

Asia Cement Public Co., Ltd.

Annual Report

2010



บริษัท ปูนซีเมนต์เอเชีย จำกัด (มหาชน)

Asia Cement

Public Company Limited

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Annual Report

2010

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บริษัท ปูนซีเมนต์เอเชีย จำกัด (มหาชน)

Asia Cement

Public Company Limited



Message from Managing Directors



As the world's economy slowly recovers from the worst financial crisis since 1997, the outlook for 2011 continues to be uncertain. Thailand's economy grew by 7.8% thanks to the export-manufacturing sector, the tourism sector and, with a milder lift, domestic demand. Political uncertainty and inflation remain the main threats for Thai economy in 2011.

The total domestic demand for cement in 2010 was approximately 26 million tons which increased 7% compared to the demand in 2009. Whilst the domestic demand for cement was increasing on one hand, acute market price competition continued. Consequently, the company's operation results in 2010 were lower than expected.

The total revenues income of Asia Cement Public Company Limited in 2010 was 5,679 million baht, decreasing 3% from the preceding year causing a net loss of 128 million baht. The sharp price reduction caused by fierce competition and the increased cost of fuel offset the significant reduction in fix costs expenses and OWC. However, the net financial position of ACC improved slightly compared to 2009.

In 2011, cement domestic demand is expected to grow about 3-5%. This is consistent with the estimation of the country's economic growth rate at 3.5-4.5%.

In 2010 Asia Cement's Pukrang Plant in Saraburi Province was awarded "Outstanding Workplace on Labor Relations and Welfare" from Ministry of Labor for the 5th consecutive year showing good governance as well as a good relationship between the company and its personnel. Besides, the company also won "Green Quarry Award" from Department of Primary Industries and Mines, Ministry of Industry showing progress, management capability of the company and corporate social responsibility. Furthermore, Asia Cement has continually undertaken social activities, for instance, annual scholarship grants to provide needy students with good academic opportunities. Asia Cement well realizes that education is crucial in human development. In 2010 the company made a donation to flood victims in provinces e.g. Saraburi, Lopburi, Singburi. Also, the company's executives in conjunction with staff initiated a wildlife conservation program promoting eco system restoration and preservation of wild animal habitat in Kuiburi National Park, Prachaubkirikhan Province. Furthermore, the company took part in the preparation of the book "Call of the Wild Paradise of the Thai Kingdom". The book publicizes the abundance of the forest and wild animals in the Royal Project of Pukeow Natural Zoo in Pukeow Wildlife Sanctuary, Chaiyaphum Province and aims to create awareness about natural and environmental conservation. Last but not least the company is still the sole patron of "Mae Wug Community Forest Project" in Lampang Province, which is one of the company's success stories on corporate social responsibility and sustainable development.

Finally, on behalf of the Board of Directors of Asia Cement Public Company Limited, we would like to sincerely thank all the shareholders, the company's executive and staff for the continuous support to the Company.

(Mr. Nopadol Ramyarupa) (Mr. Mario Bracci)
Managing Director



บริษัท ปูนซีเมนต์เอเชีย จำกัด (มหาชน)

Asia Cement

Public Company Limited

Board of Directors, Executive Committee

Board of Directors

As of 31 December 2010

Directors

Mr.Yves Rene Nanot
Mr.Giovanni Battista Ferrario
Mr.Thanet Earsakul
Mr.Philippe Henry Lucien Staib
Mr.Giovanni Maggiora
Mr.Uran Kleosakul
Mr.Rapee Sukhyanga
Mr.Pramote Techasupatkul
Mr.Goran Leopold Seifert
Mr.Yingyong Srithong
Mr.Chong Toh
Mr.George Thomas
Mr.Nopadol Ramyarupa
Mr.Mario Bracci

Executive Committee

As of 31 December 2010

Directors

Mr.Yves Rene Nanot
Mr.Goran Leopold Seifert
Mr.Giovanni Maggiora
Mr.Mario Bracci
Mr.Nopadol Ramyarupa

1. Basic Information of the Company

Company:	Asia Cement Public Company Limited
Establishment:	August 23, 1989
Head Office:	23/124-128 Soi Soonvijai, Rama 9, Kwaeng Bangkapi, Khet Huaykwang, Bangkok
Plant:	Pukrang, 4/1 Moo 1, Yotha Sai 2, Tambon Pukrang, Amphur Pra Buddhabat, Saraburi Province
Type of Business:	Cement Production and Sale
Registration No.:	0107539000197 (Previous No. PLC 620)
Registered Capital in the Beginning:	
Registered Capital	Baht 4,290,000,000
Paid up Capital	Baht 4,290,000,000 comprising common share of 429,000,000 shares
Par Value	Common Share, Baht 10 per share
Registered Capital in Current Year:	
Registered Capital	Baht 4,670,523,072
Paid up Capital	Baht 4,670,523,072 comprising common share of 778,420,512 shares
Par Value	Common Share, Baht 6 per share

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

2.1 Asia Cement Products Company Limited: Common Shares amount 999,994 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 Asia Cement Energy Conservation Company Limited: Common Shares amount 9,993 shares which equals to 99.93%.

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

Type of Business: Electric Energy Generating and Sale

3. Information of the Company's holding in other companies or private enterprises (The Company holds shares for more than 10%.)

3.1 Jalaprathan Cement Public Company Limited: Common Shares amount 37,720,727 shares which equals to 31.43%.

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

Type of Business: Cement Production and Sale

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 Asia Cement Public Company Limited:

Name of Director	Number of Holding		Increasing/Decreasing
	Current Accounting Period	Past Accounting Period	
1. Mr. Thanet Earsakul	104,256	104,256	Not Change
2. Mr. Nopadol Ramyarupa	80,000	80,000	Not Change
3. Mr. Yingyong Srithong	18,750	18,750	Not Change
4. Mr. Pramote Techasupatkul	No	No	No
5. Mr. Giovanni Maggiora	No	No	No
6. Mr. Yves Rene Nanot	No	No	No
7. Mr. Rapee Sukhyanga	No	No	No
8. Mr. Giovanni Battista Ferrario	No	No	No
9. Mr. Chong Toh	No	No	No
10. Mr. Goran Leopold Seifert	No	No	No
11. Mr. George Thomas	No	No	No
12. Mr. Philippe Henry Lucien Staib	No	No	No
13. Mr. Uran Kleosakul	1,468,906	1,468,906	Not Change
14. Mr. Mario Bracci	No	No	No

5.2 The holding of Board of Directors in a subsidiary, that is, Asia Cement Products Company Limited as follows:

Name of Director	Number of Holding		Increasing/Decreasing
	Current Accounting Period	Past Accounting Period	
1. Mr. Nopadol Ramyarupa	1	1	Not Change
2. Mr. Mario Bracci	1	1	Not Change

5.3 The holding of Board of Directors in a subsidiary, that is, Asia Cement Energy Conservation Company Limited as follows:

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

6. The remuneration of Board of Directors paid in 2010

Name of Director	Remuneration (Baht)
1. Mr. Thanet Earsakul	360,000.00
2. Mr. Nopadol Ramyarupa	360,000.00
3. Mr. Yingyong Srithong	360,000.00
4. Mr. Pramote Techasupatkul	360,000.00
5. Mr. Giovanni Maggiora	360,000.00
6. Mr. Yves Rene Nanot	360,000.00
7. Mr. Rapee Sukhyanga	360,000.00
8. Mr. Giovanni Battista Ferrario	360,000.00
9. Mr. Chong Toh	360,000.00
10. Mr. Goran Leopold Seifert	360,000.00
11. Mr. George Thomas	360,000.00
12. Mr. Philippe Henry Lucien Staib	360,000.00
13. Mr. Uran Kleosakul	360,000.00
14. Mr. Mario Bracci	360,000.00
Total (Baht)	5,040,000.00

Report of Independent Auditor

To the Shareholders of Asia Cement Public Company Limited

I have audited the accompanying consolidated balance sheets of Asia Cement Public Company Limited and its subsidiaries as at 31 December 2010 and 2009, the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended, and the separate financial statements of Asia 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 Asia Cement Public Company Limited and its subsidiaries and of Asia Cement Public Company Limited as at 31 December 2010 and 2009, and the results of their operations, and cash flows for the years then ended in accordance with generally accepted accounting principles.



Termphong Opanaphan

Certified Public Accountant (Thailand) No. 4501

Ernst & Young Office Limited
Bangkok: 23 February 2011

Asia Cement Public Company Limited and its subsidiaries

Balance sheets

As at 31 December 2010 and 2009

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Assets					
Current assets					
Cash and cash equivalents	6, 7	2,923,254,324	2,752,782,437	2,755,818,556	2,543,149,633
Trade accounts receivable					
Related parties	7	115,820,775	206,368,606	530,718,691	537,995,529
Unrelated parties		1,354,176,266	1,253,747,222	769,542,805	642,484,964
Less: Allowance for doubtful accounts		(95,120,491)	(106,173,449)	(35,252,586)	(30,730,430)
Trade accounts receivable - net	8	1,374,876,550	1,353,942,379	1,265,008,910	1,149,750,063
Other accounts receivable - related parties	7	419,799	115,559	13,769,494	5,671,448
Short-term loan to subsidiary	7	-	-	17,000,000	-
Current portion of long-term loans to subsidiary	7	-	-	230,000,000	170,000,000
Inventories - net	9	1,502,095,208	1,328,503,442	1,030,850,343	965,070,526
Other current assets					
Input tax refundable		66,130,149	13,822,223	29,792,181	10,724,264
Corporate income tax refundable		19,334,507	-	19,334,507	-
Others		37,650,563	27,252,629	28,736,252	18,792,955
Total current assets		5,923,761,100	5,476,418,669	5,390,310,243	4,863,158,889
Non-current assets					
Investments in subsidiaries	10	-	-	582,088,565	582,088,565
Other long-term investments - net	11	1,000,000	16,554,700	1,000,000	1,000,000
Long-term loans to subsidiary - net of current portion	7	-	-	600,000,000	830,000,000
Property, plant and equipment - net	12	7,729,990,199	8,333,259,644	5,160,375,009	5,733,408,855
Leasehold right on office building - net	13	73,853,506	81,300,918	73,853,506	81,300,918
Mining concessions - net	14	14,002,509	15,360,105	14,002,509	15,360,105
Deferred tax assets	15	238,800,258	202,066,988	168,768,882	114,247,255
Other non-current assets					
Advance payment for purchase of assets		-	7,191,209	-	4,258,529
Others		11,106,731	13,128,069	5,432,882	6,563,538
Total non-current assets		8,068,753,203	8,668,861,633	6,605,521,353	7,368,227,765
Total assets		13,992,514,303	14,145,280,302	11,995,831,596	12,231,386,654

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

Asia Cement Public Company Limited and its subsidiaries

Balance sheets (continued)

As at 31 December 2010 and 2009

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institution	7, 16	280,000,000	250,000,000	-	-
Trade accounts payable					
Related parties	7	22,566,658	41,206,393	23,385,850	41,206,393
Unrelated parties		774,871,665	432,901,731	497,194,425	275,613,479
Total trade accounts payable		797,438,323	474,108,124	520,580,275	316,819,872
Other accounts payable - related parties	7	17,439,002	373,391,757	24,083,327	26,470,157
Current portion of long-term loans from related party	7	112,931,181	135,048,031	-	-
Other current liabilities					
Other accounts payable		333,660,589	210,094,131	271,870,665	160,554,585
Account payable from bill discounts	8, 17	-	25,331,314	-	24,200,000
Accrued expenses		140,840,778	154,776,851	92,857,578	72,589,508
Accrued contribution to provident fund	18, 24	67,478,762	-	-	-
Corporate income tax payable		158,608	27,348,624	-	27,348,624
Advance received from customers		28,322,789	21,143,343	24,240,724	16,783,010
Others		10,969,789	30,737,515	5,331,230	21,737,587
Total current liabilities		1,789,239,821	1,701,979,690	938,963,799	666,503,343
Non-current liabilities					
Long-term loans from related party - net					
of current portion	7	354,000,000	-	-	-
Long-term employee benefits obligation	18	94,942,584	114,210,241	63,328,841	55,633,941
Long-term provisions		10,301,521	10,555,006	7,292,220	7,801,080
Deferred tax liabilities	15	347,703,546	345,068,731	15,283,462	12,970,745
Other non-current liabilities - deposit from customers		1,500,000	1,500,000	-	-
Total non-current liabilities		808,447,651	471,333,978	85,904,523	76,405,766
Total liabilities		2,597,687,472	2,173,313,668	1,024,868,322	742,909,109

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

Asia Cement Public Company Limited and its subsidiaries

Balance sheets (continued)

As at 31 December 2010 and 2009

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Shareholders' equity					
Share capital					
Registered					
778,420,512 ordinary shares of Baht 6 each		<u>4,670,523,072</u>	<u>4,670,523,072</u>	<u>4,670,523,072</u>	<u>4,670,523,072</u>
Issued and fully paid					
778,420,512 ordinary shares of Baht 6 each		4,670,523,072	4,670,523,072	4,670,523,072	4,670,523,072
Share premium		4,612,220,396	4,612,220,396	4,612,220,396	4,612,220,396
Unrealised gain					
Revaluation surplus on land	19	30,265,073	30,265,073	30,265,073	30,265,073
Retained earnings					
Appropriated - statutory reserve	20	339,900,000	339,200,000	339,900,000	339,200,000
Unappropriated		<u>1,084,905,564</u>	<u>1,635,129,654</u>	<u>1,318,054,733</u>	<u>1,836,269,004</u>
Equity attributable to the Company's shareholders		10,737,814,105	11,287,338,195	10,970,963,274	11,488,477,545
Minority interest - equity attributable					
to minority shareholders of subsidiaries		<u>657,012,726</u>	<u>684,628,439</u>	-	-
Total shareholders' equity		<u>11,394,826,831</u>	<u>11,971,966,634</u>	<u>10,970,963,274</u>	<u>11,488,477,545</u>
Total liabilities and shareholders' equity		<u>13,992,514,303</u>	<u>14,145,280,302</u>	<u>11,995,831,596</u>	<u>12,231,386,654</u>

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

Asia Cement Public Company Limited and its subsidiaries

Income statements

For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Revenues					
Sales		7,197,210,171	7,358,926,432	5,506,255,069	5,710,443,482
Rental income		6,000,000	6,000,000	-	-
Other income					
Interest income		38,898,210	28,361,737	84,954,392	75,208,401
Management fee income		-	-	73,696,400	59,530,250
Exchange gains		26,727,532	24,275,420	2,249,860	19,281,704
Gain on sales of other long -term investment	11	12,180,000	-	-	-
Others		18,731,043	5,547,138	12,579,191	5,604,381
Total revenues		7,299,746,956	7,423,110,727	5,679,734,912	5,870,068,218
Expenses					
Cost of sales and rental		6,857,959,349	6,706,677,693	5,272,848,836	5,196,444,917
Selling expenses		290,055,780	253,784,197	245,414,837	214,828,152
Administrative expenses		292,324,089	420,649,333	270,028,348	249,080,054
Management benefit expenses	7	40,559,778	52,986,992	34,927,778	47,574,092
Loss on impairment of unused assets	9, 12	-	1,269,103,128	-	-
Other expenses					
Depreciation of unused assets	12	-	115,748,276	-	-
Others		10,765,416	5,941,315	15,799,313	6,927,368
Total expenses		7,491,664,412	8,824,890,934	5,839,019,112	5,714,854,583
Income (loss) before finance cost and corporate income tax					
corporate income tax		(191,917,456)	(1,401,780,207)	(159,284,200)	155,213,635
Finance cost		(36,044,201)	(38,207,093)	(17,308,495)	(16,573,178)
Income (loss) before corporate income tax		(227,961,657)	(1,439,987,300)	(176,592,695)	138,640,457
Corporate income tax	15	40,032,110	(73,484,171)	48,288,680	(42,473,978)
Net income (loss) for the year		(187,929,547)	(1,513,471,471)	(128,304,015)	96,166,479
Net income (loss) attributable to:					
Equity holders of the parent		(160,313,834)	(426,605,020)	(128,304,015)	96,166,479
Minority interest of the subsidiaries		(27,615,713)	(1,086,866,451)		
		<u>(187,929,547)</u>	<u>(1,513,471,471)</u>		
Basic earnings per share					
Net income (loss) attributable to equity holders of the parent	22	(0.21)	(0.55)	(0.16)	0.12

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

Asia Cement Public Company Limited and its subsidiaries
Statements of changes in shareholders' equity

For the years ended 31 December 2010 and 2009

(Unit: Baht)

		Consolidated financial statements							
		Equity attributable to the parent's shareholders					Total equity attributable to the parent's shareholders	Minority interest - equity attributable to minority shareholders of subsidiaries	Total
Note	Issued and paid-up share capital	Share premium	Revaluation surplus on land	Retained earnings - Appropriated - statutory reserve	Unappropriated	Total equity attributable to the parent's shareholders	Minority interest - equity attributable to minority shareholders of subsidiaries	Total	
	4,670,523,072	4,612,220,396	30,265,073	308,000,000	2,482,144,930	12,103,153,471	1,771,494,890	13,874,648,361	
	-	-	-	-	(426,605,020)	(426,605,020)	(1,086,866,451)	(1,513,471,471)	
25	-	-	-	-	(389,210,256)	(389,210,256)	-	(389,210,256)	
20	-	-	-	31,200,000	(31,200,000)	-	-	-	
	<u>4,670,523,072</u>	<u>4,612,220,396</u>	<u>30,265,073</u>	<u>339,200,000</u>	<u>1,635,129,654</u>	<u>11,287,338,195</u>	<u>684,628,439</u>	<u>11,971,966,634</u>	
	4,670,523,072	4,612,220,396	30,265,073	339,200,000	1,635,129,654	11,287,338,195	684,628,439	11,971,966,634	
	-	-	-	-	(160,313,834)	(160,313,834)	(27,615,713)	(187,929,547)	
25	-	-	-	-	(389,210,256)	(389,210,256)	-	(389,210,256)	
20	-	-	-	700,000	(700,000)	-	-	-	
	<u>4,670,523,072</u>	<u>4,612,220,396</u>	<u>30,265,073</u>	<u>339,900,000</u>	<u>1,084,905,564</u>	<u>10,737,814,105</u>	<u>657,012,726</u>	<u>11,394,826,831</u>	

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

Asia Cement Public Company Limited and its subsidiaries
 Statements of changes in shareholders' equity (continued)

For the years ended 31 December 2010 and 2009

(Unit: Baht)

Note	Issued and paid-up share capital	Share premium	Revaluation surplus on land	Retained earnings		Total
				Appropriated - statutory reserve	Unappropriated	
Balance as at 31 December 2008	4,670,523,072	4,612,220,396	30,265,073	308,000,000	2,160,512,781	11,781,521,322
Net income for the year	-	-	-	-	96,166,479	96,166,479
Dividend paid	-	-	-	-	(389,210,256)	(389,210,256)
Unappropriated retained earnings transferred to statutory reserve	-	-	-	31,200,000	(31,200,000)	-
Balance as at 31 December 2009	4,670,523,072	4,612,220,396	30,265,073	339,200,000	1,836,269,004	11,488,477,545
Balance as at 31 December 2009	4,670,523,072	4,612,220,396	30,265,073	339,200,000	1,836,269,004	11,488,477,545
Net loss for the year	-	-	-	-	(128,304,015)	(128,304,015)
Dividend paid	-	-	-	-	(389,210,256)	(389,210,256)
Unappropriated retained earnings transferred to statutory reserve	-	-	-	700,000	(700,000)	-
Balance as at 31 December 2010	4,670,523,072	4,612,220,396	30,265,073	339,900,000	1,318,054,733	10,970,963,274

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

Asia Cement Public Company Limited and its subsidiaries

Cash flow statements

For the years ended 31 December 2010 and 2009

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Cash flows from operating activities				
Income (loss) before tax	(227,961,657)	(1,439,987,300)	(176,592,695)	138,640,457
Adjustments to reconcile income (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation	871,047,923	1,000,310,683	758,490,222	751,251,577
Depletion and amortisation	8,805,008	8,749,947	8,805,008	8,749,947
Allowance for doubtful accounts (reversal)	(4,422,974)	(20,428,917)	8,046,206	(9,564,197)
Allowance for diminution in value of inventories	18,528,238	100,743,154	16,981,579	2,448,683
Allowance for impairment of assets (reversal)	1,112,582	1,175,322,836	(2,220,909)	(800,219)
Employee benefits obligation	49,236,576	87,739,256	7,546,383	12,882,927
Provision for quarry restoration costs	552,000	180,000	152,000	152,000
Written off assets	16,058,805	7,436,514	15,975,490	7,436,512
Gain on sales of plant and equipment	(5,293,390)	(1,495,200)	(176,177)	(509,144)
Dividend income from other long-term investment	(9,730,000)	-	-	-
Gain on sales of other long-term investment	(12,180,000)	-	-	-
Unrealised (gains) losses on exchange	(22,195,502)	(6,378,038)	350,066	(2,042,365)
Interest income	(5,948,735)	(15,100,608)	(52,715,901)	(63,033,974)
Interest expenses	8,143,792	11,239,145	-	3,628
Income from operating activities before changes in operating assets and liabilities	685,752,666	908,331,472	584,641,272	845,615,832
Operating assets (increase) decrease				
Trade accounts receivable	(41,873,690)	111,097,953	(147,536,232)	119,968,234
Other accounts receivable - related parties	(304,240)	1,394,164	(7,902,962)	13,673,530
Inventories	(239,902,294)	479,008,620	(124,784,179)	214,649,141
Other current assets	(55,283,033)	14,193,166	(24,752,685)	5,860,908
Other non-current assets	2,021,338	2,722,584	1,130,656	1,463,621
Operating liabilities increase (decrease)				
Trade accounts payable	323,299,484	197,041,163	203,729,688	165,631,030
Other accounts payable - related parties	(358,496,895)	12,608,498	(2,714,995)	19,831,809
Other current liabilities	1,567,495	(30,021,742)	54,841,410	5,043,194
Employee benefits obligation	(1,434,988)	(178,740,342)	(261,000)	(11,785,200)
Provision for quarry restoration costs	(395,968)	(129,571)	(251,343)	(101,906)
Cash from operating activities	314,949,875	1,517,505,965	536,139,630	1,379,850,193
Cash received from previous year income tax	10,559,653	-	-	-
Cash paid for corporate income tax	(51,385,976)	(151,091,958)	(50,603,361)	(150,076,756)
Net cash from operating activities	274,123,552	1,366,414,007	485,536,269	1,229,773,437

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

Asia Cement Public Company Limited and its subsidiaries

Cash flow statements (continued)

For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Cash flows from investing activities				
Cash paid for loans to subsidiaries	-	-	(17,000,000)	(250,000,000)
Cash received from repayment of long-term loan from subsidiary	-	-	170,000,000	170,000,000
Dividend received from other long-term investment	9,730,000	-	-	-
Cash received on sale from other long-term investment	27,734,700	-	-	-
Acquisition of plant and equipment	(143,109,996)	(117,923,925)	(89,159,850)	(46,019,713)
Interest income	5,758,325	14,261,607	52,326,570	62,159,705
Proceeds from sales of plant and equipment	<u>8,332,979</u>	<u>2,171,066</u>	<u>176,190</u>	<u>1,199,310</u>
Net cash from (used in) investing activities	<u>(91,553,992)</u>	<u>(101,491,252)</u>	<u>116,342,910</u>	<u>(62,660,698)</u>
Cash flows from financing activities				
Increase (decrease) in short-term loans from financial institution	30,000,000	(50,000,000)	-	-
Cash received from bills discount	-	25,331,314	-	24,200,000
Cash received from long-term loans from related party	354,000,000	-	-	-
Dividend paid	(389,210,256)	(389,210,256)	(389,210,256)	(389,210,256)
Cash paid for interest expenses	<u>(6,887,417)</u>	<u>(22,625,504)</u>	<u>-</u>	<u>(3,628)</u>
Net cash used in financing activities	<u>(12,097,673)</u>	<u>(436,504,446)</u>	<u>(389,210,256)</u>	<u>(365,013,884)</u>
Net increase in cash and cash equivalents	170,471,887	828,418,309	212,668,923	802,098,855
Cash and cash equivalents at beginning of year	<u>2,752,782,437</u>	<u>1,924,364,128</u>	<u>2,543,149,633</u>	<u>1,741,050,778</u>
Cash and cash equivalents at end of year	<u><u>2,923,254,324</u></u>	<u><u>2,752,782,437</u></u>	<u><u>2,755,818,556</u></u>	<u><u>2,543,149,633</u></u>
Supplemental cash flows information				
Non-cash transactions				
Purchases of equipment for which no cash has been paid	97,133,784	74,144,539	68,028,337	46,358,899
Transferred cement and spare parts to construction in progress during the year	47,782,290	46,481,356	42,022,783	44,095,501

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

Asia Cement Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the years ended 31 December 2010 and 2009

1. Corporate information

Asia 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 offices of the Company are as follows:

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

Pukrang factory: 4/1 Moo1, Yothasai 2 Road, Tambon Pukrang, Amphur Praphutthabat, Saraburi.

In January 2009, the Board of Directors’ Meeting no. 1/2009 of Jalaprathan Cement Plc. (a subsidiary) passed a resolution to suspend clinker production and approved the Mutual Separation Program. The subsidiary paid additional financial assistance, compensation and benefits to those employees who joined the program, as described in Note 18 to the financial statements.

In 2010, a subsidiary produced clinker at partial production capacity. It is still uncertain whether the subsidiary will be able to operate at its normal capacity level in the near future. The management of the subsidiary considered the impairment of buildings, machines, equipment and spare parts which are related to clinker production remained same as last year as described in Note 9 and Note 12 to the financial statements.

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 TAS 19 Employee Benefits and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 30 January 2009, 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 Asia Cement Public Company Limited (“the Company”) and five subsidiaries (“the subsidiaries”) which incorporated in Thailand. These are detailed below.

Company's name	Nature of business	Percentage of shareholding		Assets as a percentage to the consolidated total assets as at 31 December		Revenues as a percentage to the consolidated total revenues for the years ended 31 December	
		<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
		%	%	%	%	%	%
<u>Held by the Company</u>							
Asia Cement Products Co., Ltd.	Manufacturing of ready-mixed concrete	99.99	99.99	1.74	1.67	6.62	6.11
Jalaprathan Cement Plc.	Manufacturing of cement	31.43	31.43	21.11	20.70	22.54	21.69
Asia Cement Energy Conservation Co., Ltd.	Generate electricity	99.93	99.93	0.16	0.05	-	-
<u>Held by the subsidiary</u>							
Jalaprathan Concrete Co., Ltd. (Wholly owned by Jalaprathan Cement Plc.)	Manufacturing of ready-mixed concrete	99.99	99.99	1.74	1.91	5.64	4.66
Naga Property Co., Ltd. (Wholly owned by Jalaprathan Cement Plc.)	Office building rental	100.00	100.00	2.81	2.78	0.08	0.08

- b) Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of Jalaprathan Cement Plc., are included in the consolidated financial statements even though the Company's shareholding is 31.43%. This is because the Company has control over that company.

- d) The consolidated financial statements excluded 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.
- e) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- f) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- g) Minority interests represent the portion of net income or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.

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

- a) Accounting standards that are effective for fiscal years beginning on or after 1 January 2011 (except Framework for the Preparation and Presentation of Financial Statements, which is immediately effective):

Framework for the Preparation and Presentation of Financial Statements
(revised 2009)

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
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
TFRIC 15	Agreements for the Construction of Real Estate

b) Accounting standards that are effective for fiscal years beginning on or after 1 January 2013:

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

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.

4. Significant accounting policies

4.1 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.

Rendering of services

Service revenue is recognised when services have been rendered taking into account the stage of completion.

4.2 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.

4.3 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 experience and analysis of debt aging.

4.4 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.

4.5 Investments

- a) Investments in non-marketable equity securities, which the Company classify as other investments, are stated at cost net of allowance for loss on diminution in value (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 as income or expenses in the income statement.

4.6 Property, plant and equipment/Depreciation

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

Lease assets are stated at revalued amount less accumulated depreciation for building and 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).

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

Land and lease assets are 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 balance sheet date.

Differences arising from the revaluation are dealt with in the financial statements of the Company and its subsidiaries as follows:

- When an asset's carrying amount is increased as a result of a revaluation of the Company and its subsidiaries' assets, the increase is credited directly to equity under the heading of "Revaluation surplus on assets". However, a revaluation increase will be recognised as income to the extent that it reverses a revaluation decrease 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 and its subsidiaries' assets, the decrease is recognised as an expense in the income statement. However, a revaluation decrease is to be charged directly against the related "Revaluation surplus on assets" to the extent that the decrease does not exceed the amount held in the "Revaluation surplus on assets" in respect of those same assets. Any excess amount is to be recognised as an expense in the income statement.

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

Lease assets (building)	-	20 years
Buildings, leasehold improvement and structures	-	5 - 30 years
Machinery, tool 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, lease assets (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 (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

In certain cases the Company and its subsidiary own 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, which is estimated by Department of Mining Engineering, Chulalongkorn University.

4.7 Leasehold right on office building

Leasehold right on office building is stated at cost and being amortised over a period of 25 years according to the lease terms.

4.8 Mining concessions

Mining concessions represent cost of mining concession, plus if applicable any other concession fees, are stated at cost and being depleted using the ratio of the actual units of limestone extracted for the year and total number of extractable limestone units, which is estimated by Department of Mining Engineering, Chulalongkorn University.

4.9 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.

4.10 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 balance sheet date.

Gains and losses on exchange are included in determining income.

4.11 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 the income statement. However in cases where land and lease assets were 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 the income statement 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.

4.12 Employee benefits

Employee benefits - Defined contribution plans

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

Employee benefits - Defined benefit plans

The Company has provided a retirement benefit plan which includes legal severance payment plan without fault or retirement. This benefit is unfunded.

The obligation and costs of defined benefits are determined using the projected unit credit method. A professionally qualified independent actuary values the fund's liability and certain obligations on regular basis. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately, using a discount rate that is similar to the interest rate on government bonds, to build up the final obligation.

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% 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.

4.13 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.

4.14 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 balance sheet date.

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 balance sheet date, 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.

5. 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 of 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 the management judges that 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 judgment.

Property, plant and equipment/Depreciation

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

The Company and its subsidiaries measure land and lease assets 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-retirement benefits

Post-retirement benefit costs are based on actuarial calculations. Inherent within these calculations are assumptions as to future salary increase rate, staff turnover rate, price inflation, mortality rate and discount rate, among others.

6. Cash and cash equivalents

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Cash	43,976	62,328	13,976	42,328
Bank deposits	202,931,933	256,679,314	87,526,165	122,066,511
Bills of exchange	<u>2,720,278,415</u>	<u>2,496,040,795</u>	<u>2,668,278,415</u>	<u>2,421,040,794</u>
Total	<u>2,923,254,324</u>	<u>2,752,782,437</u>	<u>2,755,818,556</u>	<u>2,543,149,633</u>

As at 31 December 2010, bank deposits in saving accounts and bills of exchange carried interests between 0.08 and 1.85% per annum (2009: between 0.08 and 1.25% per annum)

7. 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		Pricing Policy
	financial statements		financial statements		
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales of goods and raw materials	-	-	863.0	769.3	With reference to the terms and prices offered to manufacturing customers
Management fee income	-	-	73.7	59.5	Contract price
Interest income	-	-	47.8	48.4	Interest rate as stipulated in the contract
Trademark license fee income	-	-	2.0	2.0	Contract price
Purchases of raw materials	-	-	-	130.3	Market price
Trademark license fee expense	-	-	2.0	2.0	Contract price
<u>Transactions with related companies</u>					
Sales of goods	512.4	962.1	512.4	962.1	With reference to the terms and prices offered to manufacturing customers/contract price
Interest income	30.1	10.3	29.5	10.1	Interest rate as market rate
Purchases of raw materials	659.5	1,184.5	652.7	1,180.9	Market price
Management fee expenses	14.3	1.4	6.9	1.1	Contract price
Technical fee	2.4	15.0	0.7	9.6	Contract price
Interest expenses	8.2	11.0	-	-	Interest rate as stipulated in the contract
Software license fee	3.1	4.7	3.1	4.7	Contract price
Consultant fee	3.3	3.2	3.3	3.2	Contract price

The balances of accounts as at 31 December 2010 and 2009 between the Company, its subsidiaries and those related parties are as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<u>Bank deposits and bills of exchange</u>				
Related financial institution				
Bangkok Bank Plc.	2,351,152,849	1,530,926,238	2,314,133,565	1,501,733,348
Total bank deposits and bills of exchange with related financial institution	<u>2,351,152,849</u>	<u>1,530,926,238</u>	<u>2,314,133,565</u>	<u>1,501,733,348</u>
<u>Trade accounts receivable - related parties</u>				
Subsidiaries				
Asia Cement Products Co., Ltd.	-	-	124,870,875	99,149,667
Jalaprathan Cement Plc.	-	-	249,901,054	220,657,627
Jalaprathan Concrete Co., Ltd.	-	-	40,125,987	11,819,629
Total trade accounts receivable - subsidiaries	<u>-</u>	<u>-</u>	<u>414,897,916</u>	<u>331,626,923</u>
Related companies				
Interbulk Trading S.A.	-	70,461,344	-	70,461,344
SCT Co., Ltd.	-	32,028,930	-	32,028,930
Peerakit Construction Materials (1993) Co., Ltd.	114,008,195	101,765,163	114,008,195	101,765,163
Krung Thep Cement Co., Ltd.	1,812,580	2,113,169	1,812,580	2,113,169
Total trade accounts receivable - related companies	<u>115,820,775</u>	<u>206,368,606</u>	<u>115,820,775</u>	<u>206,368,606</u>
Total trade accounts receivable - related parties	<u>115,820,775</u>	<u>206,368,606</u>	<u>530,718,691</u>	<u>537,995,529</u>
<u>Other accounts receivable - related parties</u>				
Subsidiaries				
Asia Cement Products Co., Ltd.	-	-	601,035	200,036
Jalaprathan Cement Plc.	-	-	12,334,549	5,346,500
Jalaprathan Concrete Co., Ltd.	-	-	377,496	9,353
Asia Cement Energy Conservation Co., Ltd.	-	-	36,615	-
Total other accounts receivable - subsidiaries	<u>-</u>	<u>-</u>	<u>13,349,695</u>	<u>5,555,889</u>
Related companies				
Italcementi Group	123,450	-	123,450	-
CTG S.p.A., Italy	21,477	-	21,477	-
Ciments Francais S.A., France	260,000	110,000	260,000	110,000
Interbulk Trading S.A.	14,872	5,559	14,872	5,559
Total other accounts receivable - related companies	<u>419,799</u>	<u>115,559</u>	<u>419,799</u>	<u>115,559</u>
Total other accounts receivable - related parties	<u>419,799</u>	<u>115,559</u>	<u>13,769,494</u>	<u>5,671,448</u>

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<u>Short-term loan to subsidiary</u>				
Asia Cement Energy Conservation Co., Ltd.	-	-	17,000,000	-
Total short-term loan to subsidiary	<u>-</u>	<u>-</u>	<u>17,000,000</u>	<u>-</u>
<u>Long-term loan to subsidiary</u>				
Jalaprathan Cement Plc.	-	-	830,000,000	1,000,000,000
Less: Current portion	-	-	(230,000,000)	(170,000,000)
Long-term loans to subsidiary - net of current portion	<u>-</u>	<u>-</u>	<u>600,000,000</u>	<u>830,000,000</u>
<u>Short-term loans from financial institution</u>				
Related financial institution				
Bangkok Bank Plc.	<u>280,000,000</u>	<u>250,000,000</u>	<u>-</u>	<u>-</u>
Total short-term loans from related financial institution	<u>280,000,000</u>	<u>250,000,000</u>	<u>-</u>	<u>-</u>
<u>Trade accounts payable - related parties</u>				
Subsidiary				
Jalaprathan Cement Plc.	-	-	819,192	-
Total trade account payable - subsidiary	<u>-</u>	<u>-</u>	<u>819,192</u>	<u>-</u>
Related companies				
Interbulk Trading S.A.	16,686,727	-	16,686,727	-
Siam Refractory Industry Co., Ltd.	2,797,333	6,397,571	2,797,333	6,397,571
Ear Peng Chiang (1993) Co., Ltd.	3,045,908	2,711,476	3,045,908	2,711,476
Siam Cement (Ta luang) Co., Ltd.	-	32,097,346	-	32,097,346
SCT Co., Ltd.	36,690	-	36,690	-
Total trade accounts payable - related companies	<u>22,566,658</u>	<u>41,206,393</u>	<u>22,566,658</u>	<u>41,206,393</u>
Total trade accounts payable - related parties	<u>22,566,658</u>	<u>41,206,393</u>	<u>23,385,850</u>	<u>41,206,393</u>
<u>Other accounts payable - related parties</u>				
Subsidiaries				
Jalaprathan Cement Plc.	-	-	7,619,052	9,022,610
Asia Cement Products Co., Ltd.	-	-	2,486,164	-
Total other accounts payable - subsidiaries	<u>-</u>	<u>-</u>	<u>10,105,216</u>	<u>9,022,610</u>

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Related companies				
Bangkok Bank Plc.	54,567	-	54,567	-
Ciments Francais S.A., France	5,224,024	351,726,198	3,822,477	4,712,540
Italcementi S.p.A., Italy	7,602,666	1,450,494	6,685,812	1,113,595
CTG S.p.A., Italy	1,175,814	18,169,420	33,324	9,575,767
Interbulk Trading S.A.	-	1,045,647	-	1,045,647
Bravo solution S.p.A	1,714,497	782,087	1,714,497	782,087
Ear Peng Chiang (1993) Co., Ltd.	1,667,434	217,911	1,667,434	217,911
Total other accounts payable - related companies	<u>17,439,002</u>	<u>373,391,757</u>	<u>13,978,111</u>	<u>17,447,547</u>
Total other accounts payable - related parties	<u>17,439,002</u>	<u>373,391,757</u>	<u>24,083,327</u>	<u>26,470,157</u>

Long-term loans from related party**Related company**

Ciments Francais S.A., France	<u>466,931,181</u>	<u>135,048,031</u>	<u>-</u>	<u>-</u>
Total long-term loans from related party	<u>466,931,181</u>	<u>135,048,031</u>	<u>-</u>	<u>-</u>
Less: Current portion	<u>(112,931,181)</u>	<u>(135,048,031)</u>	<u>-</u>	<u>-</u>
Long-term loans from related party - net of current portion	<u>354,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

Short-term loan to Asia Cement Energy Conservation Co. Ltd (subsidiary)

The outstanding balance as at 31 December 2010 represented an unsecured loan to a subsidiary of Baht 17 million charging interest at a floating rate based on the average of three-month fixed deposit interest rate of three local banks plus 2.5% per annum.

Long-term loans to Jalapathan Cement Plc. (subsidiary)

The outstanding balance as at 31 December 2010 secured by Ciments Francais S.A., France, represented an outstanding loan amount Baht 830 million (2009: Baht 1,000 million).

First loan amounting to Baht 920 million with a fixed interest rate of 4.5% per annum for the first two years from 28 November 2002 and floating interest rate at average of three-month fixed deposit of three local banks plus 2.5% per annum during December 2004 to December 2009. The interest is repayable on quarterly basis. The loan is due for re-payable annually from 2005 to 2009. However, the Company's Board of Directors' Meeting No. 2/2009 approved to extend the repayment schedule of the loan to 2013. For the delayed portion will charge the interest at the floating rate of average MLR of three local banks minus 1% per annum.

Second loan amounting to Baht 250 million with floating interest rate at the average of three-month fixed deposit of three local banks plus 2.5% per annum. The interest is repayable on quarterly basis. The loan is due for re-payable annually from 2009 to 2011.

The outstanding balances as at 31 December 2010 have repayment schedule as follows:

Repayment schedule	(Unit: Million Baht) Principal of loan
December 2011	230
December 2012	300
December 2013	300
Total	830

Long-term loans from Ciments Francais S.A., France (related company)

The outstanding balance as at 31 December 2010 represented an unsecured loan of a subsidiary of Euro 2.8 million and Baht 354 million (2009: Euro 2.8 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% per annum. Interest is repayable on a quarterly basis while the loan principal matures on 15 December 2010 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% per annum and due on 31 October 2014.

Directors and management benefits

In 2010, the Company and its subsidiaries had meeting allowances and gratuities of their directors and management recognised as expenses totaling Baht 40.56 million (The Company only: Baht 34.93 million) (2009: Baht 52.99 million and Baht 47.57 million, respectively).

8. Trade accounts receivable

The balances of trade accounts receivable as at 31 December 2010 and 2009, aged on the basis of due dates, are summarised below.

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
(Unit: Baht)				
<u>Related parties</u>				
Age of receivables				
Not yet due	115,820,775	175,653,906	426,126,304	447,033,592
Past due				
Up to 3 months	-	30,714,700	43,419,329	48,359,238
3 - 6 months	-	-	21,989,290	23,107,916
6 - 12 months	-	-	39,183,768	19,494,783
Total	<u>115,820,775</u>	<u>206,368,606</u>	<u>530,718,691</u>	<u>537,995,529</u>
<u>Unrelated parties</u>				
Age of receivables				
Not yet due	1,009,473,345	870,099,262	613,502,034	476,169,017
Past due				
Up to 3 months	256,571,398	254,789,877	138,864,239	145,889,625
3 - 6 months	17,492,369	15,557,118	10,572,970	3,965,620
6 - 12 months	6,169,406	5,007,007	1,335,756	1,197,203
Over 12 months	64,469,748	108,293,958	5,267,806	15,263,499
Total	<u>1,354,176,266</u>	<u>1,253,747,222</u>	<u>769,542,805</u>	<u>642,484,964</u>
Less: Allowance for doubtful accounts	<u>(95,120,491)</u>	<u>(106,173,449)</u>	<u>(35,252,586)</u>	<u>(30,730,430)</u>
	<u>1,259,055,775</u>	<u>1,147,573,773</u>	<u>734,290,219</u>	<u>611,754,534</u>
Trade accounts receivable - net	<u>1,374,876,550</u>	<u>1,353,942,379</u>	<u>1,265,008,910</u>	<u>1,149,750,063</u>

As at 31 December 2009, approximately Baht 25.3 million of the above trade accounts receivable (the Company only: Baht 24.2 million) has been sold at a discount to a bank, with recourse. The Company and its subsidiaries have recorded the amount received from sale of the bill discounts as a secured liability under the caption of "Account payable from bill discounts" in the balance sheets. As of 31 December 2010, the Company and its subsidiary had no bill discounts from trade accounts receivable outstanding.

9. Inventories

(Unit: Baht)

Consolidated financial statements						
	Cost		Allowance for diminution in value of inventories		Inventories - net	
	2010	2009	2010	2009	2010	2009
Finished goods	117,854,261	113,549,027	(3,000,000)	(3,000,000)	114,854,261	110,549,027
Work in process	251,555,338	206,173,616	(3,500,000)	(3,500,000)	248,055,338	202,673,616
Raw materials	632,344,958	502,497,065	(14,783,525)	(5,212,500)	617,561,433	497,284,565
Spare parts and supplies	905,608,989	886,240,309	(383,984,813)	(368,244,075)	521,624,176	517,996,234
Total	1,907,363,546	1,708,460,017	(405,268,338)	(379,956,575)	1,502,095,208	1,328,503,442

(Unit: Baht)

Separate financial statements						
	Cost		Allowance for diminution in value of inventories		Inventories - net	
	2010	2009	2010	2009	2010	2009
Finished goods	76,068,259	75,014,364	(3,000,000)	(3,000,000)	73,068,259	72,014,364
Work in process	127,573,532	133,132,872	(1,500,000)	(1,500,000)	126,073,532	131,632,872
Raw materials	402,916,932	339,709,226	(6,783,524)	-	396,133,408	339,709,226
Spare parts and supplies	651,986,588	621,143,929	(216,411,444)	(199,429,865)	435,575,144	421,714,064
Total	1,258,545,311	1,169,000,391	(227,694,968)	(203,929,865)	1,030,850,343	965,070,526

As described in Note 1 to the financial statements, it is still uncertain whether the subsidiary will be able to operate at its normal capacity level in the near future. The management of the subsidiary determined to record the impairment of spare parts of machines which are related to the clinker production and continued to set up provision for such impairment loss in the balance sheet as in 2009.

10. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost		(Unit: Thousand Baht) Dividend received during the year	
	2010	2009	2010	2009	2010	2009	2010	2009
			(%)	(%)				
Asia Cement Products Co., Ltd.	10,000	10,000	99.99	99.99	10,000	10,000	-	-
Jalaprathan Cement Plc.	1,200,000	1,200,000	31.43	31.43	571,088	571,088	-	-
Asia Cement Energy Conservation Co., Ltd	1,000	1,000	99.93	99.93	1,000	1,000	-	-
Total					<u>582,088</u>	<u>582,088</u>	<u>-</u>	<u>-</u>

11. Other long-term investments

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Bangkok Bank of Commerce Plc.	5,723,846	5,723,846	-	-
Stang Dang II Mutual Fund	-	70,000,000	-	-
Jalaprathan Transport Co., Ltd.	10,399,440	10,399,440	-	-
Other companies	1,116,300	1,116,300	1,000,000	1,000,000
Total	17,239,586	87,239,586	1,000,000	1,000,000
Less: Allowance for impairment of investments	(16,239,586)	(70,684,886)	-	-
Other long-term investments - net	<u>1,000,000</u>	<u>16,554,700</u>	<u>1,000,000</u>	<u>1,000,000</u>

In 2010, Jalaprathan Cement Plc. (a subsidiary) disposed all of its investment in Stang Dang II mutual Fund. The difference between net disposal proceeds and the carrying amount of Baht 12 million is recognised as income in the income statement.

12. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements												
	Assets used in the operations					Unused assets but not classified as held for sale							
	Cost basis					Cost basis							
Revaluation basis													
	Land	Lease assets	Quarries cost	Buildings, leasehold improvement and structures	Machinery, tools and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Buildings, leasehold improvement and structures	Machinery, tools and equipment	Motor vehicles	Construction in progress	Total
Cost/Revalued amount:													
31 December 2009	1,733,454	507,930	613,713	3,879,063	12,112,508	288,008	637,426	403,885	549,941	2,995,387	254,772	116,222	24,092,309
Additions	-	-	-	-	7,842	769	64	279,214	-	-	-	-	287,889
Disposals/write-off	-	-	-	(28,775)	(44,468)	(545)	(19,387)	(770)	-	-	-	-	(93,945)
Transfer between accounts	-	-	-	25,912	102,604	10,385	5,031	(181,563)	-	-	-	-	(37,631)
31 December 2010	1,733,454	507,930	613,713	3,876,200	12,178,486	298,617	623,134	500,766	549,941	2,995,387	254,772	116,222	24,248,622
Accumulated depreciation:													
31 December 2009	-	26,949	78,549	2,697,289	7,827,936	259,595	595,153	-	339,040	2,153,078	246,212	-	14,223,801
Depreciation for the year	-	-	6,030	182,112	659,027	11,664	12,215	-	-	-	-	-	871,048
Depreciation on disposals/write-off	-	-	-	(26,681)	(29,491)	(529)	(18,246)	-	-	-	-	-	(74,947)
Transfer between accounts	-	-	-	(10)	(37,631)	10	-	-	-	-	-	-	(37,631)
31 December 2010	-	26,949	84,579	2,852,710	8,419,841	270,740	589,122	-	339,040	2,153,078	246,212	-	14,982,271
Allowance for impairment loss:													
31 December 2009	202,437	89,455	54,758	-	-	-	-	10,606	210,901	842,309	8,560	116,222	1,535,248
Increase during the year	-	-	-	-	-	-	-	1,113	-	-	-	-	1,113
31 December 2010	202,437	89,455	54,758	-	-	-	-	11,719	210,901	842,309	8,560	116,222	1,536,361
Net book value:													
31 December 2009	1,531,017	391,526	480,406	1,181,774	4,284,572	28,413	42,273	393,279	-	-	-	-	8,333,260
31 December 2010	1,531,017	391,526	474,376	1,023,490	3,758,645	27,877	34,012	489,047	-	-	-	-	7,729,990
Depreciation for the year:													
2009 (Baht 867.1 million included in manufacturing cost, Baht 115.7 million included in other expenses, and the balance in administrative expenses)													1,000,311
2010 (Baht 854.8 million included in manufacturing cost, and the balance in administrative expenses)													871,048

(Unit: Thousand Baht)

Separate financial statements (all assets are used in the operations)

	Cost basis							Total
	Revaluation basis	Land	Quarries cost	Buildings, leasehold improvement and structures	Machinery, tools and equipment	Furniture, fixtures and office equipment	Motor vehicles	
Cost/Revalued amount:								
31 December 2009	365,831	546,241	3,229,526	10,396,473	259,656	598,578	313,901	15,710,206
Additions	-	-	-	7,195	651	64	191,300	199,210
Disposals/write-off	-	-	-	(37,765)	(320)	(7,779)	-	(45,864)
Transfer between accounts	-	-	17,134	71,684	10,208	2,270	(138,927)	(37,631)
31 December 2010	365,831	546,241	3,246,660	10,437,587	270,195	593,133	366,274	15,825,921
Accumulated depreciation:								
31 December 2009	-	73,092	2,188,340	6,855,157	234,389	560,813	-	9,911,791
Depreciation for the year	-	5,097	161,585	570,201	10,496	11,111	-	758,490
Depreciation on disposals/write-off	-	-	-	(22,931)	(320)	(6,638)	-	(29,889)
Transfer between accounts	-	-	-	(37,631)	-	-	-	(37,631)
31 December 2010	-	78,189	2,349,925	7,364,796	244,565	565,286	-	10,602,761
Allowance for impairment loss:								
31 December 2009	-	54,758	-	-	-	-	10,248	65,006
Decrease during the year	-	-	-	-	-	-	(2,221)	(2,221)
31 December 2010	-	54,758	-	-	-	-	8,027	62,785
Net book value:								
31 December 2009	365,831	418,391	1,041,186	3,541,316	25,267	37,765	303,653	5,733,409
31 December 2010	365,831	413,294	896,735	3,072,791	25,630	27,847	358,247	5,160,375
Depreciation for the year:								
2009 (Baht 733.5 million included in manufacturing cost, and the balance in administrative expenses)								751,251
2010 (Baht 741.9 million included in manufacturing cost, and the balance in administrative expenses)								758,490

As described in Note 1 to the financial statements, it is still uncertain whether the subsidiary will be able to operate at its normal capacity level in the near future. The management of the subsidiary determined to record the impairment of buildings, machines and equipment which are related to clinker production and continued to set up provision for such impairment loss in the balance sheet as in 2009.

Breakdown of land and lease assets carried on the revaluation basis and their accumulated depreciation is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements				Separate financial statements	
	Land		Lease assets		Land	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Original cost	1,690,218	1,690,218	507,930	507,930	322,595	322,595
Surplus from revaluation	43,236	43,236	-	-	43,236	43,236
Revalued amount	1,733,454	1,733,454	507,930	507,930	365,831	365,831
Accumulated depreciation	-	-	(26,949)	(26,949)	-	-
Allowance for impairment loss	(202,437)	(202,437)	(89,455)	(89,455)	-	-
Net book value	<u>1,531,017</u>	<u>1,531,017</u>	<u>391,526</u>	<u>391,526</u>	<u>365,831</u>	<u>365,831</u>

In December 2009, Naga Property Co., Ltd. (a subsidiary) engaged an independent professional valuer to reappraise the value of leases assets, using the Market Approach. However, the subsidiary did not record a revaluation decrease since the amount was insignificant.

In July 2006, Jalaprathan Cement Plc. (a subsidiary) engaged an independent professional valuer to reappraise the value of land, using the Market Approach. As the result of the appraisal, the Company recorded the Company's portion of a revaluation decrease under the "Provision for impairment loss on assets" in the consolidated income statement for the year 2006.

In November 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 increase is to be charged directly against the "Revaluation surplus on land" in shareholders' equity.

As at 31 December 2010, certain plant and equipment items of the Company and its subsidiaries 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 approximately Baht 3,457.1 million (The Company only: Baht 992.3 million) (2009: Baht 3,432.9 million and Baht 950.5 million, respectively).

13. Leasehold right on office building

	(Unit: Baht)	
	Consolidated / Separate financial statements	
	<u>2010</u>	<u>2009</u>
Cost	185,875,000	185,875,000
Less: Accumulated amortisation	(112,021,494)	(104,574,082)
Net book value	<u>73,853,506</u>	<u>81,300,918</u>
Amortisation included in the income statements for the year	<u>7,447,412</u>	<u>7,447,413</u>

14. Mining concessions

	(Unit: Baht)	
	Consolidated / Separate financial statements	
	<u>2010</u>	<u>2009</u>
Cost	24,400,040	24,400,040
Less: Accumulated depletion	(10,397,531)	(9,039,935)
Net book value	<u>14,002,509</u>	<u>15,360,105</u>
Depletion included in the income statements for the year	<u>1,357,596</u>	<u>1,302,534</u>

15. Income tax

15.1 The income tax expenses for the years ended 31 December 2010 and 2009 are as follows:

	(Unit: Baht)			
	Consolidated financial statement		Separate financial statement	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current income tax:				
Current income tax charge	158,608	39,878,294	-	39,878,294
Under (over) tax expenses for previous year	978,578	(36,989)	978,578	(36,989)
Write-off non-refundable withholding tax deducted at source/overpaid tax/(overpaid tax received)	(7,070,840)	1,002,908	2,941,653	-
Total	<u>(5,933,654)</u>	<u>40,844,213</u>	<u>3,920,231</u>	<u>39,841,305</u>
Deferred tax:				
Net (increase) decrease in deferred tax on temporary differences	(34,098,456)	32,639,958	(52,208,911)	2,632,673
Total	<u>(34,098,456)</u>	<u>32,639,958</u>	<u>(52,208,911)</u>	<u>2,632,673</u>
Income tax expense (income) as included in income statements	<u>(40,032,110)</u>	<u>73,484,171</u>	<u>(48,288,680)</u>	<u>42,473,978</u>

15.2 As at 31 December 2010 and 2009 the aggregate current and deferred tax relating to items that are charged or credited to shareholders' equity were as follows:

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Deferred tax relating to revalued land	345,068,731	345,068,731	12,970,745	12,970,745

15.3 Reconciliations between income tax expenses (income) and the products of accounting profit (loss) multiplied by the applicable tax rate for the years ended 31 December 2010 and 2009 are as follows:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Accounting profit (loss) before tax	(227,961,657)	(1,439,987,300)	(176,592,695)	138,604,457
Applicable tax rate	15% - 30%	15% - 30%	30%	30%
Accounting profit (loss) before tax multiply with applicable tax rate	(68,580,258)	(432,065,150)	(52,977,808)	41,592,137
Deferred tax assets which were not recognised during the year				
- Tax losses	65,869,729	122,839,825	-	-
- Allowance for diminution in value of inventories	836,250	27,894,022	-	-
- Allowance for impairment of assets	-	352,836,916	-	-
- Employee benefits obligation from cancelled pension plan	20,243,629	-	-	-
Utilisation of previously unrecognised deferred tax assets				
- Tax losses	(969,098)	-	-	-
- Allowance for diminution in value of inventories	(2,271,008)	-	-	-
- Allowance for impairment of assets	(41,062,136)	-	-	-
Previous year tax loss which were recognised as deferred tax assets	(8,403,904)	-	-	-
Effect of elimination entries on the consolidated financial statements	(599,160)	(630,324)	-	-
Tax effect of non-deductible expenses	996,109	1,642,963	768,897	918,830
Under (over) tax expenses for previous year	978,578	(36,989)	978,578	(36,989)
Write-off non-refundable withholding tax deducted at source/overpaid tax/(overpaid tax received)	(7,070,841)	1,002,908	2,941,653	-
Income tax expense (income) reported in the income statements	(40,032,110)	73,484,171	(48,288,680)	42,473,978

15.4 As at 31 December 2010 and 2009 the components of deferred tax assets and deferred tax liabilities can be summarised as follows:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Deferred tax assets				
Allowance for doubtful accounts	95,120,491	106,173,449	35,252,586	30,730,430
Allowance for diminution in value of inventories	317,070,790	286,976,503	227,694,967	203,929,865
Allowance for impairment loss of other long-term investments	16,239,586	70,684,886	-	-
Allowance for impairment of assets	67,039,245	67,233,280	62,784,696	65,005,604
Provision for quarry restoration costs	7,916,077	7,760,045	4,906,776	5,006,118
Provision for sales promotion	7,393,748	17,723,263	7,393,748	17,723,263
Employee benefits obligation	94,942,584	114,210,241	63,328,841	55,633,941
Other long-term provisions	2,385,444	2,794,962	2,385,444	2,794,962
Provision for management's bonus	14,398,000	-	13,334,000	-
Tax losses carry forward	173,494,896	-	145,481,883	-
	<u>796,000,861</u>	<u>673,556,629</u>	<u>562,562,941</u>	<u>380,824,183</u>
Deferred tax assets as tax rate of 30%	<u>238,800,258</u>	<u>202,066,988</u>	<u>168,768,882</u>	<u>114,247,255</u>
Deferred tax liabilities				
Surplus on land revaluation	(1,150,229,106)	(1,150,229,106)	(43,235,818)	(43,235,818)
Depreciation from changing useful lives of assets	(8,782,715)	-	(7,709,056)	-
	<u>(1,159,011,821)</u>	<u>(1,150,229,106)</u>	<u>(50,944,874)</u>	<u>(43,235,818)</u>
Deferred tax liabilities as tax rate of 30%	<u>(347,703,546)</u>	<u>(345,068,731)</u>	<u>(15,283,462)</u>	<u>(12,970,745)</u>

15.5 As at 31 December 2010, the subsidiaries have unused tax losses of approximately Baht 763 million. Deferred tax assets have not been recognised in respect of such tax losses because the management determined that there is uncertainty as to whether adequate sufficient taxable profits will be available to utilise the deferred tax assets.

16. Short-term loans from financial institution

As at 31 December 2010, a subsidiary has unsecured loan from a local commercial bank, related financial institution, amounting to Baht 280 million (2009: Baht 250 million), bearing interest at a rate of 2.9% per annum (2009: 2.3% per annum).

17. Account payable from bill discounts

The outstanding balance as at 31 December 2009 represented the amount received from a bank for bill discounts with recourse, in accordance with the conditions specified in the bill discounts agreement. The bank has the right to pursue the Company and its subsidiary in the event that it is unable to make full collection of the account receivable. As of 31 December 2010, the Company and its subsidiary had no bill discounts from trade accounts receivable outstanding.

18. Employee benefits obligation

Movements in the defined benefit obligation for the years ended 31 December 2010 and 2009 are summarised below.

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Defined benefit obligation at the beginning of year	114,210,241	202,197,062	55,633,941	51,521,949
Benefits expenses recognised in the income statements for the year	49,646,093	90,753,521	7,955,900	15,897,192
Benefits paid	(1,434,988)	(178,740,342)	(261,000)	(11,785,200)
Transfer to provident fund	<u>(67,478,762)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Defined benefit obligation at the end of year	<u>94,942,584</u>	<u>114,210,241</u>	<u>63,328,841</u>	<u>55,633,941</u>

The amounts recognised in the income statements for the years ended 31 December 2010 and 2009 are as follows:

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current service cost	9,580,874	9,340,631	5,146,792	4,676,118
Interest cost	6,956,657	7,922,668	2,809,108	2,755,211
Past service cost	15,843,648	-	-	-
Actuarial loss	178,960	1,179,969	-	-
Curtailment loss	17,085,954	72,310,253	-	8,465,863
Total benefit expenses	<u>49,646,093</u>	<u>90,753,521</u>	<u>7,955,900</u>	<u>15,897,192</u>
Benefit expenses included in				
manufacturing cost	39,210,783	8,600,120	-	-
Benefit expenses included in				
administrative expenses	10,435,310	82,153,401	7,955,900	15,897,192

Principal actuarial assumptions at the valuation date were as follows:

	<u>2010</u>	<u>2009</u>
	(% per annum)	(% per annum)
Discount rate	4.00	5.00
Future salary increase rate	5.00	5.00
Inflation rate	3.30	3.50

During 2009, Jalapathan Cement Plc. (the subsidiary) paid Baht 155 million in compensations to the employees who joined the Mutual Separation Program. Of the said amount, Baht 57 million was recorded as employee benefits expense in the 2009 consolidated income statement and the remainder was deducted from provision for employee benefits account. In addition, the subsidiary paid additional compensation to those employees amounting to Baht 92 million and recorded such extra compensation as expense in the 2009 consolidated income statement.

In December 2010, to comply with the Ministerial Regulations no.11 (B.E.2553) in accordance with the provident fund Act B.E.2530 dated 15 June 2010, the subsidiary and its employees agree to terminate pension on severance payment and implement to pay by law. In addition, the subsidiary will transfer their pensions which calculate up to end of 2010 to the provident fund, amounting to Baht 67 million by March 2011, as the initial money and part of the company's contribution.

19. Revaluation surplus on land

The revaluation surplus on land can neither be offset against deficit nor used for dividend payment.

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% of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

21. Expenses by nature

Significant expenses by nature are as follow:

	(Unit: Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Salary and wages and other				
employee benefits	470,310,357	623,509,682	359,484,790	361,572,208
Depreciation	871,047,923	1,000,310,683	758,490,222	751,251,577
Loss on impairment of assets (reversal)	1,112,582	1,175,322,836	(2,220,909)	(800,219)
Loss on obsolescence and impairment				
of spare parts and supplies	18,528,238	100,743,155	16,981,579	2,448,683
Transportation expenses	244,398,306	241,200,120	91,192,479	115,686,397
Rental expenses from operating lease				
agreements	73,379,896	70,297,064	1,261,365	1,631,787
Repair and maintenance expenses	438,803,919	406,521,394	384,964,676	364,515,029
Raw materials and consumables used	3,465,742,521	3,082,835,732	2,193,450,420	2,127,613,703
Changes in inventories of finished goods				
and work in process	84,732,513	252,783,033	4,505,445	81,273,584

22. Basic earnings per share

Basic earnings per share is calculated by dividing net income (loss) for the year by the weighted average number of ordinary shares in issue during the year.

23. Segment information

The Company and its subsidiaries' business operations involve four principal segments: (1) Manufacturing of cement (2) Manufacturing of ready-mixed concrete (3) Office building rental and (4) Generate electricity (not commencing trading activity). These operations are mainly carried on in Thailand. Below is the consolidated financial information for the years ended 31 December 2010 and 2009 of the Company and its subsidiaries by segment.

	Consolidated financial statements										(Unit: Million Baht)		
	Cement segment		Ready-mixed concrete segment		Office building rental segment		Generate electricity segment		Elimination of inter-segment revenues			Consolidation	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009		2010	2009
Revenue from external customers	6,314	6,566	883	793	6	6	-	-	-	-	7,203	7,365	
Inter-segment revenues	840	763	14	2	-	-	-	-	(854)	(765)	-	-	
Total revenues	7,154	7,329	897	795	6	6	-	-	(854)	(765)	7,203	7,365	
Segment operating income (loss)	(348)	(1,372)	(28)	(48)	4	4	-	-	-	-	(278)	(1,339)	
Unallocated income and expenses:													
Interest income											39	28	
Other income											31	5	
Exchange gains											27	24	
Other expenses											(11)	(121)	
Finance cost											(36)	(38)	
Corporate income tax											40	(73)	
Minority interest											28	1,087	
Net loss											(160)	(427)	
Property, plant and equipment	7,243	7,838	78	98	388	390	19	7	2	-	7,730	8,333	
Other assets	8,432	8,087	470	412	2	1	3	-	(2,644)	(2,688)	6,263	5,812	
Total assets	15,675	15,925	548	510	390	391	22	7	(2,642)	(2,688)	13,993	14,145	

Transfer prices between business segments are as set out in Note 7 to the financial statements.

24. Provident fund

The Company, its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Employees, the Company and its subsidiaries contributed to the fund monthly at the rate of 3 - 10% of basic salaries. The fund, which is managed by Bualuang Securities Public Company Limited and UOB asset management (Thai) Company Limited, will be paid to employees upon termination in accordance with the fund rules.

In December 2010, all employees of Jalaprathan Cement Plc. (a subsidiary) who were not yet members of the provident fund voluntarily apply to be a member of the Fund. The subsidiary will transfer their pensions of Baht 67 million which are calculated up to 31 December 2010, to the provident fund within March 2011 in accordance with an agreement between the subsidiary and its employees as described in Note 18 to the financial statements.

During the year 2010, the Company and its subsidiaries contributed Baht 21.98 million (the Company only: Baht 19.38 million) to the fund (2009: Baht 22.2 million and Baht 19.5 million, respectively).

25. Dividends

		(Unit: Baht)	
Dividends	Approved by	Total dividends	Dividend per share
Final dividends for 2008	Annual General Meeting of the shareholders 24 April 2009	<u>389,210,256</u>	<u>0.50</u>
Total for 2009		<u>389,210,256</u>	<u>0.50</u>
Final dividends for 2009	Annual General Meeting of the shareholders on 23 April 2010	<u>389,210,256</u>	<u>0.50</u>
Total for 2010		<u>389,210,256</u>	<u>0.50</u>

26. Commitments and contingent liabilities

26.1 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of land, office building space, and motor vehicles. The terms of the agreements are generally between 1 and 25 years.

As at 31 December 2010, future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

	(Unit: Million Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Payable within:		
Less than 1 year	35.60	15.10
2 - 5 years	48.25	31.13
More than 5 years	17.79	16.23

26.2 Long-term service agreements commitments

- a) The Company and its subsidiaries have entered into agreements related to the concrete transportation, packing cement and other 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 related to the provision of repair and maintenance of machines and equipments and the provision of concrete production. As at 31 December 2010, there were commitments to be payable under those agreements as follows:

	(Unit: Million Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Payable within:		
Less than 1 year	71.03	53.69
2 - 5 years	26.89	24.92

Besides the above commitments, a subsidiary has entered into agreements regarding the provision of repair and maintenance of machines and equipments which it is committed to pay the service fees calculated from production quantities multiplied by rate specified in the agreements.

26.3 Purchase of raw material commitments

As at 31 December 2010, the Company and its subsidiaries have entered into agreements to purchase of raw materials in the future of approximately Baht 1,032.4 million (the Company only: Baht 985.4 million) (2009: Baht 756.8 million and Baht 692.9 million, respectively).

In addition, the subsidiaries have entered into another agreements regarding to purchase of raw materials in the future. Commitment value will be based on the purchase volume multiplied by contract prices.

26.4 Bank guarantees

As at 31 December 2010, there were outstanding bank guarantees of Baht 493.4 million (the Company only: Baht 438.8 million) (2009: Baht 498.5 million and Baht 437.5 million, respectively) 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. Of the guarantees acquired, Baht 300 million was for the application for the right to operate an industrial stone mine with the aim to develop a cement industry and establish a cement factory in the south of Thailand. Baht 184.2 million was collateral for electricity use and Baht 9.2 million was provided for other guarantees.

27. Financial instruments

27.1 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 accounts receivable, borrowing, investments, trade accounts payable, other accounts payable 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 accounts receivable, borrowing, and other receivable. 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 on credit risk since they have large customer bases. The maximum exposure to credit risk is limited to the carrying amounts of receivables, borrowing and other receivables as stated in the balance sheet.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to its cash and cash equivalents, 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 2010 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.

	Consolidated financial statements				Effective interest rate (% p.a.)
	Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	
	(Million Baht)				
Financial Assets					
Cash and cash equivalents	2,720.3	181.5	21.4	2,923.2	0.08 - 1.85
Trade accounts receivable	-	-	1,374.9	1,374.9	-
Other long-term investments	-	-	1.0	1.0	-
	<u>2,720.3</u>	<u>181.5</u>	<u>1,397.3</u>	<u>4,299.1</u>	
Financial liabilities					
Short-term loans from financial institution	280.0	-	-	280	2.30 - 2.90
Trade accounts payable	-	-	797.4	797.4	-
Other accounts payable	-	-	351.1	351.1	-
Long-term loans from related party	-	466.9	-	466.9	1.15 - 3.53
	<u>280.0</u>	<u>466.9</u>	<u>1,148.5</u>	<u>1,895.4</u>	

	Separate financial statements				Effective interest rate (% p.a.)
	Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	
	(Million Baht)				
Financial Assets					
Cash and cash equivalents	2,668.3	87.5	-	2,755.8	0.08 - 1.85
Trade accounts receivable	-	-	1,265.0	1,265.0	-
Short-term loan to subsidiary	-	17.0	-	17.0	3.77
Long-term loans to subsidiary	-	830.0	-	830.0	3.22 - 5.25
Investments in subsidiaries	-	-	582.1	582.1	-
Other long-term investment	-	-	1.0	1.0	-
	<u>2,668.3</u>	<u>934.5</u>	<u>1,848.1</u>	<u>5,450.9</u>	
Financial liabilities					
Trade accounts payable	-	-	520.6	520.6	-
Other accounts payable	-	-	296.0	296.0	-
	<u>-</u>	<u>-</u>	<u>816.6</u>	<u>816.6</u>	

Foreign currency risk

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

The balances of financial assets and liabilities denominated in foreign currencies as at 31 December 2010 are summarised below.

<u>Foreign currency</u>	<u>Financial assets</u>	<u>Financial liabilities</u>	<u>Average exchange rate as at 31 December 2010</u>
	(Million)	(Million)	(Baht per 1 foreign currency unit)
US dollar	0.01	0.60	30.1513
Euro	-	3.71	39.9394
Danish Krone	-	0.44	5.3568

27.2 Fair value of financial instruments

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

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.

28. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

According to the balance sheet as at 31 December 2010, the Group's debt-to-equity ratio was 0.23:1 (2009: 0.18:1) and the Company's was 0.09:1 (2009: 0.06:1).

29. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2011.



บริษัท ปูนซีเมนต์เอเชีย จำกัด (มหาชน)

Asia Cement

Public Company Limited



Asia Cement Public Co., Ltd.
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