

# รายงานประจำปี 2554

## ANNUAL REPORT 2011



บริษัท ชลประทานซีเมนต์ จำกัด (มหาชน)  
**Jalapraphan Cement**  
Public Company Limited



**CREATE INNOVATION**  
WITH ENVIRONMENTAL FRIENDLY BUSINESS

# Annual Report 2011



บริษัท ชลประทานซีเมนต์ จำกัด (มหาชน)  
**Jalapraphan Cement**  
Public Company Limited

## CONTENTS

04

Message from the Chairman

05

Board of Directors

06

Basic Information of the Company

09

Auditor's Report

10-54

2011 Financial Statements



# Message from the Chairman

Jalapraphan Cement Co., Ltd.

In 2011, the total domestic demand for cement was approximately 28 million tons, increasing 4.5% compared to the demand in 2010.

With regard to the operation result of Jalapraphan Cement Public Company Limited in 2011, the total income of the company was Baht 1,860 million, increasing 8.4% from the preceding year while the net profit was Baht 157 million, a dramatic growth compared to the net loss in the preceding year. Such improvement taking place among a number of negative factors was derived from the crucial restructuring having been completed since 2009 which entailed more efficient operation.

In 2011, Cha-am Cement Plant in Petchburi Province won the “Green Mining Award” from the Department of Primary Industries and Mines, Ministry of Industry exposing capability and progress of the company on management as well as the corporate social responsibility. Moreover, both Takli Cement Plant and Cha-am Cement Plant also continually undertook social contribution activities such as the grant of scholarship named “Golden Naga” to the students studying in the schools situated nearby the plants as well as those in further areas, for example, Nong Plub Sub-district in Prachub Kirikhan Province. In addition, a “mobile medical care unit” was initiated to provide medical service to the people living in villages in the vicinity of the plant for free of charge. Besides, the company sponsored an environmental quiz show named “Save the world, conserve the environment” for the 2<sup>nd</sup> consecutive year to raise recognition of students and youths in Takli District concerning the significance and worth of natural resources and environment. The aforesaid activities are taken place thanks to the company has foreseen the importance of quality life and living and fruitful nature and environment of the community to enduringly live together.

Finally, on behalf of the Board of Directors of Jalapraphan Cement Public Company Limited, I would like to express my sincere thank to all customers, shareholders, the company’s executives and personnel for your consistent support and contribution.

(General Ayupoon Karnasuta)  
Chairman of the Board



# Board of Directors

Jalprathan Cement Co., Ltd.

---

## Board of Directors

As of 31 December 2011

### Chairman

Gen. Ayupoon Karnasuta

### Directors

Mr. Giovanni Maggiora

Pol.Gen. Suthep Dhamaraks

Mr. Goran Leopold Seifert

Mr. Roberto Callieri

Mr. Nopadol Ramyarupa

### Director and Secretary to the Board of Directors

Mr. Rapee Sukhyanga

## 1. Basic Information of the Company

<b>Company:</b>	<b>Jalaprathan Cement Public Company Limited</b>
<b>Establishment:</b>	<b>September 12, 1956</b>
<b>Head Office:</b>	<b>23/124-128 Soi Soonvijai, Rama 9 Road, Kwaeng Bangkapi, Khet Huaykwang, Bangkok</b>
<b>Plant:</b>	<b>Jalaprathan Cement Takli 1 Jalaprathan Cement Road, Tambon Takli, Amphur Takli, Nakonsawan Province Jalaprathan Cement Cha-am 1 Jalaprathan Cement Road, Tambon Cha-am, Amphur Cha-am, Petchburi Province</b>
<b>Type of Business:</b>	<b>Cement Production and Sale</b>
<b>Registration No.:</b>	<b>0107537001676 (Previous No. PLC 414)</b>
<b>Registered Capital in the Beginning:</b>	
Registered Capital	<b>Baht 60,000,000</b>
Paid up Capital	<b>Baht 60,000,000</b>
Par Value	<b>Common Share, Baht 1,000 per share</b>
<b>Registered Capital in Current Year:</b>	
Registered Capital	<b>Baht 1,200,000,000</b>
Paid up Capital	<b>Baht 1,200,000,000</b>
Par Value	<b>Common Share, Baht 10 per share</b>

## 2. Information of Subsidiaries (The Company holds shares for more than 50 %.)

- 2.1 Jalaprathan Concrete Company Limited: Common Shares amount 2,799,810 shares which equals to 99.99%.**  
**Head Office Location: 23/124 Soi Soonvijai, Rama 9 Road, Kwaeng Bangkapi, Khet Huaykwang, Bangkok**  
**Type of Business: Ready-mixed Concrete Production and Sale**

**2.2 Naga Property Company Limited: Common Shares amount 999,994 shares which equals to 99.99%.**

**Head Office Location: 23/124-128 Soi Soonvijai, Rama 9 Road, Kwaeng Bangkapi, Khet Huaykwang, Bangkok**

**Type of Business: Real Estate Lease**

**3. The Company nowadays does not hold shares of other companies or private enterprises for more than 10%.**

**4. The Company's Board of Directors does not have interests in any contracts that the Company has made during the accounting period.**

**5. The list of all Board of Directors of the Company and the holding of Directors in the Company and subsidiaries in current accounting period and past accounting period is increasing or decreasing as follows:**

**5.1 The holding of Board of Directors in Jalapathan Cement Public Company Limited:**

Name of Director	Number of Holding		Increasing/Decreasing
	Current Accounting Period	Past Accounting Period	
1. General Ayupoon Karnasuta	No	No	No
2. Mr. Rapee Sukhyanga	No	No	No
3. Mr. Giovanni Maggiora	No	No	No
4. Police General Suthep Dhamaraks	No	No	No
5. Mr. Goran Leopold Seifert	No	No	No
6. Mr. Roberto Callieri	No	No	No
7. Mr. Nopadol Ramyarupa	No	No	No

**5.2 The holding of Board of Directors in Jalapathan Concrete Company Limited**

Name of Director	Number of Holding		Increasing/Decreasing
	Current Accounting Period	Past Accounting Period	
1. Mr. Rapee Sukhyanga	No	No	No
2. Mr. Roberto Callieri	No	No	No
3. Mr. Nopadol Ramyarupa	No	No	No

**5.3 The holding of Board of Directors in Naga Property Company Limited**

Name of Director	Number of Holding		Increasing/Decreasing
	Current Accounting Period	Past Accounting Period	
1. Mr. Rapee Sukhyanga	No	No	No
2. Mr. Rotober Callieri	No	No	No
3. Mr. Nopadol Ramyarupa	No	No	No

**6. The remuneration of Board of Directors paid in 2011**

<b>Name of Director</b>	<b>Remuneration (Baht)</b>
<b>1. General Ayupoon Karnasuta</b>	<b>1,448,000</b>
<b>2. Mr. Rapee Sukhyanga</b>	<b>188,000</b>
<b>3. Mr. Giovanni Maggiora</b>	<b>180,000</b>
<b>4. Police General Suthep Dhamaraks</b>	<b>186,000</b>
<b>5. Mr. Goran Leopold Seifert</b>	<b>180,000</b>
<b>6. Mr. Roberto Callieri</b>	<b>45,000</b>
<b>Mr. Mario Bracci</b>	<b>120,000</b>
<b>7. Mr. Nopadol Ramyarupa</b>	<b>188,000</b>
<b>Total (Baht)</b>	<b>2,535,000</b>

**Remark:** The resolution the meeting of the board of directors company as held on October 13, 2011 has appointed Mr. Roberto Callieri as Director replacing Mr.Mario Bracci.

## Report of Independent Auditor

To the Shareholders of Jalapraphan Cement Public Company Limited

I have audited the accompanying consolidated statements of financial position of Jalapraphan Cement Public Company Limited and its subsidiaries as at 31 December 2011 and 2010, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and have also audited the separate financial statements of Jalapraphan Cement Public Company Limited for the same periods. These financial statements are the responsibility of the management of the Company and its subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jalapraphan Cement Public Company Limited and its subsidiaries and of Jalapraphan Cement Public Company Limited as at 31 December 2011 and 2010, and the results of their operations, and cash flows for the years then ended, in accordance with generally accepted accounting principles.

Without qualifying my opinion on the aforementioned financial statements, I draw attention to Note 3 to the financial statements. During the current year, the Company adopted a number of revised and new accounting standards as issued by the Federation of Accounting Professions, and applied them in the preparation and presentation of its financial statements. The Company has restated the consolidated financial statements as at 31 December 2010 and for the year then ended to reflect the change in accounting policy resulting from the adoption of these new accounting standards.



Termphong Opanaphan  
Certified Public Accountant (Thailand) No. 4501

Ernst & Young Office Limited  
Bangkok: 24 February 2012



Jalaprathan Cement Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2011 and 2010

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010 (Restated)	2011	2010
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	8	75,326,542	117,579,149	48,191,321	54,074,444
Trade and other receivables	10	425,810,063	392,799,431	339,059,263	328,430,592
Short-term loan to related party	9	-	-	-	300,000,000
Inventories	11	520,503,807	465,978,084	515,860,480	461,878,618
Other current assets					
Input tax refundable		9,031,635	34,527,922	7,682,176	31,958,332
Others		8,500,837	3,372,701	2,337,376	854,185
<b>Total current assets</b>		<b>1,039,172,884</b>	<b>1,014,257,287</b>	<b>913,130,616</b>	<b>1,177,196,171</b>
<b>Non-current assets</b>					
Investments in subsidiaries	12	-	-	286,241,767	379,981,000
Other long term investments	13	-	-	-	-
Investment properties	14	-	391,526,666	-	-
Property, plant and equipment	15	2,351,510,043	2,129,558,879	2,314,300,901	2,082,151,211
Deferred tax assets	17	44,297,623	65,794,767	25,625,993	39,408,633
Other non-current assets		2,507,455	2,317,960	347,895	218,400
<b>Total non-current assets</b>		<b>2,398,315,121</b>	<b>2,589,198,272</b>	<b>2,626,516,556</b>	<b>2,501,759,244</b>
<b>Total assets</b>		<b>3,437,488,005</b>	<b>3,603,455,559</b>	<b>3,539,647,172</b>	<b>3,678,955,415</b>

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

Jalaprathan Cement Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2011 and 2010

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010 (Restated)	2011	2010
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from financial institution	9, 16	180,000,000	280,000,000	180,000,000	280,000,000
Trade and other payables	18	642,636,940	698,275,323	516,140,147	597,772,594
Current portion of long-term loans from related parties	9	415,998,975	342,931,181	435,998,975	362,931,181
Short-term provisions		700,000	459,000	700,000	459,000
Other current liabilities		6,442,691	5,341,232	3,592,651	2,572,683
<b>Total current liabilities</b>		<u>1,245,778,606</u>	<u>1,327,006,736</u>	<u>1,136,431,773</u>	<u>1,243,735,458</u>
<b>Non-current liabilities</b>					
Long-term loans from related parties - net of current portion	9	654,000,000	954,000,000	784,000,000	974,000,000
Provision for long-term employee benefits	19	29,320,285	27,306,326	18,282,602	17,262,749
Long-term provisions		2,944,008	3,009,301	2,944,008	3,009,301
Deferred tax liabilities	17	221,929,263	332,420,084	221,929,263	332,420,084
Other non-current liabilities		-	1,500,000	-	-
<b>Total non-current liabilities</b>		<u>908,193,556</u>	<u>1,318,235,711</u>	<u>1,027,155,873</u>	<u>1,326,692,134</u>
<b>Total liabilities</b>		<u>2,153,972,162</u>	<u>2,645,242,447</u>	<u>2,163,587,646</u>	<u>2,570,427,592</u>

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

Jalaprathan Cement Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2011 and 2010

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010 (Restated)	2011	2010
<b>Shareholders' equity</b>					
<b>Share capital</b>					
Registered					
120,000,000 ordinary shares of Baht 10 each		1,200,000,000	1,200,000,000	1,200,000,000	1,200,000,000
Issued and fully paid					
120,000,000 ordinary shares of Baht 10 each		1,200,000,000	1,200,000,000	1,200,000,000	1,200,000,000
Share premium		973,768,690	973,768,690	973,768,690	973,768,690
Retained earnings					
Appropriated					
Statutory reserve	20	54,026,280	54,026,280	54,026,280	54,026,280
Other reserve	21	122,000,000	122,000,000	122,000,000	122,000,000
Unappropriated (deficit)		(1,951,886,476)	(2,166,488,805)	(1,859,330,074)	(2,016,162,449)
Other components of shareholders' equity	22	885,594,630	774,895,302	885,594,630	774,895,302
Equity attributable to owners of the Company		1,283,503,124	958,201,467	1,376,059,526	1,108,527,823
Non-controlling interests of the subsidiaries		12,719	11,645	-	-
<b>Total shareholders' equity</b>		<b>1,283,515,843</b>	<b>958,213,112</b>	<b>1,376,059,526</b>	<b>1,108,527,823</b>
<b>Total liabilities and shareholders' equity</b>		<b>3,437,488,005</b>	<b>3,603,455,559</b>	<b>3,539,647,172</b>	<b>3,678,955,415</b>

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

Jalaprathan Cement Public Company Limited and its subsidiaries

Statements of comprehensive income

For the years ended 31 December 2011 and 2010

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales		2,267,581,880	2,035,111,706	1,832,948,153	1,647,816,210
Rental income		575,000	6,000,000	-	-
Other income					
Interest income		2,811,823	1,603,875	13,364,486	16,327,215
Gain on sales of other long-term investment		-	12,180,000	-	12,180,000
Exchange gains		-	23,074,282	-	23,074,282
Others		13,874,298	22,185,087	13,489,032	17,056,908
<b>Total revenues</b>		<u>2,284,843,001</u>	<u>2,100,154,950</u>	<u>1,859,801,671</u>	<u>1,716,454,615</u>
<b>Expenses</b>					
Cost of sales and rental		2,039,885,045	1,936,957,619	1,641,631,835	1,561,264,692
Selling expenses		20,252,571	32,538,175	20,251,766	32,531,012
Administrative expenses		158,712,333	103,186,158	114,098,374	84,616,738
Reversal of impairment loss on unused assets	15	(263,493,023)	-	(263,493,023)	-
Other expenses	12	10,305,099	-	93,739,233	-
<b>Total expenses</b>		<u>1,965,662,025</u>	<u>2,072,681,952</u>	<u>1,606,228,185</u>	<u>1,678,412,442</u>
<b>Profit before finance cost and corporate income tax</b>		<u>319,180,976</u>	<u>27,472,998</u>	<u>253,573,486</u>	<u>38,042,173</u>
Finance cost		(83,017,647)	(64,226,981)	(83,037,836)	(64,211,577)
<b>Profit (loss) before corporate income tax</b>		<u>236,163,329</u>	<u>(36,753,983)</u>	<u>170,535,650</u>	<u>(26,169,404)</u>
Corporate income tax	17	(21,559,926)	(3,522,339)	(13,703,275)	(12,749,318)
<b>Profit (loss) for the year</b>		<u>214,603,403</u>	<u>(40,276,322)</u>	<u>156,832,375</u>	<u>(38,918,722)</u>
<b>Other comprehensive income:</b>					
Effect of change in the applicable tax rate for revaluation of land	17	110,699,328	-	110,699,328	-
<b>Other comprehensive income for the year</b>		<u>110,699,328</u>	<u>-</u>	<u>110,699,328</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u>325,302,731</u>	<u>(40,276,322)</u>	<u>267,531,703</u>	<u>(38,918,722)</u>
<b>Profit (loss) attributable to:</b>					
Equity holders of the Company		214,602,329	(40,276,882)	156,832,375	(38,918,722)
Non-controlling interests of the subsidiaries		1,074	560		
		<u>214,603,403</u>	<u>(40,276,322)</u>		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		325,301,657	(40,276,882)	267,531,703	(38,918,722)
Non-controlling interests of the subsidiaries		1,074	560		
		<u>325,302,731</u>	<u>(40,276,322)</u>		
<b>Basic earnings (loss) per share</b>					
Profit (loss) attributable to equity holders of the Company	24	1.79	(0.34)	1.31	(0.32)

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

# Jalaprathan Cement Public Company Limited and its subsidiaries

## Statements of changes in shareholders' equity

For the years ended 31 December 2011 and 2010

(Unit: Baht)

Consolidated financial statements																			
Issued and fully paid-up share capital	Equity attributable to owners of the Company						Other components of equity					Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries		Total shareholders' equity				
	Retained earnings		Appropriated - other reserve		Unappropriated (deficit)		Other comprehensive income		Surplus on revaluation				Land	Lease assets		Total components of equity	Total	of equity	
	Share premium	Appropriated - statutory reserve	Appropriated - other reserve	Appropriated -	Unappropriated (deficit)	Surplus on revaluation	Land	Lease assets	Other comprehensive income	Surplus on revaluation	Land								Lease assets
1,200,000,000	973,768,690	54,026,280	122,000,000	(2,515,691,124)	774,895,302	389,479,201	1,164,374,503	998,478,349	11,085	998,489,434									
-	-	-	-	389,479,201	-	(389,479,201)	(389,479,201)	-	-	-	-	-	-	-	-	-	-	-	-
1,200,000,000	973,768,690	54,026,280	122,000,000	(2,126,211,923)	774,895,302	-	774,895,302	998,478,349	11,085	998,489,434									
-	-	-	-	(40,276,882)	-	-	-	(40,276,882)	560	(40,276,322)									
1,200,000,000	973,768,690	54,026,280	122,000,000	(2,166,488,805)	774,895,302	-	774,895,302	958,201,467	11,645	958,213,112									
1,200,000,000	973,768,690	54,026,280	122,000,000	(2,555,968,006)	774,895,302	389,479,201	1,164,374,503	958,201,467	11,645	958,213,112									
-	-	-	-	389,479,201	-	(389,479,201)	(389,479,201)	-	-	-									
1,200,000,000	973,768,690	54,026,280	122,000,000	(2,166,488,805)	774,895,302	-	774,895,302	958,201,467	11,645	958,213,112									
-	-	-	-	214,602,329	110,699,328	-	110,699,328	325,301,657	1,074	325,302,731									
1,200,000,000	973,768,690	54,026,280	122,000,000	(1,951,886,476)	885,594,630	-	885,594,630	1,283,503,124	12,719	1,283,515,843									

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

Jalaprathan Cement Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the years ended 31 December 2011 and 2010

(Unit: Baht)

Separate financial statements

	Issued and fully paid-up share capital	Share premium	Retained earnings		Unappropriated (deficit)	Other components of equity		Total shareholders' equity
			Appropriated - statutory reserve	Appropriated - other reserve		Other comprehensive income	Surplus on revaluation of land	
<b>Balance as at 31 December 2009</b>	1,200,000,000	973,768,690	54,026,280	122,000,000	(1,977,243,727)	774,895,302		1,147,446,545
Total comprehensive income for the year	-	-	-	-	(38,918,722)	-		(38,918,722)
<b>Balance as at 31 December 2010</b>	1,200,000,000	973,768,690	54,026,280	122,000,000	(2,016,162,449)	774,895,302		1,108,527,823
Total comprehensive income for the year	-	-	-	-	156,832,375	110,699,328		267,531,703
<b>Balance as at 31 December 2011</b>	1,200,000,000	973,768,690	54,026,280	122,000,000	(1,859,330,074)	885,594,630		1,376,059,526

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

# Jalaprathan Cement Public Company Limited and its subsidiaries

## Cash flow statements

For the years ended 31 December 2011 and 2010

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b>Cash flows from operating activities</b>				
Profit (loss) before tax	236,163,329	(36,753,983)	170,535,650	(26,169,404)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities				
Depreciation	110,285,483	107,380,410	98,950,571	95,270,855
Allowance for doubtful accounts (reversal)	(8,747,756)	433,244	(5,606,716)	(2,217,078)
Decrease of inventory to net realisable value (reversal)	(6,556,314)	1,546,659	(6,556,314)	1,546,659
Allowance for impairment of assets (reversal)	(263,493,023)	3,333,491	(263,493,023)	3,333,491
Allowance for impairment loss of investment in subsidiary	-	-	93,739,233	-
Provision for long-term employee benefits	3,261,959	41,118,128	1,506,853	39,210,783
Long-term provisions	120,000	400,000	120,000	400,000
Written off bad debts	8,747,756	2,280,247	5,606,716	1,128,778
Written off assets	1	42,684	-	20
Loss on sales of investment properties	11,526,666	-	-	-
Gain on sales of plant and equipment	(1,221,567)	(7,179,492)	(1,220,291)	(4,230,065)
Dividend income from other long-term investment	-	(9,730,000)	-	(9,730,000)
Gain on sales of other long-term investment	-	(12,180,000)	-	(12,180,000)
Unrealised (gain) loss on exchange rate	3,179,636	(22,547,555)	3,179,636	(22,547,555)
Interest income	(1,124,263)	(1,076,381)	(12,562,752)	(15,914,387)
Interest expenses	73,862,449	55,987,340	75,610,581	57,657,274
Income from operating activities before changes in operating assets and liabilities	166,004,356	123,054,792	159,810,144	105,559,371
Operating assets (increase) decrease				
Trade and other receivables	(33,010,632)	6,322,439	(44,386,109)	27,924,340
Inventories	(48,576,455)	(116,244,474)	(48,032,594)	(118,196,552)
Other current assets	24,915,332	(32,338,332)	23,471,136	(30,419,727)
Other non-current assets	(189,495)	2,956,480	(129,495)	2,953,680
Operating liabilities increase (decrease)				
Trade and other payables	(90,206,243)	(212,185,420)	(115,754,789)	(219,744,812)
Short-term provisions	241,000	59,000	241,000	59,000
Other current liabilities	1,101,459	(5,150,900)	1,019,967	(5,752,414)
Provision for long-term employee benefits	(1,248,000)	(1,173,988)	(487,000)	(762,988)
Long-term provisions	(185,293)	(144,625)	(185,293)	(144,625)
Other non-current liabilities	(1,500,000)	-	-	-
Cash from (used in) operating activities	17,346,029	(234,845,028)	(24,433,033)	(238,524,727)
Cash receipt from previous year income tax	287,873	10,559,653	287,873	10,559,653
Cash paid for corporate income tax	(4,692,754)	(655,317)	(678,509)	(234,392)
<b>Net cash from (used in) operating activities</b>	<b>12,941,148</b>	<b>(224,940,692)</b>	<b>(24,823,669)</b>	<b>(228,199,466)</b>

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

# Jalaprathan Cement Public Company Limited and its subsidiaries

## Cash flow statements (continued)

For the years ended 31 December 2011 and 2010

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b>Cash flows from investing activities</b>				
Dividend received from other long-term investment	-	9,730,000	-	9,730,000
Proceeds from sales of other long-term investment	-	27,734,700	-	27,734,700
Cash receipt from repayment of short-term loan to related party	-	-	300,000,000	-
Proceeds from sales of investment properties	380,000,000	-	-	-
Acquisition of plant and equipment	(35,256,013)	(43,323,218)	(34,604,942)	(43,261,535)
Proceeds from sales of plant and equipment	1,221,751	8,076,789	1,220,451	4,920,112
Interest income	1,127,688	1,080,218	46,320,528	5,567,707
<b>Net cash from investing activities</b>	<u>347,093,426</u>	<u>3,298,489</u>	<u>312,936,037</u>	<u>4,690,984</u>
<b>Cash flows from financing activities</b>				
Increase (decrease) in short-term loans from financial institution	(100,000,000)	30,000,000	(100,000,000)	30,000,000
Cash receipt from long-term loans from related parties	-	354,000,000	130,000,000	354,000,000
Repayment of long-term loans from related parties	(230,000,000)	(170,000,000)	(250,000,000)	(180,000,000)
Interest expenses	(72,287,181)	(54,535,881)	(73,995,491)	(56,184,525)
<b>Net cash from (used in) financing activities</b>	<u>(402,287,181)</u>	<u>159,464,119</u>	<u>(293,995,491)</u>	<u>147,815,475</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(42,252,607)</u>	<u>(62,178,084)</u>	<u>(5,883,123)</u>	<u>(75,693,007)</u>
Cash and cash equivalents at beginning of year	<u>117,579,149</u>	<u>179,757,233</u>	<u>54,074,444</u>	<u>129,767,451</u>
<b>Cash and cash equivalents at end of year</b>	<u>75,326,542</u>	<u>117,579,149</u>	<u>48,191,321</u>	<u>54,074,444</u>
<b>Supplemental cash flows information</b>				
Non-cash transactions				
Purchases of equipment for which no cash has been paid	32,880,750	27,311,903	32,395,410	27,063,903
Transferred cement and spare parts to construction in progress during the year	607,046	5,759,507	607,046	5,759,507

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



# Jalaprathan Cement Public Company Limited and its subsidiaries

## Notes to consolidated financial statements

For the years ended 31 December 2011 and 2010

### **1. General information**

#### **1.1 Corporate information**

Jalaprathan Cement Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of cement. The registered office of the Company are as follows:

Head office: 23/124-128 Soi Soonvijai Rama 9 Road, Bangkapi, Huaykwang, Bangkok.

Takli plant: 1 Jalaprathan Cement Road, Tambol Takli, Amphur Takli, Nakornsawan.

Cha-Am plant: 1 Jalaprathan Cement Road, Tambol Cha-Am, Amphur Cha-Am, Petchaburi.

In January 2009, Board of Directors’ Meeting no. 1/2009 of the Company passed a resolution to suspend clinker production. Consequently in 2010 and 2011, the Company operated clinker production at partial capacity at Cha-Am plant, but it expects to be able to resume production at its normal capacity in the near future. The Company’s management therefore decided to reverse part of the impairment loss recorded in 2009 for buildings, machines and equipment related to clinker production at Cha-am plant, but maintain the impairment loss on spare parts related to clinker production, as described in Note 11 and Note 15 to the financial statements.

#### **1.2 Fundamental accounting assumptions**

As at 31 December 2011, the Company’s current liabilities exceeded its current assets by Baht 223 million, and it had losses from its core business in year 2011 and 2010. These conditions raise substantial doubt about the Company’s ability to continue as a going concern. However, the Company continues to receive financial support from its related parties and expect to be able to resume production at its normal capacity at Cha-Am plant. In addition, the Company’s management had reoriented the company by reduce the organization size and change the production plan in order to obtain the production costs which can be compete in the market. For these reasons, the financial statements have been prepared on the going concern basis and hence do not include any of the adjustments that might result should the Company be unable to continue as a going concern.

## 2. Basis of preparation

2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Professions Act B.E. 2547, except for the adoption of TAS 12 Income Taxes and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

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

### 2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Jalaprathan Cement Public Company Limited (“the Company”) and two subsidiaries (“the subsidiaries”) which are incorporated in Thailand. These are detailed below.

Company's name	Nature of business	Percentage of shareholding	
		2011	2010
		%	%
Jalaprathan Concrete Co., Ltd.	Manufacturing of ready-mixed concrete	99.99	99.99
Naga Property Co., Ltd.	Office building rental	100.00	100.00

b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

c) The consolidated financial statements exclude the financial statements of Jalaprathan Transport Co., Ltd., a subsidiary of Jalaprathan Concrete Co., Ltd. as that company has ceased its operation. There is no material effect on the consolidated financial statements as a result of such exclusion.

d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.

e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

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

### 3. **Adoption of new accounting standards during the year**

During the current year, the Company adopted a number of revised and new accounting standards, issued by the Federation of Accounting Professions, as listed below.

Accounting standards:

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property

Financial reporting standards:

TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources

Financial Reporting Standard Interpretations:

TRFIC 15	Agreements for the Construction of Real Estate
----------	--

Accounting Standard Interpretations:

SIC 31	Revenue-Barter Transactions Involving Advertising Services
--------	--

These accounting standards do not have any significant impact on the financial statements, except for the following accounting standards.

**TAS 40 (revised 2009) Investment Property**

This accounting standard requires entities to choose to recognise investment property either under the cost model (with disclosure of fair value in the notes to financial statements) or the fair value model, whereby changes in fair value are to be recognised in profit or loss. Investment property was previously recognised under the caption of Property, Plant and Equipment, which is measured using the fair value model. In adopting the new accounting policy, the Company and its subsidiary separately present investment property and measure it using the fair value model, commencing in the current year by restated the previous year's financial statements as though it had initially presented and recognised under such method. The cumulative effect of the change in accounting policy has been presented in Note 5 to the financial statements.

**4. New accounting standards issued during the years not yet effective**

The Federation of Accounting Professions issued the following new/revised accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting standards:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

Accounting Standard Interpretations:

SIC 10	Government Assistance - No Specific Relation to Operating Activities
SIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
SIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied.

## **5. Cumulative effect of the change in accounting policy due to the adoption of new accounting standards**

During the current year, the Company and its subsidiary made the change to its significant accounting policy related to investment property as described in Note 3 to the financial statements, as a result of the adoption of revised and new accounting standards. The cumulative effect of the changes in the accounting policies has been separately presented in the consolidated statements of changes in shareholders' equity.

The amounts of adjustments affecting the consolidated statements of financial position as at 31 December 2010 are summarised below.

(Unit: Thousand Baht)

### **Consolidated statements of financial position**

Increase in investment properties	391,527
Decrease in property, plant and equipment	(391,527)
Increase in unappropriated retained earnings	389,479
Decrease in other components of shareholders' equity	(389,479)

## **6. Significant accounting policies**

### **6.1 Revenue recognition**

#### *Sales of goods*

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

#### *Rental income*

Rental income is recognised over the term of the lease, on an accrual basis.

#### *Interest income*

Interest income is recognised on an accrual basis based on the effective interest rate.

## **6.2 Cash and cash equivalents**

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

## **6.3 Trade accounts receivable**

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

## **6.4 Inventories**

Finished goods and work in process are valued at the lower of cost (weighted average method) and net realisable value. Cost includes all production costs and attributable factory overheads.

Raw materials are valued at the lower of cost (weighted average method) and net realisable value and are charged to production costs whenever consumed.

Spare parts and supplies are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

## **6.5 Investments**

- a) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- b) Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

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

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

## **6.6 Investment properties**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Any gains or losses arising from changes in the value of investment properties are recognised in profit or loss when incurred.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

## 6.7 Property, plant and equipment/Depreciation

Land is stated at revalued amount less allowance for loss on impairment of assets (if any).

Quarries cost is stated at cost less accumulated depletion and allowance for loss on impairment of assets (if any).

Building and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Land is initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values, by using Market Approach. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

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

- When an asset's carrying amount is increased as a result of a revaluation of the Company's assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised equity under the heading of "Surplus on revaluation of land". However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of a revaluation of the Company's assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in "Surplus on revaluation of land" in respect of the same asset.

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

Buildings and structures	-	5 - 30 years
Machinery, tools and equipment	-	5 - 30 years
Furniture, fixtures and office equipment	-	3 - 10 years
Motor vehicles	-	5 - 10 years

Depreciation is included in determining income.

No depreciation is provided on land and construction in progress.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

In certain cases the Company owns quarries from which it extracts its raw materials. In these cases the stated value includes the purchase price of the land and any improvement costs. When not owned, the quarries costs represent the improvement costs, survey and replantation costs.

The depletion rate for the year is determined by the ratio between the actual units of resources extracted for the year and total number of units extractable from the quarries.

#### **6.8 Related party transactions**

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

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

#### **6.9 Foreign currencies**

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

#### **6.10 Impairment of assets**

At each reporting date, the Company performs impairment reviews in respect of the property, plant and equipment whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.



An impairment loss is recognised in profit or loss. However in cases where land was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

## **6.11 Employee benefits**

### ***Short-term employee benefits***

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

### ***Post-employment benefits***

#### *Defined contribution plans*

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

#### *Defined benefit plans*

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Past service costs are recognised on a straight-line basis over the average period until the amended benefits become vested. Gains or losses on the curtailment or settlement of pension benefits are recognised when the curtailment or settlement occurs.

Actuarial gains and losses are recognised as income or expense when the net cumulative unrecognised actuarial gains and losses for each individual plan at the end of the previous reporting period exceeded 10 percent of the defined benefit obligation at that date. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plans.

The defined benefits liability comprises the present value of the defined benefit obligation less unrecognised past service cost and unrecognised actuarial gains or losses.

## **6.12 Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

## **6.13 Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

### *Current tax*

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

### *Deferred Tax*

Deferred income tax is provided on temporary differences between their carrying amounts and the tax bases of assets and liabilities, by using the enacted tax rate at the end of reporting period.

The Company recognises deferred tax liabilities for all taxable temporary differences while recognises deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each end of reporting period, the Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company records deferred tax directly to equity if the tax relates to items that are recorded directly to equity.

## **7. Significant accounting judgments and estimates**

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgments and estimates are as follows:

### **Leases**

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

### **Allowance for doubtful accounts**

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

### **Allowance for diminution in value of inventory**

In determining an allowance for diminution in value of inventory, the management makes judgment and estimates net realisable value of inventory based on the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period. Also, the management makes judgment and estimates expected loss from stock obsolescence based upon aging profile of inventories and the prevailing economic condition.

### **Fair value of financial instruments**

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and longer-term volatility of financial instruments.

### **Impairment of equity investments**

The Company treats other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

### **Investment properties**

The Company presents investment property at the fair value estimated by an independent appraiser, and recognises changes in the fair value in profit or loss. The independent appraiser valued the investment property using the market approach.

### **Property plant and equipment/Depreciation**

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the Company’s plant and equipment and to review estimate useful lives and residual values when there are any changes.

The Company measures land at revalued amounts. Such amounts are determined by the independent valuer using the market approach. The valuation involves certain assumptions and estimates.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

### **Deferred tax assets**

Deferred tax assets are recognised in respect of temporary differences only to the extent that it is probable that taxable profit will be available against which these differences can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future profits.

### **Post-employment benefits under defined benefit plans**

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

## 8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Cash	-	30	-	30
Bank deposits	75,327	78,549	48,191	47,044
Bills of exchange	-	39,000	-	7,000
<b>Total</b>	<b>75,327</b>	<b>117,579</b>	<b>48,191</b>	<b>54,074</b>

As at 31 December 2011, bank deposits in saving accounts carried interests between 0.20 and 2.38 percent per annum (2010: Bank deposits in saving accounts and bills of exchange carried interest between 0.08 and 1.76 percent per annum)

## 9. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company, its subsidiaries and those related parties.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b><u>Transactions with subsidiaries</u></b>				
(eliminated from the consolidated financial statements)				
Sales of goods	-	-	33	24
Interest income	-	-	13	15
Interest expense	-	-	2	2
<b><u>Transactions with related companies</u></b>				
Sales of goods and raw materials	17	5	2	-
Trademark license fee income	2	2	2	2
Other income	2	-	1	-
Purchases of goods	737	796	633	710
Technical fee	1	2	1	2
Trademark license fee	2	2	2	2
Management fee	116	85	101	72
Penalty due to failure to buy goods in the amount specified in the agreement	11	-	11	-
Interest expense	74	56	74	56

The balances of accounts as at 31 December 2011 and 2010 between the Company, its subsidiaries and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b><u>Bank deposits - related party</u></b>				
Related financial institution (related by common shareholders)	10,099	5,932	7,237	1,189
Total bank deposits with related party	<u>10,099</u>	<u>5,932</u>	<u>7,237</u>	<u>1,189</u>
<b><u>Trade and other receivables - related parties (Note 10)</u></b>				
Subsidiaries	-	-	3,531	36,432
Related companies (related by common shareholders)	14,659	12,637	13,807	8,438
Total trade and other receivables - related parties	<u>14,659</u>	<u>12,637</u>	<u>17,338</u>	<u>44,870</u>
<b><u>Short-term loan to related party</u></b>				
Subsidiary	-	-	-	300,000
Total short-term loan to related party	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,000</u>
<b><u>Short-term loans from related party (Note 16)</u></b>				
Related financial institution (related by common shareholders)	180,000	280,000	180,000	280,000
Total short-term loans from related party	<u>180,000</u>	<u>280,000</u>	<u>180,000</u>	<u>280,000</u>
<b><u>Trade and other payables - related parties (Note 18)</u></b>				
Subsidiary	-	-	4,707	2,651
Related companies (related by common shareholders)	380,866	317,821	294,281	264,637
Total trade and other payables - related parties	<u>380,866</u>	<u>317,821</u>	<u>298,988</u>	<u>267,288</u>
<b><u>Long-term loans from - related parties</u></b>				
Subsidiary	-	-	150,000	40,000
Related companies (related by common shareholders)	1,069,999	1,296,931	1,069,999	1,296,931
Total	1,069,999	1,296,931	1,219,999	1,336,931
Less: current portion	(415,999)	(342,931)	(435,999)	(362,931)
Total long-term loans from related parties - net of current portion	<u>654,000</u>	<u>954,000</u>	<u>784,000</u>	<u>974,000</u>

#### **Loan to Naga Property Co., Ltd. (subsidiary)**

The outstanding balance as at 31 December 2010 represented an outstanding unsecured promissory note amounting to Baht 300 million with an interest rate of MLR minus 1.0 percent per annum.

During the year 2011, the Company received the repayment of loan at full amount.

#### **Long-term loan from Jalaprathan Concrete Co., Ltd. (subsidiary)**

The outstanding balance as at 31 December 2011 represented two loans. The first loan is an unsecured loan amounting to Baht 20 million (2010: Baht 40 million) first drawn down on 12 November 2009 and due within December 2012. The second loan is an unsecured promissory note dated 29 December 2011 amounting to Baht 130 million, maturing on 29 December 2015. Interest on both loans is payable on a quarterly basis at a rate equal to the average three-month fixed deposit of three local banks plus 2.5 percent per annum.

#### **Long-term loans from related companies**

The outstanding balances as at 31 December 2011 consisted of unsecured loans of Euro 2.8 million and Baht 354 million (2010: Euro 2.8 million and Baht 354 million).

The Euro 2.8 million loan was acquired to settle the unpaid technical fee with CTG S.p.A., Italy, a fellow subsidiary. The loan bears interest at the EURIBOR three months rate plus 0.5 percent per annum. Interest is repayable on a quarterly basis while the loan principal matures on 15 December 2011 or as agreed by the parties. Both parties may agree to extend the repayment schedule for another one year from the original maturity date.

The Baht 354 million was acquired to pay for management and technical services from Ciments Francais S.A., France. The loan bears interest at a floating rate following the average three-month fixed deposit rate of three local banks plus 2.5 percent per annum and is due on 31 October 2014.

### **Long-term loans from Asia Cement Plc. (related company)**

The outstanding balances as at 31 December 2011 secured by Ciments Francais S.A., France, represented an outstanding loan of Baht 600 million (2010: Baht 830 million) carrying interest at a floating rate equal to the average MLR of three local banks minus 1.0 percent per annum. Interest is repayable on a quarterly basis and the loan was to be repayable annually within 2013.

The outstanding balances as at 31 December 2011 have repayment schedule as follows:

<u>Repayment schedule</u>	(Unit: Million Baht) <u>Principal of loan</u>
December 2012	300
December 2013	300
Total	<u>600</u>

### **Directors and management's benefits**

During the year ended 31 December 2011 and 2010, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Short-term employee benefits	2.5	2.6	2.5	2.6



## 10. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	1,017	2,625	3,694	2,514
Past due				
Up to 3 months	698	1,376	698	819
3 - 6 months	-	903	-	-
Total trade receivables related parties	<u>1,715</u>	<u>4,904</u>	<u>4,392</u>	<u>3,333</u>
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	315,479	287,537	243,785	210,037
Past due				
Up to 3 months	93,880	87,009	71,747	66,840
3 - 6 months	2,657	5,697	18	4,320
6 - 12 months	3,866	4,128	1,234	881
Over 12 months	32,153	44,635	6,540	11,456
Total	448,035	429,006	323,324	293,534
Less: Allowance for doubtful accounts	(41,910)	(50,658)	(5,554)	(11,160)
Total trade receivables - unrelated parties, net	<u>406,125</u>	<u>378,348</u>	<u>317,770</u>	<u>282,374</u>
Total trade receivable - net	<u>407,840</u>	<u>383,252</u>	<u>322,162</u>	<u>285,707</u>
<u>Other receivables</u>				
Other receivables - related parties	12,944	7,733	12,946	41,537
Other receivables - unrelated parties	5,026	1,814	3,951	1,187
Total other receivables	<u>17,970</u>	<u>9,547</u>	<u>16,897</u>	<u>42,724</u>
Trade and other receivables - net	<u><u>425,810</u></u>	<u><u>392,799</u></u>	<u><u>339,059</u></u>	<u><u>328,431</u></u>

## 11. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	Finished goods	39,477	40,517	-	-	39,477
Work in process	23,573	33,261	-	-	23,573	33,261
Clinker	81,039	90,721	(2,000)	(2,000)	79,039	88,721
Raw materials	273,354	225,430	(4,005)	(8,000)	269,349	217,430
Spare parts and supplies	274,078	253,622	(165,012)	(167,573)	109,066	86,049
<b>Total</b>	<b>691,521</b>	<b>643,551</b>	<b>(171,017)</b>	<b>(177,573)</b>	<b>520,504</b>	<b>465,978</b>

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	Finished goods	39,477	40,517	-	-	39,477
Work in process	23,573	33,261	-	-	23,573	33,261
Clinker	81,039	90,721	(2,000)	(2,000)	79,039	88,721
Raw materials	270,214	222,834	(4,005)	(8,000)	266,209	214,834
Spare parts and supplies	272,574	252,119	(165,012)	(167,573)	107,562	84,546
<b>Total</b>	<b>686,877</b>	<b>639,452</b>	<b>(171,017)</b>	<b>(177,573)</b>	<b>515,860</b>	<b>461,879</b>

As described in Note 1.1 to the financial statements, although the Company expect to be able to resume production at its normal capacity in the near future. The management determined to record the impairment of spare parts of machines which are related to the clinker production amounting to Baht 80 million and continued to set up provision for such impairment loss in the statements of financial position.

## 12. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost	
	2011	2010	2011	2010	2011	2010
			(%)	(%)		
Jalaprathan Concrete Co., Ltd.	280,000	280,000	99.99	99.99	279,981	279,981
Naga Property Co., Ltd.	100,000	100,000	100.00	100.00	100,000	100,000
Total					379,981	379,981
Less: Allowance for impairment loss of investments					(93,739)	-
Investments in subsidiaries - net					286,242	379,981

During the year 2011, the management determined to record allowance for impairment loss of investment in Naga Property Co.,Ltd. amounting to Baht 94 million in profit or loss on the separate financial statements for the year 2011.

The Company had no dividend received from its subsidiaries during 2011 and 2010.

## 13. Other long-term investments

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Bangkok Bank of Commerce Public Co., Ltd.	5,724	5,724	5,724	5,724
Jalaprathan Transport Co., Ltd.	10,399	10,399	-	-
Other company	116	116	116	116
Total	16,239	16,239	5,840	5,840
Less: Allowance for impairment loss of investments	(16,239)	(16,239)	(5,840)	(5,840)
Other long-term investments - net	-	-	-	-

#### 14. Investment properties

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	<u>2011</u>	<u>2010</u>
		(Restated)
Net book value at beginning of year	391,527	391,527
Disposals - net book value	<u>(391,527)</u>	<u>-</u>
Net book value at end of year	<u>-</u>	<u>391,527</u>

The above investment property is a land and an office building for rent of Naga Property Co., Ltd. (subsidiary) which represented at fair value. The fair value of the investment property has been determined based on valuations performed by an accredited independent valuer using the market approach.

During the current year, the subsidiary sold its investment property to an unrelated party at Baht 380 million which had loss on sale of that property amounting to Baht 12 million. The loss amount is recognised in profit or loss of the 2011 consolidated financial statements.

## 15. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements													
	Assets used in the operations					Unused assets but not classified as held for sale								
	Revaluation basis		Cost basis			Revaluation basis		Cost basis						
Land	Lease asset	Quarries cost	Buildings, leaseholds improvement and structures	Machinery, tools and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Land	Buildings, leaseholds improvement and structures	Machinery, tools and equipment	Motor vehicles	Construction in progress	Total	
<b>Cost/revalued amount:</b>														
As at 1 January 2010 - as previously reported	1,169,121	400,000	45,445	595,077	1,708,548	26,589	37,680	82,211	-	549,941	2,995,387	254,772	116,222	7,980,993
Restated (Note 5)	-	(400,000)	-	-	-	-	-	-	-	-	-	-	-	(400,000)
As at 1 January 2010 - restated	1,169,121	-	45,445	595,077	1,708,548	26,589	37,680	82,211	-	549,941	2,995,387	254,772	116,222	7,580,993
Additions	-	-	-	-	647	117	-	75,630	-	-	-	-	-	76,394
Disposals/write-off	-	-	-	(25,558)	(6,579)	(196)	(11,607)	(770)	-	-	-	-	-	(44,710)
Transfer between accounts	-	-	-	8,448	30,813	129	2,389	(41,779)	-	-	-	-	-	-
As at 31 December 2010 - restated	1,169,121	-	45,445	577,967	1,733,429	26,639	28,462	115,292	-	549,941	2,995,387	254,772	116,222	7,612,677
Transfer between used and unused assets	(126,465)	-	-	274,472	1,733,852	-	135,286	39,782	126,465	(274,472)	(1,733,852)	(135,286)	(39,782)	-
Additions	-	-	-	-	2,291	54	-	66,399	-	-	-	-	-	68,744
Disposals/write-off	-	-	-	(207)	(2,305)	(1,082)	(5,035)	-	-	-	-	(3,855)	-	(12,484)
Transfer between accounts	-	-	-	7,024	54,671	108	967	(62,770)	-	-	-	-	-	-
As at 31 December 2011	1,042,656	-	45,445	859,256	3,521,938	25,719	159,680	158,703	126,465	275,469	1,261,535	115,631	76,440	7,668,937
<b>Accumulated depreciation:</b>														
As at 1 January 2010 - as previously reported	-	8,473	4,329	466,817	965,820	23,663	33,525	-	-	339,040	2,153,078	246,212	-	4,240,957
Restated (Note 5)	-	(8,473)	-	-	-	-	-	-	-	-	-	-	-	(8,473)
As at 1 January 2010 - restated	-	-	4,329	466,817	965,820	23,663	33,525	-	-	339,040	2,153,078	246,212	-	4,232,484
Depreciation for the year	-	-	933	16,182	88,380	1,051	834	-	-	-	-	-	-	107,380
Depreciation on disposals/write-off	-	-	-	(25,515)	(6,452)	(196)	(11,607)	-	-	-	-	-	-	(43,770)
As at 31 December 2010 - restated	-	-	5,262	457,484	1,047,748	24,518	22,752	-	-	339,040	2,153,078	246,212	-	4,296,094
Transfer between used and unused assets	-	-	-	187,331	1,509,857	-	133,066	-	-	(187,331)	(1,509,857)	(133,066)	-	-
Depreciation for the year	-	-	1,221	15,745	91,567	920	832	-	-	-	-	-	-	110,285
Depreciation on disposals/write-off	-	-	-	(207)	(2,305)	(1,082)	(5,035)	-	-	-	-	-	-	(12,484)
As at 31 December 2011	-	-	6,483	660,353	2,646,867	24,356	151,615	-	-	151,709	643,221	109,291	-	4,393,895

(Unit: Thousand Baht)

## Consolidated financial statements (continued)

	Assets used in the operations										Unused assets but not classified as held for sale				
	Revaluation basis		Cost basis					Revaluation basis			Cost basis				
	Land	Lease asset	Quarries cost	Buildings, leaseholds improvement and structures	Machinery, tools and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Land	Buildings, leaseholds improvement and structures	Machinery, tools and equipment	Motor vehicles	Construction in progress	Total	
<b>Allowance for impairment loss:</b>															
As at 1 January 2010	5,340	-	-	-	-	-	-	359	-	210,901	842,309	8,560	116,222	1,183,691	
Increase during the year	-	-	-	-	-	-	-	3,334	-	-	-	-	-	3,334	
As at 31 December 2010	5,340	-	-	-	-	-	-	3,693	-	210,901	842,309	8,560	116,222	1,187,025	
Transfer between used and unused assets	-	-	-	87,141	223,995	-	2,220	39,782	-	(87,141)	(223,995)	(2,220)	(39,782)	-	
Decrease during the year	-	-	-	(64,993)	(158,647)	-	(71)	(39,782)	-	-	-	-	-	(263,493)	
As at 31 December 2011	5,340	-	-	22,148	65,348	-	2,149	3,693	-	123,760	618,314	6,340	76,440	923,532	
<b>Net book value:</b>															
As at 31 December 2010 - restated	1,163,781	-	40,183	120,483	685,681	2,121	5,710	111,599	-	-	-	-	-	2,129,558	
As at 31 December 2011	1,037,316	-	38,962	176,755	809,723	1,363	5,916	155,010	126,465	-	-	-	-	2,351,510	
<b>Depreciation for the year</b>															
2010 (Baht 107 million included in manufacturing cost and the balance in administrative expenses)														107,380	
2011 (Baht 110 million included in manufacturing cost and the balance in administrative expenses)														110,285	

(Unit: Thousand Baht)

		Separate financial statements											
		Assets used in the operations					Unused assets but not classified as held for sale						
		Cost basis					Revaluation basis			Cost basis			
Revaluation basis	Quarries cost	Buildings, leaseholds improvement and structures	Machinery, tools and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Land	Buildings, leaseholds improvement and structures	Machinery, tools and equipment	Motor vehicles	Construction in progress	Total	
<b>Cost/revalued amount:</b>													
As at 1 January 2010	1,169,121	45,445	561,693	1,527,008	23,602	33,262	79,983	-	549,941	2,995,387	254,772	116,222	7,356,436
Additions	-	-	-	647	117	-	75,321	-	-	-	-	-	76,085
Disposals/write-off	-	-	(25,402)	-	(128)	(10,140)	(690)	-	-	-	-	-	(36,360)
Transfer between accounts	-	-	7,905	29,270	66	2,389	(39,630)	-	-	-	-	-	-
As at 31 December 2010	1,169,121	45,445	544,196	1,556,925	23,657	25,511	114,984	-	549,941	2,995,387	254,772	116,222	7,396,161
Transfer between used and unused assets	(126,465)	-	274,472	1,733,852	-	135,286	39,782	126,465	(274,472)	(1,733,852)	(135,286)	(39,782)	-
Additions	-	-	-	2,291	54	-	65,262	-	-	-	-	-	67,607
Disposals/write-off	-	-	-	(572)	(1,053)	(5,035)	-	-	-	-	(3,855)	-	(10,515)
Transfer between accounts	-	-	6,390	54,320	63	967	(61,740)	-	-	-	-	-	-
As at 31 December 2011	1,042,656	45,445	825,058	3,346,816	22,721	156,729	158,288	126,465	275,469	1,261,535	115,631	76,440	7,453,253
<b>Accumulated depreciation:</b>													
As at 1 January 2010	-	4,329	450,952	823,792	20,874	29,107	-	-	339,040	2,153,078	246,212	-	4,067,384
Depreciation for the year	-	933	12,167	80,380	957	834	-	-	-	-	-	-	95,271
Depreciation on disposals /write-off	-	-	(25,402)	-	(128)	(10,140)	-	-	-	-	-	-	(35,670)
As at 31 December 2010	-	5,262	437,717	904,172	21,703	19,801	-	-	339,040	2,153,078	246,212	-	4,126,985
Transfer between used and unused assets	-	-	187,331	1,509,857	-	133,066	-	-	(187,331)	(1,509,857)	(133,066)	-	-
Depreciation for the year	-	1,221	12,149	83,899	849	832	-	-	-	-	-	-	98,950
Depreciation on disposals /write-off	-	-	-	(572)	(1,053)	(5,035)	-	-	-	-	(3,855)	-	(10,515)
As at 31 December 2011	-	6,483	637,197	2,497,356	21,499	148,664	-	-	151,709	643,221	109,291	-	4,215,420

(Unit: Thousand Baht)

## Separate financial statements (continued)

	Assets used in the operations										Unused assets but not classified as held for sale				
	Revaluation basis	Cost basis					Revaluation basis					Cost basis			
		Land	Quarries cost	Buildings, leaseholds improvement and structures	Machinery, tools and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Land	Buildings, leaseholds improvement and structures	Machinery, tools and equipment	Motor vehicles	Construction in progress	Total	
<b>Allowance for impairment loss:</b>															
As at 1 January 2010	5,340	-	-	-	-	-	359	-	210,901	842,309	8,560	116,222	1,183,691		
Increase during the year	-	-	-	-	-	-	3,334	-	-	-	-	-	3,334		
As at 31 December 2010	5,340	-	-	-	-	-	3,693	-	210,901	842,309	8,560	116,222	1,187,025		
Transfer between used and unused assets	-	-	87,141	223,995	-	2,220	39,782	-	(87,141)	(223,995)	(2,220)	(39,782)	-		
Decrease during the year	-	-	(64,993)	(158,647)	-	(71)	(39,782)	-	-	-	-	-	(263,493)		
As at 31 December 2011	5,340	-	22,148	65,348	-	2,149	3,693	-	123,760	618,314	6,340	76,440	923,532		
<b>Net book value:</b>															
As at 31 December 2010	1,163,781	40,183	106,479	652,753	1,954	5,710	111,291	-	-	-	-	-	2,082,151		
As at 31 December 2011	1,037,316	38,962	165,713	784,112	1,222	5,916	154,595	126,465	-	-	-	-	2,314,301		
<b>Depreciation for the year</b>															
2010 (Baht 95 million included in manufacturing cost, and the balance in administrative expenses)														95,271	
2011 (Baht 98 million included in manufacturing cost and the balance in administrative expenses)														98,950	



As described in Note 1.1 to the financial statements, the Company expects to be able to resume production of Cha-Am plant at its normal capacity in the near future. The management considered to transfer assets related to the clinker production at Cha-Am plant from unused assets to assets used in the operations and reversed the impairment of those assets which are related to the clinker production amounting to Baht 263 million. As at 31 December 2011, the allowance for impairment loss of the assets related to the clinker production amounted to Baht 914 million (2010: Baht 1,177 million).

Breakdown of land carried on the revaluation basis is as follows:

	(Unit: Thousand Baht)	
	Consolidated / separate financial statements	
	<u>2011</u>	<u>2010</u>
Original cost	62,128	62,128
Surplus from revaluation	<u>1,106,993</u>	<u>1,106,993</u>
Revalued amount	1,169,121	1,169,121
Allowance for impairment loss	<u>(5,340)</u>	<u>(5,340)</u>
Net book value	<u>1,163,781</u>	<u>1,163,781</u>

In July 2006, the Company engaged an independent professional valuer to reappraise the value of land, using the Market Approach. As the result of the appraisal, a revaluation decrease is to be charged directly against the “Surplus on revaluation of land” in shareholders’ equity in year 2006.

As at 31 December 2011, certain plant and equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 2,443 million (The Company only: Baht 2,366 million) (2010: Baht 2,423 million and Baht 2,349 million, respectively).

#### **16. Short-term loans from financial institution**

As at 31 December 2011, the Company has unsecured loan from a local commercial bank, related financial institution, amounting to Baht 180 million (2010: Baht 280 million), bearing interest at a rate of 3.93 percent per annum (2010: 2.90 percent per annum).

## 17. Income tax

17.1 In October 2011, the cabinet passed a resolution to reduce the corporate income tax rate from 30 percent to 23 percent in 2012, and then to 20 percent from 2013. In addition, in order to comply with the resolution of the cabinet, in December 2011, the decreases in tax rates for 2012 - 2014 were enacted through a royal decree. The Company had already reflected the changes in tax rates in its deferred tax calculation of 2011.

17.2 Income tax expenses of the Company and its subsidiaries for the year ended 31 December 2011 and 2010 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b>Current income tax:</b>				
Current income tax charge	-	-	-	-
Write-off of non-refundable withholding tax deducted at source/overpaid tax/(overpaid tax received)	(146)	(10,139)	(288)	(10,560)
Total	(146)	(10,139)	(288)	(10,560)
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	1,214	13,661	1,443	23,309
Effect of changes in the applicable tax rates	20,492	-	12,548	-
Total	21,706	13,661	13,991	23,309
Income tax expenses as included in profit or loss	<u>21,560</u>	<u>3,522</u>	<u>13,703</u>	<u>12,749</u>

17.3 The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2011 and 2010 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b>Surplus revaluation of land</b>				
Effects of changes in the applicable tax rates	110,699	-	110,699	-
	<u>110,699</u>	<u>-</u>	<u>110,699</u>	<u>-</u>

17.4 Reconciliation between tax expense and the product of accounting profit (loss) multiplied by the applicable tax rate for the years ended 31 December 2011 and 2010 is as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Accounting profit (loss) before tax	236,163	(36,754)	170,536	(26,169)
Applicable tax rate	30%	30%	30%	30%
Accounting profit (loss) before tax multiply with applicable tax rate	70,849	(11,026)	51,160	(7,851)
Deferred taxes assets which were not recognised during the year				
- Tax losses	58,907	56,411	44,514	53,126
- Allowance for diminution in value of inventories	-	836	-	836
- Employee benefits obligation from cancelled pension plan	-	20,244	-	20,244
- Allowance for impairment loss of investment	-	-	28,122	-
Utilisation of previously unrecognised deferred tax assets				
- Tax losses	-	(904)	-	-
- Allowance for diminution in value of inventories	(2,531)	(2,271)	(2,531)	(2,271)
- Allowance for impairment of assets	(116,647)	(41,062)	(116,647)	(41,062)
- Employee benefits obligation from cancelled pension plan	(4,188)	-	(4,188)	-
Previous year tax losses which were recognised as deferred tax assets during the year	(7,393)	(8,404)	-	-
Effect of elimination entries on the consolidated financial statements	984	(492)	-	-
Tax effect of non-deductible expenses	1,233	329	1,013	287
Write-off of non-refundable withholding tax deducted at source/overpaid tax/ (overpaid tax received)	(146)	(10,139)	(288)	(10,560)
Effect of changes in the applicable tax rates	20,492	-	12,548	-
Income tax expense reported in profit or loss	<u>21,560</u>	<u>3,522</u>	<u>13,703</u>	<u>12,749</u>

17.5 As at 31 December 2011 and 2010, the components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	41,910	50,658	5,554	11,160
Allowance for diminution in value of inventories	91,255	89,376	91,255	89,376
Allowance for impairment loss of other long-term investments	16,240	16,240	5,840	5,840
Allowance for impairment loss of assets	4,255	4,255	4,255	4,255
Provision for quarry restoration costs	2,944	3,009	2,944	3,009
Provision for management's bonus	-	459	-	459
Provision for long-term employee benefits	29,320	27,306	18,282	17,263
Tax losses	30,924	28,013	-	-
	<u>216,848</u>	<u>219,316</u>	<u>128,130</u>	<u>131,362</u>
Application tax rates	20% - 23%	30%	20% - 23%	30%
Deferred tax assets	<u>44,298</u>	<u>65,795</u>	<u>25,626</u>	<u>39,409</u>
<b>Deferred tax liabilities</b>				
Depreciation from changing useful lives of assets	(2,653)	(1,074)	(2,653)	(1,074)
Surplus revaluation of land	(1,106,993)	(1,106,993)	(1,106,993)	(1,106,993)
	<u>(1,109,646)</u>	<u>(1,108,067)</u>	<u>(1,109,646)</u>	<u>(1,108,067)</u>
Applicable tax rates	20% - 23%	30%	20% - 23%	30%
Deferred tax liabilities	<u>(221,929)</u>	<u>(332,420)</u>	<u>(221,929)</u>	<u>(332,420)</u>

17.6 As at 31 December 2011, the Company and its subsidiaries have unused tax losses of approximately Baht 819 million (2010: Baht 648 million), on which deferred tax assets have not been recognised as the management believe that they might not be used to offset taxable income in the future.

## 18. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Trade payables - related parties	294,960	290,857	227,954	249,952
Trade payables - unrelated parties	171,588	221,144	135,529	180,734
Other payables - related parties	85,906	26,964	71,034	17,336
Other payables - unrelated parties	64,969	56,038	62,608	53,622
Accrued expenses	25,214	35,793	19,015	28,650
Accrued contribution to provident fund	-	67,479	-	67,479
<b>Total trade and other payables</b>	<b>642,637</b>	<b>698,275</b>	<b>516,140</b>	<b>597,773</b>

## 19. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2011 and 2010 was as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b>Balance at beginning of year</b>	27,306	54,841	17,263	46,294
Current service cost	1,648	4,047	817	3,141
Interest cost	1,318	3,967	690	3,140
Past service cost	-	15,844	-	15,844
Actuarial losses	296	174	-	-
Curtailment loss	-	17,086	-	17,086
Long-term employee benefits expense for the year	3,262	41,118	1,507	39,211
Benefits paid during the year	(1,248)	(1,174)	(487)	(763)
Transferred to provident fund	-	(67,479)	-	(67,479)
<b>Balance at end of year</b>	<b>29,320</b>	<b>27,306</b>	<b>18,283</b>	<b>17,263</b>

Reconciliation of the present value of the defined benefit obligation to the liabilities recognised in the statement of financial position as at 31 December 2011 and 2010 was as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b>Defined benefits obligation at beginning of year</b>	32,958	58,512	17,263	46,294
Current service cost	1,648	4,047	817	3,141
Interest cost	1,318	3,967	690	3,140
Benefits paid during the year	(1,248)	(1,174)	(487)	(763)
Actuarial losses	15,916	2,155	6,666	-
Curtailment loss	-	17,086	-	17,086
Past service cost	-	15,844	-	15,844
Transferred to provident fund	-	(67,479)	-	(67,479)
<b>Defined benefits obligation at end of year</b>	<u>50,592</u>	<u>32,958</u>	<u>24,949</u>	<u>17,263</u>
Unrecognised actuarial losses	(21,272)	(5,652)	(6,666)	-
<b>Provisions for long-term employee benefits at end of year</b>	<u>29,320</u>	<u>27,306</u>	<u>18,283</u>	<u>17,263</u>

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	3.5	4.0	3.5	4.0
Future salary increase rate	5.0	5.0	5.0	5.0
Staff turnover rate				
(depending on age of employee)	2.0 - 2.7	4.0	2.0	4.0
Inflation rate	2.5	3.3	2.5	3.3

Amounts of defined benefits obligation and experience adjustments for the current and previous four periods are as follows:

(Unit: Thousand Baht)

Year	Consolidated financial statements		Separate financial statements	
	Defined benefits obligation	Experience adjustments	Defined benefits obligation	Experience adjustments
2011	50,592	12,438	24,949	4,556
2010	32,958	2,155	17,263	-
2009	58,512	(3,766)	46,294	(3,766)
2008	179,800	(1,642)	168,073	(2,123)
2007	186,094	(9,183)	173,739	(9,615)

In December 2010, the Company and its employees agree to terminate pension on severance payment and implement to pay by law. The Company transferred their pensions which calculate up to 31 December 2010 to the provident fund during March 2011, amounting to Baht 67 million as the initial money and part of the Company's contribution.

#### **20. Statutory reserve**

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

#### **21. Other reserve**

The outstanding balance of other reserve is a general reserve of the Company for future special expenditures and represents the allocation of 5 percent of annual net profit and was accumulated until 1994, when the allocation was discontinued.

#### **22. Other components of shareholders' equity**

The revaluation surplus on land as included in other components of shareholders' equity can neither be offset against deficit nor used for dividend payment.

## 23. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Salary and wages and other employee benefits	96,442	114,747	73,824	94,219
Depreciation	110,285	107,380	98,951	95,271
Loss on impairment of assets (reversal)	(263,493)	3,333	(263,493)	3,333
Loss on obsolescence and impairment of raw materials, spare parts and supplies (reversal)	(6,556)	1,547	(6,556)	1,547
Rental expenses from operating lease agreements	21,997	22,069	2,468	2,084
Transportation expenses	75,636	87,326	9,786	24,340
Management fee	116,471	84,614	100,998	71,489
Repair and maintenance expenses	75,611	53,839	75,610	53,005
Raw materials and consumables used	1,125,567	1,192,931	872,755	960,047
Changes in inventories of finished goods, work in process and clinker	618,113	722,276	618,113	722,276

## 24. Basic earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing profit (loss) for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.



## 25. Segment information

The Company and its subsidiaries' business operations involve three principal segments: (1) Manufacturing of cement (2) Manufacturing of ready-mixed concrete and (3) Office building rental. These operations are mainly carried on in Thailand. Below is the consolidated financial information for the years ended 31 December 2011 and 2010 of the Company and its subsidiaries by segment.

(Unit: Million Baht)

Consolidated financial statements										
	Cement segment		Ready-mixed concrete segment		Office building rental segment		Elimination of inter-segment revenues		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Revenue from external customers	1,800	1,623	468	412	-	6	-	-	2,268	2,041
Inter-segment revenues	33	25	-	-	-	-	(33)	(25)	-	-
<b>Total revenues</b>	<b>1,833</b>	<b>1,648</b>	<b>468</b>	<b>412</b>	<b>-</b>	<b>6</b>	<b>(33)</b>	<b>(25)</b>	<b>2,268</b>	<b>2,041</b>
Segment operating income (loss)	57	(31)	20	(7)	(28)	4	-	-	49	(31)
Unallocated income and expenses:										
Interest income									3	2
Other income									14	57
Reversal of impairment loss on unused assets									263	-
Other expenses									(10)	-
Finance cost									(83)	(64)
Corporate income tax									(21)	(4)
Non-controlling interests of the subsidiaries									-	-
<b>Profit (loss) for the year</b>									<b>215</b>	<b>(40)</b>
Consolidated financial statements										
	Cement segment		Ready-mixed concrete segment		Office building rental segment		Elimination of inter-segment revenues		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Investment properties	-	-	-	-	-	388	-	4	-	392
Property, plant and equipment	2,314	2,082	37	48	-	-	-	-	2,351	2,130
Other assets	1,225	1,597	299	242	6	2	(444)	(760)	1,086	1,081
<b>Total assets</b>	<b>3,539</b>	<b>3,679</b>	<b>336</b>	<b>290</b>	<b>6</b>	<b>390</b>	<b>(444)</b>	<b>(756)</b>	<b>3,437</b>	<b>3,603</b>

Transfer prices between business segments for sales and purchases of goods made with reference to the term and prices offered to manufacturing customers.

## 26. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both the Company and employees contributed to the fund monthly at the rate of 3 - 5 percent of basic salaries. The fund, which is managed by UOB Asset Management (Thai) Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2011, the Company contributed Baht 2 million (2010: Baht 1 million) to the fund.

## 27. Commitments and contingent liabilities

### 27.1 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of land and motor vehicle. The terms of the agreements are generally between 1 and 10 years.

As at 31 December 2011, future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

	Consolidated financial statements	(Unit: Million Baht) Separate financial statements
Payable within:		
1 year	12	3
2 - 5 years	11	2

### 27.2 Long-term service agreements commitments

a) The Company and its subsidiaries have entered into agreements relation to the concrete transportation, packing cement and other related services. The Company and its subsidiaries are committed to pay service fees calculated from quantities and distance multiplied by the rate specified in the agreements.

b) The Company and its subsidiaries have entered into others services agreements, mostly relating to the provision of repair and maintenance of machines and equipments. As at 31 December 2011, there were commitments to be payable under those agreements as follows:

	Consolidated financial statements	(Unit: Million Baht) Separate financial statements
Payable within:		
1 year	14	9
4 years	1	1

### **27.3 Purchase of raw material commitment**

As at 31 December 2011, the Company has entered into an agreement regarding to purchase of raw material in the future. Commitment value will be based on the purchase volume specified in the agreement multiplied by price in the future.

### **27.4 Bank guarantees**

As at 31 December 2011, there were outstanding bank guarantees of Baht 49 million (The Company only: Baht 47 million) issued by banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 46 million to guarantee electricity use and Baht 3 million for other guarantee.

## **28. Financial instruments**

### **28.1 Financial risk management policies**

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, borrowing, investments, trade and other payables and loans. The financial risks associated with these financial instruments and how they are managed is described below.

#### ***Credit risk***

The Company and its subsidiaries exposed to credit risk primarily with respect to trade and other receivables and borrowing. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables and borrowing as stated in the statement of financial position.

#### ***Interest rate risk***

The Company and its subsidiaries exposure to interest rate risk relates primarily to its cash at banks, borrowing and loans. However, since most of the Company and its subsidiaries' financial assets and liabilities bear no interest or floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2011 classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	Consolidated financial statements				Effective interest rate (% p.a.)
	Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	
<b>Financial assets</b>					
Cash and cash equivalent	-	64	11	75	0.20 - 0.75
Trade and other receivables	-	-	426	426	-
	-	64	437	501	
<b>Financial liabilities</b>					
Short-term loans from financial institution	180	-	-	180	3.93
Trade and other payables	-	-	643	643	-
Long-term loans from related parties	-	1,070	-	1,070	1.93 - 6.38
	180	1,070	643	1,893	

(Unit: Million Baht)

	Separate financial statements				Effective interest rate (% p.a.)
	Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	
<b>Financial assets</b>					
Cash and cash equivalent	-	37	11	48	0.20 - 0.75
Trade and other receivables	-	-	339	339	-
Investments in subsidiaries	-	-	286	286	-
	-	37	636	673	
<b>Financial liabilities</b>					
Short-term loans from financial institution	180	-	-	180	3.93
Trade and other payables	-	-	516	516	-
Long-term loans from related parties	-	1,220	-	1,220	1.93 - 6.38
	180	1,220	516	1,916	

### **Foreign currency risk**

The Company and its subsidiaries' exposure to foreign currency risk arises mainly from purchasing transactions and loans that are denominated in foreign currencies.

The balances of financial liabilities denominated in foreign currencies as at 31 December 2011 are summarised below.

Foreign currency	Financial liabilities	Selling exchange rate as at 31 December 2011
	(Million)	(Baht per 1 foreign currency unit)
Euro	3	41.3397

### **28.2 Fair value of financial instruments**

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature or bear interest rates close to the market rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable and willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

### **29. Capital management**

The primary objective of the Company's capital management is to ensure that it has an appropriate capital structure in order to support its business and maximise shareholders value. As at 31 December 2011, the Group's debt-to-equity ratio was 1.68:1 (2010: 2.76:1) and the Company's was 1.57:1 (2010: 2.32:1).

### **30. Reclassification**

To comply with the Notification of the Department of Business Development relating to the financial statement presentation as described in Note 2 to the financial statements and as the result of the adoption of revised and new accounting standards as described in Note 3 to the financial statements, certain amounts in the financial statements for the year ended 31 December 2010 have been reclassified to conform to the current year's classification, without any effect to the previously reported loss or shareholders' equity.

### **31. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 24 February 2012.



บริษัท ชลประทานซีเมนต์ จำกัด (มหาชน)

**Jalapraphan Cement**

Public Company Limited

**บริษัท ชลประทานซีเมนต์ จำกัด (มหาชน)**

23/124-128 ซอยศูนย์วิจัย ถนนพระรามที่ 9 แขวงบางกะปิ เขตห้วยขวาง กรุงเทพฯ 10320

โทรศัพท์ 0-2641-5600, 0-2641-5620 โทรสาร 0-2641-5680

**JALAPRATHAN CEMENT PUBLIC COMPANY LIMITED**

23/124-128 Soi Soonvijai, Rama 9 Road, Bangkapi, Huaykwang, Bangkok 10320 Thailand

Tel. (66 2) 641-5600, 641-5620 Fax. (66 2) 641-5680