.0 million baht. Thus, the remaining is at the rate of 0.40 baht per share, with the total of 170.0 million baht, would be paid to shareholders in May 2016.

The Company's profit appropriation in 2014 includes dividends for 2014 operating results at the rate of 0.60 baht per share, with the total of 255.1 million baht. The paid dividend is from the business that is supported by BOI in the whole amount. The interim dividends were paid on 3 September 2014 at the rate of 0.22 baht per share, or the total of 93.5 million baht. Thus, the remaining is at the rate of 0.38 baht per share, with the total of 161.57 million baht, were paid to shareholders in May 2015.

As at 31 December 2015, the company's capital structure consists of total liability for the amount of 4,103 million baht and the shareholders' equity for the amount of 5,531 million baht; the debt-to-equity ratio is approximately 0.74 times.

Analysis of Cash Flow Statement

According to the consolidated financial statements as at 31 December 2015 and 31 December 2014, the company's net cash inflow from operating activities is 1,477 million baht and 1,827 million baht (respectively). The company's net cash outflow from investing activities is 724 million baht and 1,319 million baht (respectively). This is the result of the company and subsidiaries' investment in Axle shaft production line, Coil spring production line and Casting production line to enhance production capacity for the future customer demand, and to build a new plant of the subsidiary for molding production line, and Somboon Learning Academy for staffs development. Cash outflow from financing activities is 818 million baht and 283 million baht (respectively), which is the result of the repaid long-term loan for investment project for the amount of 570 million baht and the total cash dividend paid for the amount of 306 million baht.

Main factors and influence that might affect the work operation or the financial position in the future

The overall automobile industry in 2015 does not achieve the target because buyers slowed down on new car purchase due to the political and the economic crisis. The selling volume of automobile in the country is 0.7 million cars while the export volume of automobiles is 1.2 million cars. In 2015, Thailand has remained as the base for pick-up car manufacture for worldwide export. As a result, the manufacturing of automobiles and parts continues to grow. In addition, the ASEAN Economic Community (AEC) will be another reinforcement that drives automobile and parts manufacturing because of the investment expansion in this industry. Due to such factors, in 2016 the Company will be ready for outside and inside factors to invests in new technology and machines, and have strategic planning to increase its market share in ASEAN market, invest in Research and Development to increase product value, and enhance production quality and engineering design to be cost competitive. Concurrently, the Company has managed its human resources based on "Somboon Triple Bottom Line" for the sustainability.

Somboon Advance Technology Public Company Limited and its Subsidiaries

Financial statements for the year ended
31 December 2015
and
Independent Auditor's Report

Independent Auditor's Report

To the Shareholders of Somboon Advance Technology Public Company Limited

I have audited the accompanying consolidated and separate financial statements of Somboon Advance Technology Public Company Limited and its subsidiaries (the "Group"), and of Somboon Advance Technology Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2015, the consolidated and separate statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated and Separate Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated and separate financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the

effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2015 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



(Sakda Kaothanthong)
Certified Public Accountant
Registration No. 4628

KPMG Phoomchai Audit Ltd.
Bangkok
18 February 2016

Somboon Advance Technology Public Company Limited and its Subsidiaries

Statement of cash flows

	Consolidated		Separate	
	financial statements		financial statements	
	For the year ended		For the year ended	
	31 December		31 December	
	2015	2014	2015	2014
	<i>(in Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit for the year	641,538,005	649,834,968	386,645,248	476,996,613
<i>Adjustments for</i>				
Depreciation and amortisation	858,105,414	838,907,922	251,506,244	258,762,408
Written-off property, plant and equipment	17,679,898	12,000,924	-	94,586
Interest income	-11,760,124	-7,403,328	-16,349,424	-18,127,017
Finance costs	115,772,029	146,678,628	40,001,044	54,352,721
Set up allowance for decline in value of inventories (reversal)	-18,904,078	7,603,872	355,098	216,809
Unrealised loss (gain) on exchange	-816,769	270,940	-20,061	-186,129
Gain on disposal of property, plant and equipment	-59,365	-1,970,448	-247,017	-1,787,573
Share of profit of investments in associates	-56,459,232	-59,259,117	-	-
Dividends income	-2,465,000	-3,655,000	-	-71,758,482
Employee benefit obligations	29,257,582	22,393,161	10,566,733	8,749,849
Reversal of expenses for employee stock option plan	-	-3,823,130	-	-3,823,130
Income tax expense	43,332,821	69,425,962	38,389,586	35,304,586
	1,615,221,181	1,671,005,354	710,847,451	738,795,241
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	-15,299,603	-75,322,353	57,090,075	23,693,575
Other receivables	-34,160,622	-4,769,757	11,330,638	-44,305,252
Inventories	-58,566,061	-16,490,037	2,007,050	15,965,291
Other non-current assets	6,066,569	3,582,948	733,991	905
Trade accounts payable	112,631,566	16,563,827	-17,919,311	-36,738,631
Other payables	4,382,641	-33,138,385	-29,831,164	-5,626,585
Other non-current liabilities	-700,099	-1,040,238	-661,170	-1,073,693
Cash generated from operating activities	1,629,575,572	1,560,391,359	733,597,560	690,710,851
Employee benefit paid	-13,686,950	-15,052,905	-4,255,970	-5,423,159
Income tax paid	-64,016,907	-81,343,952	-40,003,137	-30,451,526
Net cash provided by operating activities	1,551,871,715	1,463,994,502	689,338,453	654,836,166

The accompanying notes are an integral part these financial statements.

Somboon Advance Technology Public Company Limited and its Subsidiaries
Statement of cash flows

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2015	2014	2015	2014
	<i>(in Baht)</i>			
<i>Cash flows from investing activities</i>				
Interest received	11,760,124	7,403,328	17,211,728	17,971,692
Purchase of current investments	-131,289,681	-103,537,412	-116,777,973	-103,537,412
Dividends received from subsidiary	-	-	-	71,758,482
Dividends received from associates	10,227,000	6,663,000	-	-
Dividends received from other company	2,465,000	3,655,000	-	-
Short-term loans to subsidiaries	-	-	-760,000,000	-1,230,000,000
Proceeds from repayment of short-term loans to subsidiaries	-	-	870,000,000	1,210,000,000
Cash payment for investment in subsidiaries	-	-	-	-10,336,000
Purchase of property, plant and equipment	-381,302,668	-620,659,345	-99,559,858	-95,627,277
Sale of property, plant and equipment	1,638,358	3,381,264	247,040	1,792,270
Purchase of intangible assets	-6,923,350	-7,856,460	-4,182,863	-4,473,860
Net cash used in investing activities	-493,425,217	-710,950,625	-93,061,926	-142,452,105
<i>Cash flows from financing activities</i>				
Finance costs paid	-114,966,310	-143,918,453	-39,715,404	-52,173,534
Decrease in bank overdrafts	-	-12,204	-	-
Decrease in short-term loans from financial institutions	-	-2,130,634	-	-
Finance lease payment	-750,936	-171,142	-51,445	-353,698
Proceeds from long-term borrowings	45,900,000	205,287,760	-	17,200,000
Repayment of long-term borrowings	-717,367,500	-569,795,000	-301,805,000	-222,245,000
Dividends paid	-246,611,805	-306,133,744	-246,611,805	-306,133,744
Rights for employee stock option plan paid	-	-5,338,515	-	-5,338,515
Proceeds from issue of ordinary shares	-	4,008,543	-	4,008,543
Net cash used in financing activities	-1,033,796,551	-818,203,389	-588,183,654	-565,035,948
Net increase (decrease) in cash and cash equivalents	24,649,947	-65,159,512	8,092,873	-52,651,887
Cash and cash equivalents at 1 January	975,360,586	1,040,520,098	375,235,128	427,887,015
Cash and cash equivalents at 31 December	1,000,010,533	975,360,586	383,328,001	375,235,128
<i>Non-cash transactions</i>				
Accounts payable - purchase of assets	39,999,734	66,454,844	5,962,065	4,727,718

The accompanying notes are an integral part these financial statements.

Somboon Advance Technology Public Company Limited and its Subsidiaries

Statement of income

		Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
	Note	2015	2014	2015	2014
		(in Baht)			
Revenues					
Revenue from sale of goods and rendering of services	4, 23, 27	8,644,459,275	8,083,985,458	2,472,454,872	2,622,935,568
Net foreign exchange gain		1,026,601	-	1,495,263	1,482,330
Other income	4	171,666,350	94,673,208	215,334,221	276,947,108
Total revenues		8,817,152,226	8,178,658,666	2,689,284,356	2,901,365,006
Expenses					
Cost of sale of goods and rendering of services	25	7,392,472,263	6,666,702,894	1,861,941,824	1,958,340,692
Selling expenses		134,448,446	126,354,963	43,706,172	42,075,021
Administrative expenses		546,047,894	578,716,454	318,175,678	334,295,373
Net foreign exchange loss		-	203,914	-	-
Finance costs		115,772,029	146,678,628	40,425,848	54,352,721
Total expenses		8,188,740,632	7,518,656,853	2,264,249,522	2,389,063,807
Share of profit of investments in associates	11	56,459,232	59,259,117	-	-
Profit before income tax expense		684,870,826	719,260,930	425,034,834	512,301,199
Income tax expense	26	(43,332,821)	(69,425,962)	(38,389,586)	(35,304,586)
Profit for the year		641,538,005	649,834,968	386,645,248	476,996,613
Earnings per share					
Basic earnings per share	28	1.51	1.53	0.91	1.12

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

Somboon Advance Technology Public Company Limited and its Subsidiaries
Statement of comprehensive income

		Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
	<i>Note</i>	2015	2014	2015	2014
		<i>(in Baht)</i>			
Profit for the year		641,538,005	649,834,968	386,645,248	476,996,613
Other comprehensive income					
<i>Items that will never be reclassified to profit or loss</i>					
Actuarial loss from defined benefit plan	20	(87,235,099)	-	(31,825,177)	-
Income tax on other comprehensive income	16	8,577,597	-	3,366,586	-
<i>Items that are or may be reclassified to profit or loss</i>					
Foreign currency translation differences, net of tax		<u>-2,912,576</u>	<u>3,928,636</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the year - net of tax		<u>-81,570,078</u>	<u>3,928,636</u>	<u>(28,458,591)</u>	<u>-</u>
Total comprehensive income for the year		<u>559,967,927</u>	<u>653,763,604</u>	<u>358,186,657</u>	<u>476,996,613</u>

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

Somboon Advance Technology Public Company Limited and its Subsidiaries
Statement of changes in equity

Consolidated financial statements								
				Retained earnings		Other components of equity		
	Note	Issued and paid-up share capital	Premium on ordinary shares	Rights for employee stock option plan	Legal reserve (in Baht)	Unappropriated	Foreign currency translation differences	Total equity
Year ended 31 December 2014								
Balance at 1 January 2014		424,945,994	712,682,809	6,871,234	55,671,181	3,672,263,018	275,470	4,872,709,706
Transaction with owners, recorded directly in equity								
Contributions by and distributions to owners of the Company								
Issue of ordinary shares	21	247,900	-	-	-	-	-	247,900
Premium on ordinary shares		-	3,760,643	-	-	-	-	3,760,643
Dividends to owners of the Company	29	-	-	-	-	(306,133,744)	-	(306,133,744)
Rights for employee stock option plan		-	-	(6,871,234)	-	-	-	(6,871,234)
Total contributions by and distributions to owners of the Company		247,900	3,760,643	(6,871,234)	-	(306,133,744)	-	(308,996,435)
Comprehensive income for the year								
Profit		-	-	-	-	649,834,968	-	649,834,968
Other comprehensive income		-	-	-	-	-	3,928,636	3,928,636
Total comprehensive income for the year		-	-	-	-	649,834,968	3,928,636	653,763,604
Balance at 31 December 2014		425,193,894	716,443,452	-	55,671,181	4,015,964,242	4,204,106	5,217,476,875

Consolidated financial statements						
			Retained earnings		Other components of equity	
Note	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Unappropriated (in Baht)	Foreign currency translation differences	Total equity
Year ended 31 December 2015						
Balance at 1 January 2015	425,193,894	716,443,452	55,671,181	4,015,964,242	4,204,106	5,217,476,875
Transaction with owners, recorded directly in equity						
Distributions to owners of the Company						
29	-	-	-	(246,611,805)	-	(246,611,805)
Total distributions to owners of the Company	-	-	-	(246,611,805)	-	(246,611,805)
Comprehensive income for the year						
Profit	-	-	-	641,538,005	-	641,538,005
Other comprehensive income	-	-	-	(78,657,502)	(2,912,576)	(81,570,078)
Total comprehensive income for the year	-	-	-	562,880,503	(2,912,576)	559,967,927
Balance at 31 December 2015	425,193,894	716,443,452	55,671,181	4,332,232,940	1,291,530	5,530,832,997

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

Somboon Advance Technology Public Company Limited and its Subsidiaries
Statement of changes in equity

		Separate financial statements					
					Retained earnings		
	Note	Issued and paid-up share capital	Premium on ordinary shares	Rights for employee stock option plan	Legal reserve (in Baht)	Unappropriated	Total equity
Year ended 31 December 2014							
Balance at 1 January 2014		424,945,994	712,682,809	6,871,234	42,671,181	2,628,409,406	3,815,580,624
Transaction with owners, recorded directly in equity							
Contributions by and distributions to owners of the Company							
Issue of ordinary shares	21	247,900	-	-	-	-	247,900
Premium on ordinary shares		-	3,760,643	-	-	-	3,760,643
Dividends to owners of the Company	29	-	-	-	-	(306,133,744)	(306,133,744)
Rights for employee stock option plan		-	-	(6,871,234)	-	-	(6,871,234)
Total contributions by and distributions to owners of the Company		247,900	3,760,643	(6,871,234)	-	(306,133,744)	(308,996,435)
Comprehensive income for the year							
Profit		-	-	-	-	476,996,613	476,996,613
Total comprehensive income for the year		-	-	-	-	476,996,613	476,996,613
Balance at 31 December 2014		425,193,894	716,443,452	-	42,671,181	2,799,272,275	3,983,580,802

			Separate financial statements			
			Retained earnings			
	Note	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve (in Baht)	Unappropriated	Total equity
Year ended 31 December 2015						
Balance at 1 January 2015		425,193,894	716,443,452	42,671,181	2,799,272,275	3,983,580,802
Transaction with owners, recorded directly in equity						
<i>Distributions to owners of the Company</i>						
Dividends to owners of the Company	29	-	-	-	(246,611,804)	(246,611,804)
<i>Total distributions to owners of the Company</i>		-	-	-	(246,611,804)	(246,611,804)
Comprehensive income for the year						
Profit		-	-	-	386,645,248	386,645,248
Other comprehensive income		-	-	-	-28,458,591	(28,458,591)
Total comprehensive income for the year		-	-	-	358,186,657	358,186,657
Balance at 31 December 2015		425,193,894	716,443,452	42,671,181	2,910,847,128	4,095,155,655

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

Somboon Advance Technology Public Company Limited and its Subsidiaries

Statement of financial position

Assets	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2015	2014	2015	2014
		<i>(in Baht)</i>			
Cash and cash equivalents	5	1,000,010,533	975,360,586	383,328,001	375,235,128
Current investments	6	268,887,893	137,598,212	254,376,185	137,598,212
Trade accounts receivable	4, 7	1,310,667,695	1,295,658,986	385,102,994	442,054,904
Other receivables	4, 8	110,337,444	76,176,822	86,272,170	98,465,112
Short-term loans to subsidiaries	4	-	-	150,000,000	260,000,000
Inventories	9	737,742,748	660,272,609	138,570,055	140,932,203
Total current assets		3,427,646,313	3,145,067,215	1,397,649,405	1,454,285,559
Non-current assets					
Investments in associates	10	279,695,332	233,463,100	-	-
Investments in subsidiaries	11	-	-	2,461,890,702	2,461,890,702
Other long-term investments	12	26,651,146	26,651,146	-	-
Investment properties	13	58,651,750	63,167,000	-	-
Property, plant and equipment	14	5,704,565,316	6,209,332,265	1,397,841,264	1,543,845,199
Goodwill on business combination		17,934,556	17,934,556	-	-
Intangible assets	15	42,411,950	48,337,080	19,056,630	19,188,794
Deferred tax assets	16	35,043,857	19,921,589	11,506,252	4,654,972
Other non-current assets		40,930,323	49,909,467	4,869,421	5,603,412
Total non-current assets		6,205,884,230	6,668,716,203	3,895,164,269	4,035,183,079
Total assets		9,633,530,543	9,813,783,418	5,292,813,674	5,489,468,638

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

Somboon Advance Technology Public Company Limited and its Subsidiaries
Statement of financial position

		Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
Liabilities and equity	<i>Note</i>	2015	2014	2015	2014
		<i>(in Baht)</i>			
<i>Current liabilities</i>					
Trade accounts payable	4, 18	1,233,328,072	1,121,458,291	316,237,953	334,039,159
Other payables	19	300,069,500	297,693,360	66,320,039	96,466,577
Accounts payable - purchase of assets		39,999,734	66,454,844	5,962,065	4,727,718
Current portion of long-term loans					
from financial institutions	17	739,325,859	665,239,537	251,384,742	251,203,986
Current portion of finance lease liabilities	17	924,564	655,346	123,972	-
Income tax payable		19,768,667	33,908,083	19,662,702	17,791,560
Total current liabilities		2,333,416,396	2,185,409,461	659,691,473	704,229,000
<i>Non-current liabilities</i>		102,805,731			
Long-term loans from financial institutions	17	1,502,353,211	2,245,779,070	448,314,175	749,698,917
Finance lease liabilities	17	1,521,761	1,817,466	217,682	-
Employee benefit obligations	20	264,550,762	161,745,031	88,811,073	50,675,133
Other non-current liabilities		855,416	1,555,515	623,616	1,284,786
Total non-current liabilities		1,769,281,150	2,410,897,082	537,966,546	801,658,836
Total liabilities		4,102,697,546	4,596,306,543	1,197,658,019	1,505,887,836

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

Somboon Advance Technology Public Company Limited and its Subsidiaries

Statement of financial position

		Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
Liabilities and equity	Note	2015	2014	2015	2014
		(in Baht)			
Equity					
Share capital	21				
Authorised share capital		426,711,809	426,711,809	426,711,809	426,711,809
Issued and paid-up share capital		425,193,894	425,193,894	425,193,894	425,193,894
Premium on ordinary shares	21	716,443,452	716,443,452	716,443,452	716,443,452
Retained earnings					
Appropriated	22				
Legal reserve		55,671,181	55,671,181	42,671,181	42,671,181
Unappropriated		4,332,232,940	4,015,964,242	2,910,847,128	2,799,272,275
Other components of equity					
Foreign currency translation differences	22	1,291,530	4,204,106	-	-
Total equity		5,530,832,997	5,217,476,875	4,095,155,655	3,983,580,802
Total liabilities and equity		9,633,530,543	9,813,783,418	5,292,813,674	5,489,468,638

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

Somboon Advance Technology Public Company Limited and its Subsidiaries

Notes to the financial statements

Note	Contents
1	General information
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Somboon Advance Technology Public Company Limited and its Subsidiaries

Notes to the financial statements

These notes form an integral part of the financial statements.

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 authorised for issue by the Board of Directors on 18 February 2016.

1 General information

Somboon Advance Technology Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at

Head Office : 129 Moo 2, Bangna-Trad Road, Tambon Bangchalong, Amphur Bangplee, Samutprakarn 10540.

Branch : 300/10 Moo 1, Tambon Tasit, Amphur Pluak Daeng, Rayong 21140.

Branch : 7/389 Moo 6, Tambon Mapyangporn, Amphur Pluak Daeng, Rayong 21140.

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

The major shareholders during the financial year were Somboon Holding Company Limited (26.2% shareholding), which incorporated in Thailand and Kitaphanich family (16.5% shareholding).

The principal businesses of the Company are the manufacture of pick-up axles and truck trunnion shafts. Details of the Company’s subsidiaries as at 31 December 2015 and 2014 are given in notes 4 and 11.

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.

The FAP has issued new and revised TFRS effective for accounting periods beginning on or after 1 January 2015. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP had issued a number of other new and revised TFRS which are effective for financial statements beginning on or after 1 January 2016 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 33.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

<i>Items</i>	<i>Measurement bases</i>
Net defined benefit liability	Present value of the defined benefit obligation, limited as explained in Note 3 (n)

(c) Functional and presentation currency

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

(d) 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 these estimates.

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

Information about significant areas of estimation uncertainties that have a significant risk of resulting in a material adjustments to the amounts recognised in the financial statements is included in the following notes:

Note 4 (s)	Current and deferred taxation
Note 16	Utilisation of tax losses
Note 20	Measurement of defined benefit obligations

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the CFO.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(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. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence.

Transactions eliminated on consolidation

Intra-group balances 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 the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rates ruling at that date.

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

Foreign currency differences are generally recognised in profit or loss.

Foreign operations

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

The revenues and expenses of foreign operations 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.

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 statements on inception but deferred and accounted for on a settlement basic.

(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 asset

Property, plant and equipment are stated at cost less 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. 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.

Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

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.

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	5 - 40 years
Machinery and equipment	1.5 - 30 years
Furniture, fixtures and office equipment	3 - 5 years
Vehicle	5 years

No depreciation is provided on freehold land, assets under construction and spare parts for machinery.

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

(j) *Intangible assets*

Goodwill

Goodwill is measured as the excess of the cost of acquisition over the fair value of the identifiable assets acquired.

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment as described in note 3 (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 - 10 years

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 cost 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

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any application minimum funding requirements.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognized immediately in other comprehensive income ("OCI"). The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits 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. Remeasurements are recognized in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid 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.

(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 is arrived at after deduction of trade discounts and volume rebate.

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 expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred 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.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(t) Earnings per share

The Group presents basic data for its ordinary shares. Basic earning per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

(u) Segment reporting

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

4 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 subsidiaries, associates, relationship with key management and other related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Somboon Holding Company Limited	Thailand	Major shareholders, 26.2% shareholding
Somboon Malleable Iron Industrial Company Limited	Thailand	Subsidiary, 100% shareholding
Bangkok Spring Industrial Company Limited	Thailand	Subsidiary, 100% shareholding
International Casting Products Co., Ltd	Thailand	Subsidiary, 100% shareholding
SBG International Japan Company Limited	Japan	Subsidiary, 100% shareholding
Somboon Forging Technology Company Limited	Thailand	Subsidiary, 100% shareholding
Yamada Somboon Company Limited	Thailand	Associate, 20% shareholding
Tsuchiyoshi Somboon Coated Sand Co., Ltd	Thailand	Associate, 21.25% 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 2015 and 2014 with related parties were as follows:

<i>Year ended 31 December</i>	Pricing policies	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
<i>(in million Baht)</i>					
Subsidiaries					
Sales of goods	Approximates market prices	-	-	134	122
Dividend income	Right to receive	-	-	-	72
Interest income	Contractually agreed price	-	-	8	13
Management fee income	Contractually agreed price	-	-	133	130
Facilities income	Approximates cost	-	-	12	17
Rental income	Contractually agreed price	-	-	6	5
Sales of scraps	Approximates market prices	-	-	8	8
Rental expense	Contractually agreed price	-	-	2	2
Facilities Expense	Approximates cost	-	-	1	2
Other expense	Approximates market price	-	-	12	3
Associate					
Purchases of goods	Approximates market price	37	25	-	-
Key management personnel					
Key management personnel compensation					
Short-term benefits		63	63	55	55
Other long-term benefits		2	2	2	2
Total key management personnel compensation		65	65	57	57

Balances as at 31 December 2015 and 2014 with related parties were as follows:

Trade accounts receivable	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<i>(in thousand Baht)</i>				
Subsidiary				
Somboon Malleable Iron Industrial Company Limited	-	-	18,953	26,341
Other receivables				
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<i>(in thousand Baht)</i>				
Subsidiaries				
Somboon Malleable Iron Industrial Company Limited	-	-	25,812	34,086
Bangkok Spring Industrial Company Limited	-	-	22,569	29,076
International Casting Products Co., Ltd	-	-	19,335	26,913
SBG International Japan Company Limited	-	-	406	468
Somboon Forging Technology Company Limited	-	-	7,482	303
Total	-	-	75,604	90,846

Short-term loans to subsidiaries

	Separate financial statements	
	2015	2014
	(in thousand Baht)	
Subsidiaries		
International Casting Products Co., Ltd	30,000	200,000
SBG International Japan Company Limited	40,000	40,000
Somboon Forging Technology Company Limited	80,000	20,000
Total	150,000	260,000

Movements during the years ended 31 December 2015 and 2014 of loans to subsidiaries were as follows:

	Separate financial statements	
	2015	2014
	(in thousand Baht)	
Short-term loans to subsidiaries		
At 1 January	260,000	240,000
Increase	760,000	1,230,000
Decrease	(870,000)	(1,210,000)
At 31 December	150,000	260,000

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

Trade account payable

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	(in thousand Baht)			
Associate				
Tsuchiyoshi Somboon Coated Sand Co., Ltd.	13,269	7,826	-	-

Other payables

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	(in thousand Baht)			
Subsidiaries				
Somboon Malleable Iron Industrial Company Limited	-	-	7	92
Bangkok Spring Industrial Company Limited	-	-	827	253
International Casting Products Co., Ltd.	-	-	-	26
SBG International Japan Company Limited	-	-	157	813
Total	-	-	991	1,184

5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	(in thousand Baht)			
Cash on hand	325	358	90	90
Cash at banks - current accounts	3,368	3,672	2,777	2,972
Cash at banks - savings accounts	996,318	916,973	380,461	331,877
Highly liquid short-term investments	-	54,358	-	40,296
Total	1,000,011	975,361	383,328	375,235

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

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Thai Baht (THB)	992,326	968,802	383,328	375,235
Yen (JPY)	7,685	6,559	-	-
Total	<u>1,000,011</u>	<u>975,361</u>	<u>383,328</u>	<u>375,235</u>

6 Current investments

Current investments of the Group and the Company represents short-term deposits at financial institutions which had annual interest rates of 1.70% as at 31 December 2015 (2014: 2.65%) and were denominated entirely in Thai Baht.

7 Trade accounts receivable

		Consolidated financial statements		Separate financial statements	
	Note	2015	2014	2015	2014
		<i>(in thousand Baht)</i>			
Related parties	4	-	-	18,953	26,341
Other parties		1,310,736	1,295,727	366,150	415,714
Total		<u>1,310,736</u>	<u>1,295,727</u>	<u>385,103</u>	<u>442,055</u>
Less allowance for doubtful accounts		(68)	(68)	-	-
Net		<u>1,310,668</u>	<u>1,295,659</u>	<u>385,103</u>	<u>442,055</u>

Aging analyses for trade accounts receivable were as follows:

		Consolidated financial statements		Separate financial statements	
	Note	2015	2014	2015	2014
		<i>(in thousand Baht)</i>			
Related parties					
Within credit terms	4	-	-	18,953	26,341
Other parties					
Within credit terms		1,308,227	1,294,337	366,150	415,714
Overdue:					
Less than 3 months		2,089	864	-	-
3-12 months		352	458	-	-
Over 12 months		68	68	-	-
		<u>1,310,736</u>	<u>1,295,727</u>	<u>366,150</u>	<u>415,714</u>
Less allowance for doubtful accounts		(68)	(68)	-	-
Net		<u>1,310,668</u>	<u>1,295,659</u>	<u>385,103</u>	<u>442,055</u>

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

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

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Thai Baht (THB)	1,285,816	1,258,116	376,738	427,565
United States Dollars (USD)	12,004	15,317	8,365	14,490
Yen (JPY)	12,848	22,226	-	-
Total	1,310,668	1,295,659	385,103	442,055

8 Other receivables

		Consolidated financial statements		Separate financial statements	
	Note	2015	2014	2015	2014
		<i>(in thousand Baht)</i>			
Related parties	4	-	-	75,604	90,846
Other parties					
Revenue department receivable		83,497	42,917	1,949	1,486
Prepaid expenses		7,982	5,631	3,257	2,550
Accrued incomes		5,918	7,774	3,836	3,058
Others		12,940	19,855	1,626	525
Total		110,337	76,177	86,272	98,465

The currency denomination of other receivables as at 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Thai Baht (THB)	107,510	76,177	86,272	98,465
Yen (JPY)	2,827	-	-	-
Total	110,337	76,177	86,272	98,465

9 Inventories

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Finished goods	246,609	246,634	60,643	58,838
Work in process	115,149	80,154	6,564	4,711
Raw materials	129,273	110,276	9,737	11,057
Factory supplies	168,712	143,014	27,878	28,264
Spare parts	111,210	74,750	43,097	46,792
Goods in transit	19,980	46,398	125	389
Total	790,933	701,226	148,044	150,051
Less allowance for decline in value	(53,190)	(40,953)	(9,474)	(9,119)
Net	737,743	660,273	138,570	140,932

10 Investments in associates

	Consolidated financial statements	
	2015	2014
	<i>(in thousand Baht)</i>	
At 1 January	233,463	180,867
Share of net profit of investments - equity method	56,459	59,259
Dividend income	(10,227)	(6,663)
At 31 December	279,695	233,463

Investments in associates as at 31 December 2015 and 2014, and dividend income for the years then ended were as follows:

		Consolidated financial statements										
	Type of business	Country of incorporation	Ownership Interest		Paid-up capital		Cost method		Equity method		Dividend income	
			2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
			(in thousand Baht)									
			(%)									
Associates												
Tsuchiyoshi Somboon Coated Sand Co., Ltd	Manufacture and sale of plastic-coated sand and dry sand	Thailand	21.25	21.25	72,000	72,000	15,300	15,300	48,040	44,514	1,530	1,530
Yamada Somboon Company Limited	Manufacture and sale of auto parts	Thailand	20.00	20.00	150,000	150,000	30,807	30,807	231,655	188,949	8,697	5,133
Total							46,107	46,107	279,695	233,463	10,227	6,663

11 Investments in subsidiaries

	Separate financial statements	
	2015	2014
	<i>(in thousand Baht)</i>	
At 1 January	2,461,891	2,451,555
Acquisitions	-	10,336
At 31 December	2,461,891	2,461,891

At the Board of Directors' meeting No. 9/2013 held on 13 December 2013, the Board of Directors approved to increase the authorised share capital of Somboon International Japan Company Limited from Yen 25 million to Yen 57 million by issuing 320,000 new ordinary shares at Yen 100 par value. The subsidiary registered the increase of shares capital on 28 January 2014.

Investments in subsidiaries as at 31 December 2015 and 2014, and dividend income for the years then ended were as follows:

Separate financial statements										
	Type of business	Country of incorporation	Ownership interest		Paid-up capital		Cost method		Dividend income	
			2015	2014	2015	2014	2015	2014	2015	2014
			(%)				(in thousand Baht)			
Subsidiaries										
Somboon Malleable Iron Industrial Company Limited	Manufacture and sale of auto parts	Thailand	100	100	500,000	500,000	875,989	875,989	-	-
Bangkok Spring Industrial Company Limited	Manufacture and sale of auto parts	Thailand	100	100	130,000	130,000	519,989	519,989	-	71,758
International Casting Products Co., Ltd	Manufacture and sale of auto parts	Thailand	100	100	785,000	785,000	796,034	796,034	-	-
SBG International Japan Company Limited	Provide marketing Information support	Japan	100	100	19,879	19,879	19,879	19,879	-	-
Somboon Forging Technology Company Limited	Manufacture and sale of auto parts	Thailand	100	100	250,000	250,000	250,000	250,000	-	-
Total							2,461,891	2,461,891	-	71,758

12 Other long-term investments

Consolidated financial statements						
Name of the entity	Type of business	Paid-up capital	Ownership Interest		Cost	
			2015	2014	2015	2014
			(%)		(in thousand Baht)	
Nisshinbo Somboon Automotive Company Limited	Manufacture and sale of auto parts and brake systems	732,600	2.90	2.90	21,250	21,250
Somboon Somic Manufacturing Company Limited	Manufacture and sale of auto parts	300,000	1.80	1.80	5,401	5,401
Total					26,651	26,651

13 Investment properties

Investment properties are land not used in its operation of a subsidiary and were revalued by First Star Consultant Co., Ltd., a firm of independent professional valuers in October 2013, at open market values on an existing use basis. The appraised value was Baht 78 million.

Fair value hierarchy

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's investment property portfolio.

The fair value for investment property of Baht 78 million has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

The part of investment properties are mortgaged as collateral for the loan of the subsidiary.

14 Property, plant and equipment

Consolidated financial statements

	Land	Buildings and other constructions	Machinery and factory equipment	Office furniture, fixtures and equipment (in thousand Baht)	Vehicles	Assets under construction and installation	Spare parts for machinery	Total
Cost								
At 1 January 2014	599,136	1,734,043	8,151,954	154,840	19,343	821,283	63,261	11,543,860
Additions	17,309	1,660	53,272	7,610	1,311	494,709	20,880	596,751
Transfers	1,678	105,474	856,271	76	-	(963,499)	-	-
Disposals	(1)	-	(118,442)	(2,383)	(8,435)	(95)	-	(129,356)
At 31 December 2014 and 1 January 2015	618,122	1,841,177	8,943,055	160,143	12,219	352,398	84,141	12,011,255
Additions	4,605	244	64,381	7,164	3,612	274,342	5,400	359,748
Transfers	-	23,670	393,592	3,832	-	(408,253)	(12,841)	-
Disposals	-	(2,529)	(124,247)	(747)	(705)	-	-	(128,228)
At 31 December 2015	622,727	1,862,562	9,276,781	170,392	15,126	218,487	76,700	12,242,775
Depreciation								
At 1 January 2014	-	512,409	4,433,715	125,165	17,539	-	-	5,088,828
Depreciation charge for the year	-	96,367	713,656	12,277	811	-	-	823,111
Disposals	-	-	(99,728)	(2,370)	(7,918)	-	-	(110,016)
At 31 December 2014 and 1 January 2015	-	608,776	5,047,643	135,072	10,432	-	-	5,801,923
Depreciation charge for the year	-	99,090	733,723	11,485	960	-	-	845,257
Disposals	-	(2,219)	(105,339)	(708)	(705)	-	-	(108,970)
At 31 December 2015	-	705,647	5,676,027	145,849	10,687	-	-	6,538,210

Consolidated financial statements

	Land	Buildings and other constructions	Machinery and factory equipment	Office furniture, fixtures and equipment (in thousand Baht)	Vehicles	Assets under construction and installation	Spare parts for machinery	Total
Net book value								
At 1 January 2014								
Owned assets	599,136	1,221,634	3,712,895	29,675	1,065	821,283	63,261	6,448,949
Assets under finance leases	-	-	5,344	-	739	-	-	6,083
	599,136	1,221,634	3,718,239	29,675	1,804	821,283	63,261	6,455,032
At 31 December 2014 and 1 January 2015								
Owned assets	618,122	1,232,401	3,895,412	25,071	1,787	349,597	84,141	6,206,531
Assets under finance leases	-	-	-	-	-	2,801	-	2,801
	618,122	1,232,401	3,895,412	25,071	1,787	352,398	84,141	6,209,332
At 31 December 2015								
Owned assets	622,727	1,156,915	3,598,199	24,323	4,439	218,487	76,700	5,701,790
Assets under finance leases	-	-	2,555	220	-	-	-	2,775
	622,727	1,156,915	3,600,754	24,543	4,439	218,487	76,700	5,704,565

Separate financial statements

	Land	Buildings and other constructions	Machinery and factory equipment	Office furniture, fixtures and equipment (in thousand Baht)	Vehicles	Assets under construction and installation	Spare parts for machinery	Total
Cost								
At 1 January 2014	78,068	371,241	2,604,165	59,657	9,649	277,679	13,334	3,413,793
Additions	13,713	463	6,104	3,454	13	68,436	72	92,255
Transfers	-	76,299	31,509	-	-	(107,808)	-	-
Disposals	-	-	(60,948)	(21)	(3,993)	(94)	-	(65,056)
At 31 December 2014 and 1 January 2015	91,781	448,003	2,580,830	63,090	5,669	238,213	13,406	3,440,992
Additions	-	-	12,895	2,136	3,612	82,544	-	101,187
Transfers	-	832	209,850	139	-	(208,647)	(2,174)	-
Disposals	-	-	(5,199)	(75)	-	-	-	(5,274)
At 31 December 2015	91,781	448,835	2,798,376	65,290	9,281	112,110	11,232	3,536,905
Depreciation								
At 1 January 2014	-	106,368	1,543,112	50,197	8,558	-	-	1,708,235
Depreciation charge for the year	-	28,012	221,103	4,237	516	-	-	253,868
Disposals	-	-	(60,943)	(21)	(3,993)	-	-	(64,957)
At 31 December 2014 and 1 January 2015	-	134,380	1,703,272	54,413	5,081	-	-	1,897,146
Depreciation charge for the year	-	28,934	213,988	3,589	681	-	-	247,192
Disposals	-	-	(5,199)	(75)	-	-	-	(5,274)
At 31 December 2015	-	163,314	1,912,061	57,927	5,762	-	-	2,139,064

Separate financial statements

	Land	Buildings and other constructions	Machinery and factory equipment	Office furniture, fixtures and equipment <i>(in thousand Baht)</i>	Vehicles	Assets under construction and installation	Spare parts for machinery	Total
<i>Net book value</i>								
At 1 January 2014								
Owned assets	78,068	264,873	1,061,053	9,460	352	277,679	13,334	1,704,819
Assets under finance leases	-	-	-	-	739	-	-	739
	78,068	264,873	1,061,053	9,460	1,091	277,679	13,334	1,705,558
At 31 December 2014 and 1 January 2015								
Owned assets	91,781	313,623	877,558	8,677	588	238,213	13,406	1,543,846
Assets under finance leases	-	-	-	-	-	-	-	-
	91,781	313,623	877,558	8,677	588	238,213	13,406	1,543,846
At 31 December 2015								
Owned assets	91,781	285,521	886,315	7,243	3,519	112,110	11,232	1,397,721
Assets under finance leases	-	-	-	120	-	-	-	120
	91,781	285,521	886,315	7,363	3,519	112,110	11,232	1,397,841

The gross amount of the Company's fully depreciated plant and equipment that was still in use as at 31 December 2015 amounting to Baht 2,739 million (2014: Baht 2,091 million).

As at 31 December 2015, land of the Company valued at Baht 2.3 million comprises land for which the legal ownership has yet to be transferred which is in accordance with the agreements to purchase and to sell the land.

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 2014, the subsidiaries capitalised interest amounting to Baht 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 3.48% per annum.

15 Intangible assets

Consolidated financial statements			
	Software licences	Software under installation	Total
	<i>(in thousand Baht)</i>		
Cost			
At 1 January 2014	114,885	740	115,625
Additions	3,423	4,433	7,856
Transfers	2,945	(2,945)	-
At 31 December 2014 and 1 January 2015	121,253	2,228	123,481
Additions	2,740	4,183	6,923
Disposals	(6,230)	-	(6,230)
At 31 December 2015	117,763	6,411	124,174
Amortisation			
At 1 January 2014	59,347	-	59,347
Amortisation charge for the year	15,797	-	15,797
At 31 December 2014 and 1 January 2015	75,144	-	75,144
Amortisation charge for the year	12,848	-	12,848
Disposals	(6,230)	-	(6,230)
At 31 December 2015	81,762	-	81,762
Net book value			
At 1 January 2014	55,538	740	56,278
At 31 December 2014 and 1 January 2015	46,109	2,228	48,337
At 31 December 2015	36,001	6,411	42,412
Separate financial statements			
	Software licences	Software under installation	Total
	<i>(in thousand Baht)</i>		
Cost			
At 1 January 2014	43,241	740	43,981
Additions	41	4,433	4,474
Transfers	2,945	(2,945)	-
At 31 December 2014 and 1 January 2015	46,227	2,228	48,455
Additions	-	4,183	4,183
At 31 December 2015	46,227	6,411	52,638
Amortisation			
At 1 January 2014	24,372	-	24,372
Amortisation charge for the year	4,894	-	4,894
At 31 December 2014 and 1 January 2015	29,266	-	29,266
Amortisation charge for the year	4,315	-	4,315
At 31 December 2015	33,581	-	33,581
Net book value			
At 1 January 2014	18,869	740	19,609
At 31 December 2014 and 1 January 2015	16,961	2,228	19,189
At 31 December 2015	12,646	6,411	19,057

16 Deferred tax

Deferred tax assets as at 31 December were as follows:

	Consolidated		Separate	
	Financial statements		Financial statements	
	31	31	31	31
	December	December	December	December
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Deferred tax assets	35,044	19,922	11,506	4,655
Net deferred tax assets	35,044	19,922	11,506	4,655

Movements in total deferred tax assets during the year ended 31 December 2015 and 2014 were as follows:

	Consolidated financial statements		
	(Charged) / Credited to:		
	Other		
	At 1	Profit or	At 31
	January	loss	December
	2015	(Note 26)	2015
	<i>(in thousand Baht)</i>		
Deferred tax assets			
Inventories	5,115	(2,339)	2,776
Employee benefit obligations	14,807	8,883	32,268
Total	19,922	6,544	35,044

Consolidated financial statements			
(Charged) / Credited to:			
	At 1 January 2014	Profit or loss (Note 26) (in thousand Baht)	Other comprehensive income At 31 December 2014
Deferred tax assets			
Inventories	6,292	(1,177)	5,115
Rights for employee stock option plan	131	(131)	-
Employee benefit obligations	18,762	(3,955)	14,807
Total	25,185	(5,263)	19,922

Separate financial statements			
(Charged) / Credited to:			
	At 1 January 2015	Profit or loss (Note 26) (in thousand Baht)	Other comprehensive income At 31 December 2015
Deferred tax assets			
Inventories	712	290	1,002
Employee benefit obligations	3,943	3,194	10,504
Total	4,655	3,484	11,506

(Charged) / Credited to:			
	At 1 January 2014	Profit or loss (Note 26) (in thousand Baht)	Other comprehensive income At 31 December 2014
Deferred tax assets			
Inventories	470	242	712
Rights for employee stock option plan	131	(131)	-
Employee benefit obligations	2,498	1,445	3,943
Total	3,099	1,556	4,655

Deferred tax assets have not been recognised in respect of the following items:

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
(in thousand Baht)				
Temporary difference				
- Difference in rate of depreciation	4,737	5,661	4,022	3,870
Tax losses	180,167	204,449	-	-
Total	184,904	210,110	4,022	3,870

The tax losses expire during 2016 to 2023. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that there will be sufficient future taxable profit against which subsidiaries can utilise the benefits therefrom.

17 Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Current				
Current portion of long-term loans from financial institutions - secured	739,326	665,240	251,385	251,204
Current portion of finance lease liabilities	925	655	124	-
Total current liabilities	740,251	665,895	251,509	251,204
Non-current				
Long-term loans from financial institutions - secured	1,502,353	2,245,779	448,314	749,699
Finance lease liabilities	1,522	1,817	218	-
Total non-current liabilities	1,503,815	2,247,596	448,532	749,699
Total	2,244,126	2,913,491	700,041	1,000,903

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

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Within one year	739,326	665,240	251,385	251,204
After one year but within five years	1,424,753	2,114,365	448,314	717,185
After five years	77,600	131,414	-	32,514
Total	2,241,679	2,911,019	699,699	1,000,903

As at 31 December 2015, the Group and the Company had outstanding long-term loans with financial restitutions which are repayable within 2020 and 2022, respectively. These loans are subject to interest at fixed rates of 4.60% - 4.80% per annum and at floating rates of fixed deposit rates, plus 2.0% - 2.75% per annum.

Long-term credit facility of the 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 financial institutions.

The Company hedges most of their interest rate risk by entering into interest rate swap agreements with a bank, whereby the Company will repay the interest in other interest rates as specified in the agreements. These agreements will be effective until September 2018.

As at 31 December 2015, the long-term credit facilities of the Group and the Company which have not yet been drawn down were nil. (31 December 2014: Baht 45.9 million)

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

Interest-bearing liabilities of the Group and the Company as at 31 December 2015 and 2014 were denominated entirely in Thai Baht.

18 Trade accounts payable

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2015	2014	2015	2014
		<i>(in thousand Baht)</i>			
Related parties	4	13,269	7,826	-	-
Other parties		1,220,059	1,113,632	316,238	334,039
Total		1,233,328	1,121,458	316,238	334,039

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

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Thai Baht (THB)	1,131,181	1,009,356	308,425	327,354
United States Dollars (USD)	80,713	91,437	-	-
Yen (JPY)	21,434	20,665	7,813	6,685
Total	1,233,328	1,121,458	316,238	334,039

19 Other payables

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2015	2014	2015	2014
		<i>(in thousand Baht)</i>			
Related parties	4	-	-	992	1,184
Others					
Accrued operating expenses		111,252	137,674	48,836	71,589
Deposits and advances received		49,907	21,144	503	422
Revenue department payable		27,265	29,876	9,086	15,402
Others		111,646	108,999	6,903	7,870
Total		300,070	297,693	66,320	96,467

The currency denomination of other payables as at 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Thai Baht (THB)	283,870	285,696	66,320	96,397
United States Dollars (USD)	91	141	-	70
Yen (JPY)	15,197	11,856	-	-
Euro (EUR)	912	-	-	-
Total	300,070	297,693	66,320	96,467

20 Employee benefit obligations

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Statement of financial position				
Obligations for:				
Post-employment benefits	242,369	144,251	83,999	47,004
Other long-term employee benefit	22,182	17,494	4,812	3,671
Total	264,551	161,745	88,811	50,675
<i>For the year ended 31 December</i>				
Statement of income:				
Recognised in profit or loss:				
Post-employment benefits	21,419	16,470	8,125	6,530
Other long-term employee benefits	7,839	5,923	2,442	2,220
Total	29,258	22,393	10,567	8,750
Recognised in other comprehensive income:				
Actuarial losses recognised in the year	87,235	-	31,825	-
Cumulative actuarial losses recognised	100,448	23,213	28,950	(2,875)
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 financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Defined benefit obligations at 1 January	161,745	154,405	50,675	47,348
Include in profit or loss:				
Current service cost	19,214	16,469	7,378	6,530
Past service credit	3,484	-	745	-
Interest on obligation	6,560	5,924	2,444	2,220
Included in other comprehensive income				
Actuarial loss	87,235	-	31,825	-
Others				
Benefit paid	(13,687)	(15,053)	(4,256)	(5,423)
Defined benefit obligations at 31 December	264,551	161,745	88,811	50,675

Actuarial losses recognised in other comprehensive income arising from:

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Financial assumptions	21,373	-	6,528	-
Experience adjustment	65,862	-	25,297	-
Total	87,235	-	31,825	-

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

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(%)</i>			
Discount rate	2.50	3.50	2.50	3.50
Future salary increases	5.00	5.00	5.00	5.00

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2015, the weighted-average duration of the defined benefit obligation was 8 years (2014 : 10 years)

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Consolidated financial statements		Separate financial statements	
	<i>(in thousand Baht)</i>			
Defined benefit obligation 31 December 2015	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(11,282)	12,127	(3,394)	3,633
Future salary growth (1% movement)	25,441	(22,359)	7,831	(6,948)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

21 Share capital

	Par value per share (in Baht)	2015 Number	2015 Baht (thousand shares / thousand Baht)	2014 Number	2014 Baht (thousand shares / thousand Baht)
Authorised					
At 1 January					
- Ordinary shares	1	426,712	426,712	426,712	426,712
At 31 December					
- Ordinary shares	1	426,712	426,712	426,712	426,712
Issued and paid-up					
At 1 January					
- Ordinary shares	1	425,194	425,194	424,946	424,946
Issue of new shares	1	-	-	248	248
At 31 December					
- Ordinary shares	1	425,194	425,194	425,194	425,194

The Company has registered the issued and paid-up share capital of 247,900 shares at the par value of Baht 1 per share, totalling of Baht 247,900 with the Ministry of Commerce on 28 February 2014 for the Employee Stock Option Plan.

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.

22 Reserves

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 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.

23 Segment information

The Group has two reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

- *Segment 1* Pick-up axles and truck trunnion shafts.
- *Segment 2* Other auto parts

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

For the year ended 31 December 2015

Information about reportable segments

For the year ended 31 December	Pick-up axles and truck trunnion shafts		Other auto parts		Total		Elimination		Net	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	<i>(in million Baht)</i>									
External revenue from sale of goods and rendering of services	2,338	2,501	6,306	5,583	8,644	8,084	-	-	8,644	8,084
Inter-segment revenue from sale of goods and rendering of services	134	122	1,801	1,746	1,935	1,868	(1,935)	(1,868)	-	-
Total	2,472	2,623	8,107	7,329	10,579	9,952	(1,935)	(1,868)	8,644	8,084
Profit before income tax	425	512	265	283	690	795	(5)	(76)	685	719
Reportable segment assets as at 31 December	5,293	5,489	7,381	7,506	12,674	12,995	(3,040)	(3,181)	9,634	9,814
Reportable segment liabilities as at 31 December	1,198	1,506	3,533	3,862	4,731	5,368	(628)	(772)	4,103	4,596

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

Major customer

Revenues from certain customers of the Group's 1 and 2 segments represents approximately Baht 5,951 million (2014: Baht 5,726 million) of the Group's total revenues.

24 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.

25 Expenses by nature

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

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Employee benefit expenses	1,369,873	1,349,566	395,612	392,358
Depreciation and amortisation expense	858,105	838,908	251,506	258,762
Raw materials and consumables used	4,229,790	3,724,570	1,185,647	1,284,293
Changes in inventories of finished goods and work in process	(34,970)	(6,611)	(3,658)	1,724
Utilities expense	571,952	564,536	119,636	125,245
Finance costs	115,772	146,679	40,426	54,353
Others	1,078,219	901,009	275,081	272,329
Total expenses	8,188,741	7,518,657	2,264,250	2,389,064

26 Income tax expense

Income tax recognised in profit or loss

		Consolidated financial statements		Separate financial statements	
	Note	2015	2014	2015	2014
		<i>(in thousand Baht)</i>			
Current tax expense					
Current year		45,094	59,093	41,874	36,861
Adjustment for prior years		4,783	5,070	-	-
		49,877	64,163	41,874	36,861
Deferred tax expense					
Movements in temporary differences	16	(6,544)	5,263	(3,484)	(1,556)
Total income tax expense		43,333	69,426	38,390	35,305

Income tax recognised in other comprehensive income

Consolidated financial statements					
	Before tax	2015 Tax benefit	Net of tax (in thousand Baht)	Before tax	2014 Tax benefit Net of tax
Defined benefit plan actuarial losses	87,235	(8,578)	78,687	-	-

Separate financial statements					
	Before tax	2015 Tax benefit	Net of tax (in thousand Baht)	Before tax	2014 Tax benefit Net of tax
Defined benefit plan actuarial losses	31,825	(3,367)	28,458	-	-

Reconciliation of effective tax rate

Consolidated financial statements			
	Rate (%)	2015 (in thousand Baht)	2014 (in thousand Baht)
Profit before income tax expense		684,871	719,261
Income tax using the Thai corporation tax rate	20	136,974	143,852
Income not subject to tax		(67,286)	(33,859)
Expenses can be additionally deductible for tax purposes		(4,367)	(39,598)
Recognition of previously unrecognised tax losses		(29,756)	(13,958)
Current year losses for which no deferred tax asset was recognised		5,474	-
Under provided in prior years		4,783	5,070
Expenses not deductible for tax purposes and others		(2,489)	7,919
Total tax expense	6	43,333	10

Separate financial statements			
	Rate (%)	2015 (in thousand Baht)	2014 (in thousand Baht)
Profit before income tax expense		425,035	512,301
Income tax using the Thai corporation tax rate	20	85,007	102,460
Income not subject to tax		(42,951)	(47,889)
Expenses can be deductible for tax purposes		(3,023)	(21,706)
Expenses not deductible for tax purposes and others		(643)	2,440
Total tax expense	9	38,390	7

Income tax reduction

Royal Decree No. 577 B.E. 2557 dated 10 November 2014 grants the reduction to 20% of net taxable profit for the accounting period 2015 which begins on or after 1 January 2015.

On 22 January 2016, The National Legislative Assembly has approved a reduction of the corporate income tax rate from 30% to 20% of net taxable profit for the accounting period which begins on or after 1 January 2016.

The Group has applied the tax rate of 20% in measuring deferred tax assets and liabilities as at 31 December 2015 and 2014 in accordance with the clarification issued by the FAP in 2012.

27 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:

Consolidated financial statements						
	2015			2014		
	Promoted businesses	Non-promoted businesses	Total	Promoted businesses	Non-promoted businesses	Total
	<i>(in thousand Baht)</i>					
Export sales	42,932	240,038	282,970	50,851	248,256	299,107
Local sales	6,583,845	3,712,393	10,296,238	5,097,178	4,556,055	9,653,233
Eliminate	(1,062,390)	(872,359)	(1,934,749)	(1,151,929)	(716,426)	(1,868,355)
Total	5,564,387	3,080,072	8,644,459	3,996,100	4,087,885	8,083,985

Separate financial statements						
	2015			2014		
	Promoted businesses	Non-promoted businesses	Total	Promoted businesses	Non-promoted businesses	Total
	<i>(in thousand Baht)</i>					
Export sales	42,833	44,266	87,099	50,742	40,424	91,166
Local sales	1,746,208	639,148	2,358,356	1,108,528	1,423,242	2,531,770
Total	1,789,041	683,414	2,472,455	1,159,270	1,463,666	2,622,936

28 Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the years then ended 31 December 2015 and 2014 were based on the profit for the years attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(in thousand Baht / thousand shares)</i>			
Profit attributable to ordinary shareholders of the Company	641,538	649,835	386,645	476,997
Number of ordinary shares outstanding at 1 January	425,194	424,946	425,194	424,946
Issue of ordinary shares 28 February	-	209	-	209
Weighted average number of ordinary shares outstanding	425,194	425,155	425,194	425,155
Earnings per share (basic) (in Baht)	1.51	1.53	0.91	1.12

29 Dividends

Dividends from:	Approved		Dividends		Payment date
	By	Date	Per share (Baht)	Total (in million Baht)	
2015					
2015 Interim	Board of director	11 August 2015	0.20	85	3 September 2015
2014 Final	Shareholders	22 April 2015	0.38	<u>162</u>	13 May 2015
				<u>247</u>	
2014					
2014 Interim	Board of director	8 August 2014	0.22	93	8 August 2014
2013 Final	Shareholders	23 April 2014	0.50	<u>213</u>	9 May 2014
				306	

All dividends were paid from the promoted business (BOI).

30 Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates. 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 floating rate. The Group is primarily exposed to interest rate risk from its borrowings (Note 17). 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:

		Separate financial statements			
		Interest rate	Within 1 year	After 1 year but within 5 years	After 5 years
		(% per annum)		(in thousand Baht)	Total
2015					
Current					
Short-term loans to subsidiaries	MMR		<u>150,000</u>	<u>-</u>	<u>150,000</u>
2014					
Current					
Short-term loans to subsidiaries	MMR		<u>260,000</u>	<u>-</u>	<u>260,000</u>

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 (% per annum)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	Total
2015					
Current					
Loans from financial institutions	FDR.3M + fixed	739,326	-	-	739,326
Non-current					
Loans from financial institutions	FDR.3M + fixed	-	1,424,753	77,600	1,502,353
Total		739,326	1,424,753	77,600	2,241,679
2014					
Current					
Loans from financial institutions	FDR.3M + fixed	665,240	-	-	665,240
Non-current					
Loans from financial institutions	FDR.3M + fixed	-	2,114,365	131,414	2,245,779
Total		665,240	2,114,365	131,414	2,911,019
Separate financial statements					
	Interest rate (% per annum)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	Total
2015					
Current					
Loans from financial institutions	FDR.3M + fixed	251,385	-	-	251,385
Non-current					
Loans from financial institutions	FDR.3M + fixed	-	448,314	-	448,314
Total		251,385	448,314	-	699,699
2014					
Current					
Loans from financial institutions	FDR.3M + fixed	251,204	-	-	251,204
Non-current					
Loans from financial institutions	FDR.3M + fixed	-	717,185	32,514	749,699
Total		251,204	717,185	32,514	1,000,903

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	2015	2014	2015	2014
		(in thousand Baht)			
United States Dollars					
Trade accounts receivable	7	12,004	15,317	8,365	14,490
Trade accounts payable	18	(80,713)	(91,437)	-	-
Other payable	19	(91)	(141)	-	(70)
Accounts payable					
- purchase of assets		(45)	-	-	-
Net exposure		(68,845)	(76,261)	8,365	14,420
Yen					
Cash and cash equivalents	5	7,685	6,559	-	-
Trade accounts receivable	7	12,848	22,226	-	-
Other receivable	8	2,827	-	-	-
Trade accounts payable	18	(21,434)	(20,665)	(7,813)	(6,685)
Other payable	19	(15,197)	(11,856)	-	-
Accounts payable					
- purchase of assets		(3,480)	-	-	-
Net exposure		(16,751)	(3,736)	(7,813)	(6,685)
Euro					
Other payables	19	(912)	-	-	-
Net exposure		(912)	-	-	-

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 balance sheet. However, due to the large number of parties comprising the Group's customer base, Management does not anticipate material losses from its debt collection.

Liquidity risk

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

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. 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 liabilities of the Group were short-term, interest rates of loans and borrowings are approximate to market rate. The fair value of financial assets and liabilities is taken to approximate the carrying value as determined in the statement of financial position.

Fair value of interest swap contract as at 31 December 2015 has net value of Baht 372.2 million. (2014: Baht 509.6 million)

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

31 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2015	2015	2015	2014
	<i>(in million Baht)</i>			
<i>Capital commitments</i>				
<i>Contracted but not provided for</i>				
Building constructions, machineries and equipment	<u>6</u>	<u>8</u>	<u>-</u>	<u>-</u>
<i>Non-cancellable operating lease commitments</i>				
Within one year	52	60	13	17
After one year but within five years	<u>27</u>	<u>27</u>	<u>10</u>	<u>13</u>
Total	<u>79</u>	<u>87</u>	<u>23</u>	<u>30</u>
<i>Other commitments</i>				
Bank guarantees	<u>72</u>	<u>75</u>	<u>19</u>	<u>20</u>
Total	<u>72</u>	<u>75</u>	<u>19</u>	<u>20</u>

The Group have technical assistance agreements with several foreign companies covering assistance of the production processes, whereby the Group is to pay fees at the rate as specified in the agreement. The agreements were for 5 years, expiring in various periods up to 2020, and are renewable for a further 5 years.

As at 31 December 2015, the Company had an interest rate swap agreement to maintain interest rate of long term loan amounting to Baht 372 million (2014: Baht 515 million) by swapping from floating rate to fixed rate as stipulated by the agreement.

32 Events after the reporting period

At the Board of Directors' meeting of the Company held on 21 January 2016, the Board of Directors approved to decrease the authorised share capital from Baht 426,711,809 to Baht 425,193,894; comprised of the 1,517,915 ordinary shares at the par value of Baht 1 per share, totalling of Baht 1,517,915 in order to reduce the authorised share capital that have not been issued or sold under Employee Stock Option Plan was expired in 2015.

At the Board of Directors' meeting of the Company held on 18 February 2016, the Board of Directors approved as the appropriation of dividend for the operation for the year 2015 from the promoted business (BOI) by cash dividend at the rate of Baht 0.60 per share, totalling Baht 255.12 million. The interim dividend was paid to shareholders on 3 September 2015 of Baht 0.20 per share, totalling Baht 85 million. The remaining dividend of Baht 0.40 per share, totalling to Baht 170 million will be paid to shareholders in May 2016.

33 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS have been issued but are not yet effective and have not been applied in preparing these financial statements. Those new and revised TFRS that may be relevant to the Group's operations, which become effective for annual financial periods beginning on or after 1 January 2016, are set out below. The Group does not plan to adopt these TFRS early.

TFRS	Topic
TAS 1 (revised 2015)	Presentation of Financial Statements
TAS 2 (revised 2015)	Inventories
TAS 7 (revised 2015)	Statement of Cash Flows
TAS 8 (revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2015)	Events After the Reporting Period
TAS 12 (revised 2015)	Income Taxes
TAS 16 (revised 2015)	Property, Plant and Equipment
TAS 17 (revised 2015)	Leases
TAS 18 (revised 2015)	Revenue
TAS 19 (revised 2015)	Employee Benefits
TAS 21 (revised 2015)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2015)	Borrowing Costs
TAS 24 (revised 2015)	Related Party Disclosures
TAS 26 (revised 2015)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2015)	Separate Financial Statements
TAS 28 (revised 2015)	Investments in Associates and Joint Ventures
TAS 33 (revised 2015)	Earnings Per Share
TAS 34 (revised 2015)	Interim Financial Reporting
TAS 36 (revised 2015)	Impairment of Assets
TAS 37 (revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2015)	Intangible Assets
TAS 40 (revised 2015)	Investment Property
TFRS 2 (revised 2015)	Share-based Payment
TFRS 3 (revised 2015)	Business Combinations
TFRS 5 (revised 2015)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2015)	Operating Segments
TFRS 10 (revised 2015)	Consolidated Financial Statements
TFRS 11 (revised 2015)	Joint Arrangements
TFRS 12 (revised 2015)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2015)	Fair Value Measurement
TSIC 15 (revised 2015)	Operating Leases – Incentives
TFRIC 1 (revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 10 (revised 2015)	Interim Financial Reporting and Impairment
TFRIC 18 (revised 2015)	Transfers of Assets from Customers
TFRIC 21	Levies

The Group has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of these new and revised TFRS and expects that in the period of initial application there will be no material impact on the financial statements.

34 Reclassification of accounts

Certain accounts in the 2014 financial statements have been reclassified to conform to the presentation in the 2015 financial statements as follows:

	2014					
	Consolidated financial statements			Separate financial statements		
	(in thousand Baht)					
	Before reclass.	Reclass.	After reclass.	Before reclass.	Reclass.	After reclass.
Statement of financial position						
Current assets						
Other receivables	18,719	57,458	76,177	96,816	1,649	98,465
Inventories	585,523	74,750	660,273	94,139	46,793	140,932
Spare supplies for machinery	39,566	(39,566)	-	8,076	(8,076)	-
Other current assets	57,458	(57,458)	-	1,649	(1,649)	-
Property, plant and equipment	6,125,191	84,141	6,209,332	1,530,440	13,405	1,543,845
Spare parts for machinery	120,047	(120,047)	-	52,122	(52,122)	-
Other non-current assets	49,187	722	49,909	5,603	-	5,603
		-			-	
Current liabilities						
Other payables - related parties	-	-	-	1,185	(1,185)	-
Other current liabilities	297,693	(297,693)	-	95,282	(95,282)	-
Other payables	-	297,693	297,693	-	96,467	96,467
		-			-	

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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