

รายงานประจำปี 2554

ANNUAL REPORT 2011



บริษัท ปูนซีเมนต์เอเชีย จำกัด (มหาชน)
Asia Cement
Public Company Limited



CREATE INNOVATION
WITH ENVIRONMENTAL FRIENDLY BUSINESS

Annual Report 2011



บริษัท ปูนซีเมนต์เอเชีย จำกัด (มหาชน)
Asia Cement
Public Company Limited

CONTENTS

04

Message from the Chairman

05

Board of Directors, Executive Committee

06

Basic Information of the Company

09

Auditor's Report

10-58

2011 Financial Statements



Message from the Chairman

Asia Cement Public Co., Ltd.

Thailand's economic performance suffered in 2011 from the severe flood at the end of the year which wiped out all the strong achievements of the preceding three quarters. The devastations were widespread, affecting all the agricultural, industrial sectors as well as the country's capital stock and assets.

Looking forward, the strong determination of the country to invest – to repair as well as to build new foundations – is aided by supportive government's fiscal and monetary policies. These investments are likely to underpin a robust public and private expenditure growth in 2012 across all the industrial and business sectors.

In 2011, the total domestic demand for cement was approximately 28 million tons, representing an increase of 4.5% over the year before. Asia Cement Public Company Limited achieved revenues of Baht 6,074 million, an increase of 7% compared to the year before, and managed to earn a net profit of Baht 22 million.

In 2011, Pukrang Cement Plant of Asia Cement Public Company Limited situated in Saraburi Province won the "Outstanding Workplace on Labor Relations and Welfare Award" from the Ministry of Labor for the 6th consecutive year, demonstrating a good governance as well as a good relationship between the company and its personnel. Besides, the company also won the "Green Mining Award" for the 3rd consecutive year and was awarded the "Green Industry Award" from the Department of Primary Industries and Mines, Ministry of Industry - these accolades clearly show how management is a recognised leader in corporate social responsibility. Moreover, Asia Cement Public Company Limited has continually undertaken various social activities, such as the granting of scholarships to students with good academic performance for their further educational opportunities.

In addition, the company donated money, materials and cement to help flood victims in provinces such as Bangkok, Saraburi, Lopburi and Nakornsawan. The company also, in conjunction with the 2nd Anti Aircraft Artillery Battalion, Fort Suranaree, Nakorn Ratchasima Province, initiated a community water supply project to Dong Mafai Village, Soongnern District, Nakorn Ratchasima Province and sponsored the preparation of a book titled "Thung Kamang: the Eden of Wildlife" in dedication to His Majesty the King on the occasion of his 84th Birthday. This book will be given to school libraries both in Bangkok and provinces to publicize the story of wild animals in the royal project of Phu Khieo Natural Zoo in Chaiyaphum Province as well as to cultivate conservation mind sets about nature and the environment.

Your company has continued to make good progress and this is achievable due to the continuing strong support from our clients, employees, stakeholders and community stakeholders. On behalf of the company's Board of Directors, I would like to take this occasion to express my sincere thanks to all of you.

(Mr. Chong Toh)
Chairman of the Board

Board of Directors, Executive Committee

Asia Cement Public Co., Ltd.

Board of Directors

As of 31 December 2011

Chairman

Mr. Chong Toh

Directors

Mr. Yingyong Srithong

Mr. Pramote Techasupatkul

Mr. Giovanni Maggiora

Mr. Yves Rene Nanot

Mr. Rapee Sukhyanga

Mr. Giovanni Battista Ferrario

Mr. Thanet Earsakul

Mr. Goran Leopold Seifert

Mr. George Thomas

Mr. Philippe Henry Lucien Staib

Mr. Uran Kleosakul

Mr. Roberto Callieri

Mr. Nopadol Ramyarupa

Executive Committee

As of 31 December 2011

Chairman

Mr. Chong Toh

Directors

Mr. Yves Rene Nanot

Mr. Goran Leopold Seifert

Mr. Giovanni Maggiora

Mr. Roberto Callieri

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 10,009,993 shares which equals to 99.99%.

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

Type of Business: 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 Jalapathan 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. Roberto Callieri	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. Roberto Callieri	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. Roberto Callieri	No	No	No
3. Mr. Rapee Sukhyanga	No	No	No

6. The remuneration of Board of Directors paid in 2011

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	480,000.00
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. Roberto Callieri	90,000.00
Mr. Mario Bracci	240,000.00
Total (Baht)	5,130,000.00

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

Report of Independent Auditor

To the Shareholders of Asia Cement Public Company Limited

I have audited the accompanying consolidated statements of financial position of Asia Cement Public Company Limited and its subsidiaries as at 31 December 2011 and 2010, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and have also audited the separate financial statements of 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 2011 and 2010, and the results of their operations, and cash flows for the years then ended in accordance with generally accepted accounting principles.

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



Termphong Opanaphan

Certified Public Accountant (Thailand) No. 4501

Ernst & Young Office Limited

Bangkok: 24 February 2012

Asia Cement Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2011 and 2010

(Unit: Baht)

	<u>Consolidated financial statements</u>			<u>Separate financial statements</u>	
	<u>Note</u>	<u>2011</u>	<u>2010</u> (Restated)	<u>2011</u>	<u>2010</u>
Assets					
Current assets					
Cash and cash equivalents	8,9	3,176,768,831	2,923,254,324	3,020,061,691	2,755,818,556
Trade and other receivables	9,10	1,287,143,732	1,392,546,112	1,246,953,257	1,292,480,151
Short-term loan to related party	9	-	-	-	17,000,000
Current portion of long-term loans to related party	9	-	-	300,000,000	230,000,000
Inventories	11	1,680,043,563	1,502,095,208	1,154,527,625	1,030,850,343
Other current assets					
Input tax refundable		44,499,110	66,130,149	24,297,504	29,792,181
Others		29,774,240	22,263,155	17,297,051	15,671,769
Total current assets		<u>6,218,229,476</u>	<u>5,906,288,948</u>	<u>5,763,137,128</u>	<u>5,371,613,000</u>
Non-current assets					
Investments in subsidiaries	12	-	-	832,088,565	582,088,565
Other long-term investments	13	1,000,000	1,000,000	1,000,000	1,000,000
Long-term loans to related party - net of current portion	9	-	-	300,000,000	600,000,000
Investment properties	14	-	391,526,666	-	-
Property, plant and equipment	15	7,126,639,877	7,338,463,533	4,553,137,250	5,160,375,009
Leasehold right on office building	16	66,406,094	73,853,506	66,406,094	73,853,506
Mining concessions	17	12,679,770	14,002,509	12,679,770	14,002,509
Deferred tax assets	18	140,268,848	238,800,258	93,158,897	168,768,882
Other non-current assets					
Corporate income tax refundable		51,420,081	19,334,507	51,420,081	19,334,507
Advance payment for assets		45,551,663	-	9,632,411	-
Others		9,023,693	9,244,367	4,047,728	4,795,617
Total non-current assets		<u>7,452,990,026</u>	<u>8,086,225,346</u>	<u>5,923,570,796</u>	<u>6,624,218,595</u>
Total assets		<u>13,671,219,502</u>	<u>13,992,514,294</u>	<u>11,686,707,924</u>	<u>11,995,831,595</u>

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

Asia Cement Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2011 and 2010

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	<u>Note</u>	<u>2011</u>	<u>2010</u> (Restated)	<u>2011</u>	<u>2010</u>
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institution	9, 19	180,000,000	280,000,000	-	-
Trade and other payables	20	1,256,521,106	1,325,472,441	929,049,581	881,761,405
Current portion of long-term loans from related parties	9	115,998,975	112,931,181	-	-
Corporate income tax payable		-	158,599	-	-
Short-term provisions		19,677,227	18,791,747	18,377,227	17,727,747
Other current liabilities					
Advance received from customer		27,008,852	28,322,789	25,425,775	24,240,724
Others		29,491,369	23,563,055	19,924,399	15,233,922
Total current liabilities		<u>1,628,697,529</u>	<u>1,789,239,812</u>	<u>992,776,982</u>	<u>938,963,798</u>
Non-current liabilities					
Long-term loans from related parties - net					
of current portion	9	354,000,000	354,000,000	-	-
Provision for long-term employee benefits	21	101,067,296	94,942,584	66,811,481	63,328,841
Long-term provisions		10,671,966	10,301,521	7,727,958	7,292,220
Deferred tax liabilities	18	233,506,746	347,703,546	11,577,483	15,283,462
Other non-current liabilities		-	1,500,000	-	-
Total non-current liabilities		<u>699,246,008</u>	<u>808,447,651</u>	<u>86,116,922</u>	<u>85,904,523</u>
Total liabilities		<u>2,327,943,537</u>	<u>2,597,687,463</u>	<u>1,078,893,904</u>	<u>1,024,868,321</u>

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

Asia Cement Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2011 and 2010

(Unit: Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2011</u>	<u>2010</u> (Restated)	<u>2011</u>	<u>2010</u>
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
Retained earnings					
Appropriated - statutory reserve	22	340,987,000	339,900,000	340,987,000	339,900,000
Unappropriated		804,896,510	1,084,905,564	949,494,898	1,318,054,733
Other components of shareholders' equity	23	<u>34,588,654</u>	<u>30,265,073</u>	<u>34,588,654</u>	<u>30,265,073</u>
Equity attributable to owners of the Company		10,463,215,632	10,737,814,105	10,607,814,020	10,970,963,274
Non-controlling interests of the subsidiaries		<u>880,060,333</u>	<u>657,012,726</u>	-	-
Total shareholders' equity		<u>11,343,275,965</u>	<u>11,394,826,831</u>	<u>10,607,814,020</u>	<u>10,970,963,274</u>
Total liabilities and shareholders' equity		<u>13,671,219,502</u>	<u>13,992,514,294</u>	<u>11,686,707,924</u>	<u>11,995,831,595</u>

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

Asia Cement Public Company Limited and its subsidiaries

Statements of comprehensive income

For the years ended 31 December 2011 and 2010

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
Profit or loss:					
Revenues					
Sales		7,816,918,751	7,197,210,171	5,845,239,012	5,506,255,069
Rental income		575,000	6,000,000	-	-
Other income					
Interest income		74,106,192	38,898,210	118,813,286	84,954,392
Management fee income		-	-	93,163,150	73,696,400
Exchange gains		-	26,727,532	-	2,249,860
Gain on sales of other long -term investment		-	12,180,000	-	-
Others		13,141,554	18,731,043	16,838,199	12,579,191
Total revenues		<u>7,904,741,497</u>	<u>7,299,746,956</u>	<u>6,074,053,647</u>	<u>5,679,734,912</u>
Expenses					
Cost of sales and rental		7,067,363,209	6,857,959,349	5,357,427,768	5,272,848,836
Selling expenses		282,478,529	290,055,780	249,328,137	245,414,837
Administrative expenses		426,766,292	332,883,867	346,743,077	304,956,126
Other expenses		14,976,085	10,765,416	5,079,383	15,799,313
Reversal of impairment loss on unused assets	15	(263,493,023)	-	-	-
Total expenses		<u>7,528,091,092</u>	<u>7,491,664,412</u>	<u>5,958,578,365</u>	<u>5,839,019,112</u>
Profit (loss) before finance cost and corporate income tax		376,650,405	(191,917,456)	115,475,282	(159,284,200)
Finance cost		(54,508,979)	(36,044,201)	(17,510,273)	(17,308,495)
Profit (loss) before corporate income tax		322,141,426	(227,961,657)	97,965,009	(176,592,695)
Corporate income tax	18	11,194,383	40,032,110	(76,227,588)	48,288,680
Profit (loss) for the year		<u>333,335,809</u>	<u>(187,929,547)</u>	<u>21,737,421</u>	<u>(128,304,015)</u>
Other comprehensive income:					
Effect of change in the applicable tax rate for revaluation of land	18	4,323,581	-	4,323,581	-
Other comprehensive income for the year		<u>4,323,581</u>	<u>-</u>	<u>4,323,581</u>	<u>-</u>
Total comprehensive income for the year		<u>337,659,390</u>	<u>(187,929,547)</u>	<u>26,061,002</u>	<u>(128,304,015)</u>
Profit (loss) attributable to:					
Equity holders of the Company		110,288,202	(160,313,834)	21,737,421	(128,304,015)
Non-controlling interests of the subsidiaries		223,047,607	(27,615,713)	-	-
		<u>333,335,809</u>	<u>(187,929,547)</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		114,611,783	(160,313,834)	26,061,002	(128,304,015)
Non-controlling interests of the subsidiaries		223,047,607	(27,615,713)	-	-
		<u>337,659,390</u>	<u>(187,929,547)</u>		
Basic earnings (loss) per share	25				
Profit (loss) attributable to equity holders of the Company		0.14	(0.21)	0.03	(0.16)

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 2011 and 2010

(Unit: Baht)

		Consolidated financial statements									
		Equity attributable to owners of the Company					Other components of equity				
Note	Issued and paid-up share capital	Share premium	Retained earnings - Appropriated - statutory reserve	Unappropriated - statutory reserve	Unappropriated	Other comprehensive income		Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries		Total shareholders' equity
						Surplus on revaluation of land	income		to non-controlling interests of the subsidiaries	of shareholders' equity	
	Balance as at 31 December 2009	4,670,523,072	4,612,220,396	339,200,000	1,635,129,654	30,265,073	-	11,287,338,195	684,628,439	-	11,971,966,634
28	Dividend paid	-	-	-	(389,210,256)	-	-	(389,210,256)	-	-	(389,210,256)
	Total comprehensive income for the year	-	-	-	(160,313,834)	-	-	(160,313,834)	(27,615,713)	-	(187,929,547)
	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	339,900,000	1,084,905,564	30,265,073	-	10,737,814,105	657,012,726	-	11,394,826,831
	Balance as at 31 December 2010	4,670,523,072	4,612,220,396	339,900,000	1,084,905,564	30,265,073	-	10,737,814,105	657,012,726	-	11,394,826,831
28	Dividend paid	-	-	-	(389,210,256)	-	-	(389,210,256)	-	-	(389,210,256)
	Total comprehensive income for the year	-	-	-	110,288,202	4,323,581	-	114,611,783	223,047,607	-	337,659,390
	Unappropriated retained earnings transferred to statutory reserve	-	-	1,087,000	(1,087,000)	-	-	-	-	-	-
	Balance as at 31 December 2011	4,670,523,072	4,612,220,396	340,987,000	804,896,510	34,588,654	-	10,463,215,632	880,060,333	-	11,343,275,965

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 2011 and 2010

(Unit: Baht)

		Separate financial statements							
Note	Issued and paid-up share capital	Share premium	Retained earnings		Unappropriated	Other components of equity		Total shareholders' equity	
			Appropriated - statutory reserve	Unappropriated		Other comprehensive income	Surplus on revaluation of land		
	4,670,523,072	4,612,220,396	339,200,000	1,836,269,004	30,265,073			11,488,477,545	
28	-	-	-	(389,210,256)	-			(389,210,256)	
	-	-	-	(128,304,015)	-			(128,304,015)	
22	-	-	700,000	(700,000)	-			-	
	4,670,523,072	4,612,220,396	339,900,000	1,318,054,733	30,265,073			10,970,963,274	
	4,670,523,072	4,612,220,396	339,900,000	1,318,054,733	30,265,073			10,970,963,274	
28	-	-	-	(389,210,256)	-			(389,210,256)	
	-	-	-	21,737,421	4,323,581			26,061,002	
22	-	-	1,087,000	(1,087,000)	-			-	
	4,670,523,072	4,612,220,396	340,987,000	949,494,898	34,588,654			10,607,814,020	

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 2011 and 2010

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Cash flows from operating activities				
Profit (loss) before tax	322,141,426	(227,961,657)	97,965,009	(176,592,695)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation	881,909,027	871,047,923	768,538,240	758,490,222
Depletion and amortisation	8,770,151	8,805,008	8,770,151	8,805,008
Allowance for doubtful accounts (reversal)	(10,532,693)	(11,052,959)	(1,656,435)	4,522,156
Decrease of inventory to net realisable value (reversal)	(1,231,567)	18,528,238	5,324,747	16,981,579
Allowance for impairment loss on assets (reversal)	(266,829,235)	1,112,582	(3,336,212)	(2,220,909)
Provision for long-term employee benefits	12,534,379	49,236,576	8,644,307	7,546,383
Provision for quarry restoration costs	1,258,200	552,000	1,138,200	152,000
Written off bad debts	10,532,693	6,629,985	1,656,435	3,524,050
Written off assets	4,402,853	16,058,805	4,402,852	15,975,490
Loss on sales of investment properties	11,526,666	-	-	-
(Gain) loss on sales of plant and equipment	(953,435)	(5,293,390)	676,530	(176,177)
Dividend income from other long-term investment	-	(9,730,000)	-	-
Gain on sales of other long-term investment	-	(12,180,000)	-	-
Unrealised (gains) loss on exchange rate	2,722,701	(22,195,502)	(332,629)	350,066
Interest income	(69,149,325)	(35,918,633)	(116,044,251)	(82,660,407)
Interest expenses	26,108,211	8,143,792	-	-
Profit from operating activities before changes in operating assets and liabilities	933,210,052	655,782,768	775,746,944	554,696,766
Operating assets (increase) decrease				
Trade and other receivables	99,716,014	(17,921,126)	40,384,520	(132,640,708)
Inventories	(240,331,903)	(239,902,294)	(192,010,098)	(124,784,179)
Other current assets	22,648,042	(47,175,635)	7,839,330	(17,183,924)
Other non-current assets	220,674	183,500	747,889	157,200
Operating liabilities increase (decrease)				
Trade and other payables	(205,196,053)	(37,165,216)	(19,013,450)	249,929,105
Short-term provisions	885,480	(10,631,516)	649,480	(10,595,516)
Other current liabilities	4,614,376	(11,164,505)	5,875,528	(7,677,488)
Provision for long-term employee benefits	(6,892,700)	(1,434,988)	(5,644,700)	(261,000)
Provision for quarry restoration costs	(404,723)	(395,968)	(219,430)	(251,343)
Other non-current liabilities	(1,500,000)	-	-	-
Cash from operating activities	606,969,259	290,175,020	614,356,013	511,388,913
Cash received from previous year income tax	287,873	10,559,653	-	-
Cash paid for corporate income tax	(41,207,559)	(51,385,976)	(36,055,508)	(50,603,361)
Net cash from operating activities	566,049,573	249,348,697	578,300,505	460,785,552

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 2011 and 2010

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Cash flows from investing activities				
Cash paid for short-term loan to subsidiary	-	-	-	(17,000,000)
Cash received from repayment of short-term loan from subsidiary	-	-	17,000,000	-
Cash paid for investment in subsidiary	-	-	(250,000,000)	-
Cash received from repayment of long-term loan to subsidiary	-	-	230,000,000	170,000,000
Dividend received from other long-term investment	-	9,730,000	-	-
Cash received from sale of other long-term investment	-	27,734,700	-	-
Cash received from sale of investment properties	380,000,000	-	-	-
Acquisition of plant and equipment	(244,420,899)	(143,109,996)	(68,159,473)	(89,159,850)
Advance payment for assets	(45,551,663)	-	(9,632,411)	-
Proceeds from sales of plant and equipment	1,820,351	8,332,979	58,145	176,190
Interest income	74,835,691	30,533,180	121,186,625	77,077,287
Net cash from (used in) investing activities	<u>166,683,480</u>	<u>(66,779,137)</u>	<u>40,452,886</u>	<u>141,093,627</u>
Cash flows from financing activities				
Increase (decrease) in short-term loans from financial institution	(100,000,000)	30,000,000	-	-
Cash received from bills discount	34,700,000	-	34,700,000	-
Cash received from long-term loan 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	(24,708,290)	(6,887,417)	-	-
Net cash used in financing activities	<u>(479,218,546)</u>	<u>(12,097,673)</u>	<u>(354,510,256)</u>	<u>(389,210,256)</u>
Net increase in cash and cash equivalents	<u>253,514,507</u>	<u>170,471,887</u>	<u>264,243,135</u>	<u>212,668,923</u>
Cash and cash equivalents at beginning of year	<u>2,923,254,324</u>	<u>2,752,782,437</u>	<u>2,755,818,556</u>	<u>2,543,149,633</u>
Cash and cash equivalents at end of year	<u><u>3,176,768,831</u></u>	<u><u>2,923,254,324</u></u>	<u><u>3,020,061,691</u></u>	<u><u>2,755,818,556</u></u>
Supplemental cash flows information				
Non-cash transactions				
Purchases of equipment for which no cash has been paid	100,853,858	97,133,784	31,934,255	68,028,337
Transferred cement and spare parts to construction in progress during the year	73,671,024	47,782,290	73,063,978	42,022,783

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 2011 and 2010

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, Bangkok, Huaykwang, Bangkok.

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

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

2. Basis of preparation

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

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

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of 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	
		<u>2011</u>	<u>2010</u>
		%	%
<u>Held by the Company</u>			
Asia Cement Products Co., Ltd.	Manufacturing of ready-mixed concrete	99.99	99.99
Jalaprathan Cement Plc.	Manufacturing of cement	31.43	31.43
Asia Cement Energy Conservation Co., Ltd.	Generate electricity	99.99	99.93
<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
Naga Property Co., Ltd. (Wholly owned by Jalaprathan Cement Plc.)	Office building rental	100.00	100.00

- b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of Jalaprathan Cement Plc., are included in the consolidated financial statements even though the Company's shareholding is 31.43 percent. 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) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position

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

3. Adoption of new accounting standards during the year

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

Accounting standards:

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

Financial reporting standards:

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

Financial Reporting Standard Interpretations:

TFRIC 15	Agreements for the Construction of Real Estate
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Accounting Standard Interpretations:

SIC 31	Revenue-Barter Transactions Involving Advertising Services
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These accounting standards do not have any significant impact on the financial statements, except for the following accounting standard.

TAS 40 (revised 2009) Investment Property

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

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

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

Accounting standards:

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

Accounting Standard Interpretations:

SIC 10 Government Assistance - No Specific Relation to Operating Activities

SIC 21 Income Taxes - Recovery of Revalued Non-Depreciable Assets

SIC 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

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

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

During the current year, the Company and its subsidiary made the change to its significant accounting policy related to investment property as described in Note 3 to the financial statements, as a result of the adoption of revised and new accounting standards.

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

(Unit: Thousand Baht)

Consolidated statements of financial position

Increase in investment properties	391,527
Decrease in property, plant and equipment	(391,527)

6. Significant accounting policies

6.1 Revenue recognition

Sales of goods

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

Rental income

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

Interest income

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

Rendering of services

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

6.2 Cash and cash equivalents

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

6.3 Trade accounts receivable

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

6.4 Inventories

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

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

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

6.5 Investments

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

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

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

6.6 Investment properties

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

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

6.7 Property, plant and equipment/Depreciation

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

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

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

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

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

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

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

Buildings, 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 and construction in progress.

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

In certain cases the Company 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.

6.8 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.

6.9 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.

6.10 Related party transactions

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

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

6.11 Foreign currencies

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

Gains and losses on exchange are included in determining income.

6.12 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of the property, plant and equipment whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

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

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

6.13 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

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

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

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

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

6.14 Provisions

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

6.15 Income Tax

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

Current tax

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

Deferred Tax

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

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

At each reporting 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.

7. Significant accounting judgments and estimates

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

Leases

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

Allowance for doubtful accounts

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

Allowance for diminution in value of inventory

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

Fair value of financial instruments

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

Impairment of equity investments

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

Investment property

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

Property, plant and equipment/Depreciation

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

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

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

Deferred tax assets

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

Post-employment benefits under defined benefit plans

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

8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Cash	7	44	7	14
Bank deposits	509,219	302,932	352,512	187,527
Bills of exchange	2,667,543	2,620,278	2,667,543	2,568,278
Total	<u>3,176,769</u>	<u>2,923,254</u>	<u>3,020,062</u>	<u>2,755,819</u>

As at 31 December 2011, bank deposits in saving accounts and fixed accounts and bills of exchange carried interests between 0.20 and 3.50 percent per annum (2010: between 0.08 and 1.85 percent per annum)

9. Related party transactions

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

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<u>Transactions with subsidiaries</u>				
(eliminated from the consolidated financial statements)				
Sales of goods and raw materials	-	-	820	863
Management fee income	-	-	93	74
Interest income	-	-	48	48
Trademark license fee income	-	-	2	2
Income from penalty due to failure to buy goods in the amount specified in the agreement	-	-	11	-
Trademark license fee expense	-	-	2	2

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<u>Transactions with related companies</u>				
Sales of goods	401	512	400	512
Interest income	26	30	26	30
Purchases of raw materials	326	660	320	653
Management fee expenses	23	14	1	7
Technical fee	5	2	1	1
Interest expenses	26	8	-	-
Software license fee	10	3	10	3
Consultant fee	19	3	19	3

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<u>Bank deposits and bills of exchange - related party</u>				
Related financial institution (related by common shareholders)	1,400,241	2,351,153	1,329,937	2,314,134
Total bank deposits and bills of exchange - related party	<u>1,400,241</u>	<u>2,351,153</u>	<u>1,329,937</u>	<u>2,314,134</u>
<u>Trade and other receivables - related parties</u>				
<u>(Note 10)</u>				
Subsidiaries	-	-	453,619	428,247
Related companies (related by common shareholders)	88,951	116,241	88,950	116,240
Total trade and other receivables - related parties	<u>88,951</u>	<u>116,241</u>	<u>542,569</u>	<u>544,487</u>
<u>Short-term loans to related party</u>				
Subsidiary	-	-	-	17,000
Total short - term loan to related party	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,000</u>
<u>Long-term loans to related party</u>				
Subsidiary	-	-	600,000	830,000
Less: Current portion	-	-	(300,000)	(230,000)
Long-term loans to related party - net of current portion	<u>-</u>	<u>-</u>	<u>300,000</u>	<u>600,000</u>

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<u>Short-term loans from related party (Note 19)</u>				
Related financial institution (related by common shareholders)	180,000	280,000	-	-
Total short-term loans from related party	<u>180,000</u>	<u>280,000</u>	<u>-</u>	<u>-</u>

Trade and other payables - related parties

(Note 20)

Subsidiaries	-	-	25,488	10,924
Related companies (related by common shareholders)	66,033	40,005	36,498	36,545
Total trade and other payables - related parties	<u>66,033</u>	<u>40,005</u>	<u>61,986</u>	<u>47,469</u>

Long-term loans from related parties

Related companies (related by common shareholders)	469,999	466,931	-	-
Less: Current portion	(115,999)	(112,931)	-	-
Long-term loans from related parties - net of current portion	<u>354,000</u>	<u>354,000</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 percent per annum.

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

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

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

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

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

Long-term loans from related companies

The outstanding balance as at 31 December 2011 represented an unsecured loan of a subsidiary of Euro 2.8 million and Baht 354 million (2010: Euro 2.8 million and Baht 354 million). The Euro 2.8 million loan was acquired to settle the unpaid technical fee with CTG S.p.A., Italy, a fellow subsidiary. The loan bears interest at the EURIBOR three months rate plus 0.5 percent per annum. Interest is repayable on a quarterly basis while the loan principal matures on 15 December 2011 or as agreed by the parties. Both parties may agree to extend the repayment schedule for another one year from the original maturity date. The Baht 354 million was acquired to pay for management and technical services from Ciments Francais S.A., France. The loan bears interest at a floating rate following the average three-month fixed deposit rate of three local banks plus 2.5 percent per annum and due on 31 October 2014.

Directors and management benefits

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

	(Unit: Million Baht)			
	Consolidated		Separate	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Short-term employee benefits	41	41	36	35
Post-employment benefits	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Total	<u><u>42</u></u>	<u><u>42</u></u>	<u><u>37</u></u>	<u><u>36</u></u>

10. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<u>Trade receivables - related parties</u>				
Age of receivables				
Not yet due	88,817	115,821	365,262	426,126
Past due				
Up to 3 months	-	-	66,366	43,419
3 - 6 months	-	-	46,658	21,989
6 - 12 months	-	-	11,083	39,184
Total trade receivables - related parties	<u>88,817</u>	<u>115,821</u>	<u>489,369</u>	<u>530,718</u>
<u>Trade receivables - unrelated parties</u>				
Age of receivables				
Not yet due	884,947	1,009,473	518,958	613,502
Past due				
Up to 3 months	316,457	256,571	193,193	138,864
3 - 6 months	7,084	17,492	2,184	10,573
6 - 12 months	7,248	6,169	3,228	1,336
Over 12 months	46,378	64,470	8,512	5,268
Total	1,262,114	1,354,175	726,075	769,543
Less: Allowance for doubtful accounts	<u>(84,588)</u>	<u>(95,120)</u>	<u>(33,596)</u>	<u>(35,252)</u>
Total trade receivables - unrelated parties, net	<u>1,177,526</u>	<u>1,259,055</u>	<u>692,479</u>	<u>734,291</u>
Trade accounts receivable - net	<u>1,266,343</u>	<u>1,374,876</u>	<u>1,181,848</u>	<u>1,265,009</u>
<u>Other receivables</u>				
Other receivables - related parties	134	420	53,200	13,769
Other receivables - unrelated parties	<u>20,667</u>	<u>17,250</u>	<u>11,905</u>	<u>13,702</u>
Total other receivables	<u>20,801</u>	<u>17,670</u>	<u>65,105</u>	<u>27,471</u>
Trade and other receivables - net	<u>1,287,144</u>	<u>1,392,546</u>	<u>1,246,953</u>	<u>1,292,480</u>

Approximately Baht 35 million of the Company's trade receivables as at 31 December 2011 has been sold at a discount to a bank, with recourse (2010: nil). The Company has recorded the amount received from bills discount as a secured liability under the caption of "Trade and other payables" in the statement of financial position.

11. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2011	2010	2011	2010	2011	2010
	Finished goods	94,349	117,854	(3,000)	(3,000)	91,349
Work in process	362,008	251,555	(3,500)	(3,500)	358,508	248,055
Raw materials	714,171	632,345	(4,005)	(14,784)	710,166	617,561
Spare parts and supplies	903,432	905,609	(383,412)	(383,984)	520,020	521,625
Total	2,073,960	1,907,363	(393,917)	(405,268)	1,680,043	1,502,095

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2011	2010	2011	2010	2011	2010
	Finished goods	53,905	76,068	(3,000)	(3,000)	50,905
Work in process	257,396	127,574	(1,500)	(1,500)	255,896	126,074
Raw materials	436,772	402,917	-	(6,784)	436,772	396,133
Spare parts and supplies	629,355	651,986	(218,400)	(216,411)	410,955	435,575
Total	1,377,428	1,258,545	(222,900)	(227,695)	1,154,528	1,030,850

As described in Note 1 to the financial statements, although the subsidiary expect to be able to resume production at its normal capacity 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 amounting to Baht 80 million and continued to set up provision for such impairment loss in the statement of financial position.

12. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
			(%)	(%)		
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	571,089	571,089
Asia Cement Energy Conservation Co., Ltd	251,000	1,000	99.99	99.93	<u>251,000</u>	<u>1,000</u>
Total					<u>832,089</u>	<u>582,089</u>

On 15 March 2011, the extraordinary general meeting of the shareholders of Asia Cement Energy Conservation Co., Ltd., a subsidiary, passed a resolution to increase its registered share capital of Baht 1,399 million from Baht 1 million (10,000 ordinary shares of Baht 100 each) to Baht 1,400 million (14 million shares of Baht 100 each) by issuing an additional 13.99 million ordinary shares of Baht 100 each.

Consequently, on 22 December 2011, the subsidiary registered 10 million additional shares of Baht 100 each with the Ministry of Commerce, and called up 25 percent of the additional registered share capital, or a total of Baht 250 million. The Company has paid such called up.

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

13. Other long-term investments

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Bangkok Bank of Commerce Plc.	5,724	5,724	-	-
Jalaprathan Transport Co., Ltd.	10,399	10,399	-	-
Other companies	1,116	1,116	1,000	1,000
Total	17,239	17,239	1,000	1,000
Less: Allowance for impairment loss of investments	(16,239)	(16,239)	-	-
Other long-term investments - net	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

14. Investment properties

(Unit: Thousand Baht)

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

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

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

15. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements												
	Assets used in the operations						Unused assets but not classified as held for sale						
	Revaluation basis		Cost basis				Revaluation basis		Cost basis				
Land	Lease asset	Quarries cost	Buildings, leasehold improvement and structures	Machinery, tools and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Land	Buildings, leasehold improvement and structures	Machinery, tools and equipment	Motor vehicles	Construction in progress	Total
Cost/Revalued amount:													
As at 1 January 2010 - as previously reported	1,733,454	507,930	613,713	3,879,063	12,112,508	288,008	403,885	-	549,941	2,995,387	254,772	116,222	24,092,309
Restated (Note 5)	-	(507,930)	-	-	-	-	-	-	-	-	-	-	(507,930)
As at 1 January 2010 - restated	1,733,454	-	613,713	3,879,063	12,112,508	288,008	403,885	-	549,941	2,995,387	254,772	116,222	23,584,379
Additions	-	-	-	-	7,842	769	279,214	-	-	-	-	-	287,889
Disposals/write-off	-	-	-	(28,775)	(44,468)	(545)	(770)	-	-	-	-	-	(93,945)
Transfer between accounts	-	-	-	25,912	102,604	10,385	(181,563)	-	-	-	-	-	(37,631)
As at 31 December 2010 - restated	1,733,454	-	613,713	3,876,200	12,178,486	298,617	500,766	-	549,941	2,995,387	254,772	116,222	23,740,692
Transfer between used and unused assets	(190,000)	-	-	274,472	1,733,852	-	39,782	190,000	(274,472)	(1,733,852)	(135,286)	(39,782)	-
Additions	-	-	-	-	6,718	765	411,528	-	-	-	-	-	419,222
Disposals/write-off	-	-	-	(6,046)	(17,895)	(3,112)	-	-	-	-	(3,855)	-	(36,443)
Transfer between accounts	-	-	-	32,939	168,849	4,560	(220,067)	-	-	-	-	-	(11,061)
As at 31 December 2011	1,543,454	-	613,713	4,177,565	14,070,010	300,830	732,009	190,000	275,469	1,261,535	115,631	76,440	24,112,410
Accumulated depreciation:													
As at 1 January 2010 - as previously reported	-	26,949	78,549	2,697,289	7,827,936	259,595	-	-	339,040	2,153,078	246,212	-	14,223,801
Restated (Note 5)	-	(26,949)	-	-	-	-	-	-	-	-	-	-	(26,949)
As at 1 January 2010 - restated	-	-	78,549	2,697,289	7,827,936	259,595	-	-	339,040	2,153,078	246,212	-	14,196,852
Depreciation for the year	-	-	6,030	182,112	659,027	11,664	-	-	-	-	-	-	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)
As at 31 December 2010 - restated	-	-	84,579	2,852,710	8,419,841	270,740	-	-	339,040	2,153,078	246,212	-	14,955,322
Transfer between used and unused assets	-	-	-	187,331	1,509,857	-	-	-	(187,331)	(1,509,857)	(133,066)	-	-
Depreciation for the year	-	-	6,275	181,347	672,687	10,419	-	-	-	-	-	-	881,917
Depreciation on disposals /write-off	-	-	-	(5,432)	(12,616)	(3,102)	(5,535)	-	-	-	(3,855)	-	(30,540)
Transfer between accounts	-	-	-	-	(11,061)	-	-	-	-	-	-	-	(11,061)
As at 31 December 2011	-	-	90,854	3,215,956	10,578,708	278,057	727,842	-	151,709	643,221	109,291	-	15,795,638

(Unit: Thousand Baht)

		Consolidated financial statements (continued)												
		Assets used in the operations					Unused assets but not classified as held for sale							
	Revaluation basis		Cost basis			Revaluation basis		Cost basis			Total			
	Land	Lease asset	Quarries cost	Buildings, leasehold improvement and structures	Machinery, tools and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Land	Buildings, leasehold improvement and structures		Machinery, tools and equipment	Motor vehicles	Construction in progress
Allowance for impairment loss:														
As at 1 January 2010 - as previously reported	202,437	89,455	54,758	-	-	-	-	10,606	-	210,901	842,309	8,560	116,222	1,535,248
Restated (Note 5)	-	(89,455)	-	-	-	-	-	-	-	-	-	-	-	(89,455)
As at 1 January 2010 - restated	202,437	-	54,758	-	-	-	-	10,606	-	210,901	842,309	8,560	116,222	1,445,793
Increase during the year	-	-	-	-	-	-	-	1,113	-	-	-	-	-	1,113
As at 31 December 2010 - restated	202,437	-	54,758	-	-	-	-	11,719	-	210,901	842,309	8,560	116,222	1,446,906
Transfer between used and unused assets	(63,535)	-	-	87,141	223,995	-	2,220	39,782	63,535	(87,141)	(223,995)	(2,220)	(39,782)	-
Transfer between accounts	-	-	-	-	-	-	-	10,056	-	-	-	-	-	10,056
Decrease during the year	-	-	-	(64,993)	(158,648)	-	(71)	(43,118)	-	-	-	-	-	(266,830)
As at 31 December 2011	138,902	-	54,758	22,148	65,347	-	2,149	18,439	63,535	123,760	618,314	6,340	76,440	1,190,132
Net book value:														
As at 31 December 2010 - restated	1,531,017	-	474,376	1,023,490	3,758,645	27,877	34,012	489,047	-	-	-	-	-	7,338,464
As at 31 December 2011	1,404,552	-	468,101	939,461	3,425,955	22,773	25,763	713,570	126,465	-	-	-	-	7,126,640
Depreciation for the year:														
2010 (Baht 855 million included in manufacturing cost, and the balance in administrative expenses)														871,048
2011 (Baht 864 million included in manufacturing cost, and the balance in administrative expenses)														881,917

(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	Construction in progress				
Cost/Revalued amount:												
As at 1 January 2010	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)				
As at 31 December 2010	365,831	546,241	3,246,660	10,437,587	270,195	593,133	366,274	15,825,921				
Additions	-	-	-	4,427	524	193	168,647	173,791				
Disposals/write-off	-	-	(3,500)	(15,276)	(1,685)	(500)	-	(20,961)				
Transfer between accounts	-	-	25,914	114,071	4,418	1,791	(157,255)	(11,061)				
As at 31 December 2011	365,831	546,241	3,269,074	10,540,809	273,452	594,617	377,666	15,967,690				
Accumulated depreciation:												
As at 1 January 2010	-	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)				
As at 31 December 2010	-	78,189	2,349,925	7,364,796	244,565	565,286	-	10,602,761				
Depreciation for the year	-	5,053	162,817	581,060	9,428	10,180	-	768,538				
Depreciation on disposals/write-off	-	-	(3,009)	(10,001)	(1,680)	(500)	-	(15,190)				
Transfer between accounts	-	-	-	(11,061)	-	-	-	(11,061)				
As at 31 December 2011	-	83,242	2,509,733	7,924,794	252,313	574,966	-	11,345,048				

(Unit: Thousand Baht)

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

	Revaluation basis		Cost basis							Total
	Land	Quarries cost	Buildings, leasehold improvement and structures	Machinery, tools and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress			
Allowance for impairment loss:										
As at 1 January 2010	-	54,758	-	-	-	-	-	10,248	65,006	
Decrease during the year	-	-	-	-	-	-	-	(2,221)	(2,221)	
As at 31 December 2010	-	54,758	-	-	-	-	-	8,027	62,785	
Transfer between accounts	-	-	-	-	-	-	-	10,056	10,056	
Decrease during the year	-	-	-	-	-	-	-	(3,336)	(3,336)	
As at 31 December 2011	-	54,758	-	-	-	-	-	14,747	69,505	
Net book value:										
As at 31 December 2010	365,831	413,294	896,735	3,072,791	25,630	27,847	358,247	5,160,375		
As at 31 December 2011	365,831	408,241	759,341	2,616,015	21,139	19,651	362,919	4,553,137		
Depreciation for the year:										
2010 (Baht 742 million included in manufacturing cost, and the balance in administrative expenses)								758,490		
2011 (Baht 751 million included in manufacturing cost, and the balance in administrative expenses)								768,538		

As described in Note 1 to the financial statements, the subsidiary expects to be able to resume production of Cha-Am plant at its normal capacity in the near future. The management of subsidiary considered to transfer assets related to the clinker production at Cha-Am plant from unused assets to assets used in the operations and reversed the impairment of those assets which are related to the clinker production amounting to Baht 263 million.

As at 31 December 2011, the allowance for impairment loss of the assets related to the clinker production amounted to Baht 914 million (2010: Baht 1,177 million).

A breakdown of land carried on the revaluation basis and its allowance for impairment loss is as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Original cost	1,690,218	1,690,218	322,595	322,595
Surplus from revaluation	43,236	43,236	43,236	43,236
Revalued amount	1,733,454	1,733,454	365,831	365,831
Allowance for impairment loss	(202,437)	(202,437)	-	-
Net book value	<u>1,531,017</u>	<u>1,531,017</u>	<u>365,831</u>	<u>365,831</u>

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 consolidated profit or loss 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 "Surplus on revaluation of land" in shareholders' equity.

As at 31 December 2011, 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 3,532 million (The Company only: Baht 1,038 million) (2010: Baht 3,457 million and Baht 992 million, respectively).

16. Leasehold right on office building

	(Unit: Thousand Baht)	
	Consolidated / Separate financial statements	
	<u>2011</u>	<u>2010</u>
Cost	185,875	185,875
Less: Accumulated amortisation	<u>(119,469)</u>	<u>(112,021)</u>
Net book value	<u>66,406</u>	<u>73,854</u>
Amortisation included in the profit or loss for the year	<u>7,447</u>	<u>7,447</u>

17. Mining concessions

	(Unit: Thousand Baht)	
	Consolidated / Separate financial statements	
	<u>2011</u>	<u>2010</u>
Cost	24,400	24,400
Less: Accumulated depletion	<u>(11,720)</u>	<u>(10,398)</u>
Net book value	<u>12,680</u>	<u>14,002</u>
Depletion included in the profit or loss for the year	<u>1,322</u>	<u>1,358</u>

18. Income tax

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

18.2 Income tax expenses of the company and its subsidiaries for the years ended 31 December 2011 and 2010 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current income tax:				
Current income tax charge	-	159	-	-
Under tax expenses for previous year	-	978	-	978
Write-off of non-refundable withholding tax deducted at source/overpaid tax/(overpaid tax received)	147	(7,071)	-	2,942
Total	<u>147</u>	<u>(5,934)</u>	<u>-</u>	<u>3,920</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	34,971	(34,098)	33,726	(52,209)
Effect of changes in the applicable tax rates	(46,312)	-	42,502	-
Total	<u>(11,341)</u>	<u>(34,098)</u>	<u>76,228</u>	<u>(52,209)</u>
Income tax expense (income) as included in profit or loss	<u>(11,194)</u>	<u>(40,032)</u>	<u>76,228</u>	<u>(48,289)</u>

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

	(Unit: Thousand Baht)			
	Consolidation		Separate	
	financial statements		financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Surplus revaluation of land				
Effects of changes in the applicable tax rates	4,324	-	4,324	-
	<u>4,324</u>	<u>-</u>	<u>4,324</u>	<u>-</u>

18.4 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 2011 and 2010 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Accounting profit (loss) before tax	322,141	(227,962)	97,965	(176,593)
Applicable tax rates	30%	15% - 30%	30%	30%
Accounting profit (loss) before tax multiply with applicable tax rate	96,642	(68,580)	29,390	(52,978)
Deferred tax assets which were not recognised during the year				
- Tax losses	62,208	65,870	-	-
- Allowance for diminution in value of inventories	-	836	-	-
- Employee benefits obligation from cancelled pension plan	-	20,244	-	-
Utilisation of previously unrecognised deferred tax assets				
- Tax losses	-	(969)	-	-
- Allowance for diminution in value of inventories	(2,531)	(2,271)	-	-
- Allowance for impairment loss of assets	(116,647)	(41,062)	-	-
- Employee benefits obligation from cancelled pension plan	(4,188)	-	-	-
Previous year tax loss which were recognised as deferred tax assets during the year	(9,042)	(8,404)	(1,648)	-
Effect of elimination entries on the consolidated financial statements	941	(599)	-	-
Tax effect of non-deductible expenses	7,588	996	5,984	769
Under tax expenses for previous year	-	978	-	978
Write-off of non-refundable withholding tax deducted at source/overpaid tax/(overpaid tax received)	147	(7,071)	-	2,942
Effect of changes in the applicable tax rates	(46,312)	-	42,502	-
Income tax expense (income) reported in profit or loss	<u>(11,194)</u>	<u>(40,032)</u>	<u>76,228</u>	<u>(48,289)</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Deferred tax assets				
Allowance for doubtful accounts	84,588	95,120	33,596	35,253
Allowance for diminution in value of inventories	314,155	317,071	222,900	227,695
Allowance for impairment loss of other long-term investments	16,240	16,240	-	-
Allowance for impairment of assets	73,759	67,039	69,505	62,785
Provision for quarry restoration costs	8,770	7,916	5,826	4,907
Provision for sales promotion	7,177	7,394	7,177	7,394
Provision for management's bonus	-	14,398	-	13,334
Provision for long - term employee benefits	101,067	94,943	66,811	63,329
Other long-term provisions	1,902	2,385	1,902	2,385
Tax losses	80,296	173,495	49,370	145,482
	<u>687,954</u>	<u>796,001</u>	<u>457,087</u>	<u>562,564</u>
Applicable tax rates	20% - 23%	30%	20% - 23%	30%
Deferred tax assets	<u>140,269</u>	<u>238,800</u>	<u>93,159</u>	<u>168,769</u>
Deferred tax liabilities				
Depreciation from changing useful lives of assets	(17,305)	(8,783)	(14,652)	(7,709)
Surplus revaluation of land	(43,236)	(43,236)	(43,236)	(43,236)
Surplus revaluation of land of subsidiary on acquisition	(1,106,993)	(1,106,993)	-	-
	<u>(1,167,534)</u>	<u>(1,159,012)</u>	<u>(57,888)</u>	<u>(50,945)</u>
Applicable tax rates	20% - 23%	30%	20% - 23%	30%
Deferred tax liabilities	<u>(223,507)</u>	<u>(347,704)</u>	<u>(11,577)</u>	<u>(15,283)</u>

18.6 As at 31 December 2011, the subsidiaries have unused tax losses of approximately Baht 946 million (2010: Baht 763 million), on which deferred tax assets have not been recognised as the management believe that they might not be used to offset taxable income in the future.

19. Short-term loans from financial institution

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

20. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Account payable from bills discount	34,700	-	34,700	-
Trade payables - related parties	22,725	24,234	23,423	25,053
Trade payables - unrelated parties	770,126	774,872	587,067	497,194
Other payables - related parties	43,308	15,771	38,563	22,416
Other payables - unrelated parties	286,583	333,660	176,861	271,871
Accrued expenses	99,079	109,456	68,436	65,227
Accrued contribution to provident fund	-	67,479	-	-
Total trade and other payables	<u>1,256,521</u>	<u>1,325,472</u>	<u>929,050</u>	<u>881,761</u>

The account payable from bills discount represents the amount received from a bank for bills discount with recourse, in accordance with the conditions specified in the bills discount agreement. The bank has the right to pursue the Company in the event that it is unable to make full collection of the trade receivable.

21. Provision for long-term employee benefits

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Balance at beginning of year	94,942	114,210	63,329	55,634
Current service cost	8,207	9,581	6,081	5,147
Interest cost	4,406	6,957	2,934	2,809
Past service cost	-	15,844	-	-
Actuarial losses	405	179	112	-
Curtailment loss	-	17,086	-	-
Long-term employee benefits expense for the year	13,018	49,647	9,127	7,956
Benefits paid during the year	(6,893)	(1,435)	(5,645)	(261)
Transferred to provident fund	-	(67,479)	-	-
Balance at end of year	<u>101,067</u>	<u>94,943</u>	<u>66,811</u>	<u>63,329</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Defined benefits obligation at beginning of year	110,214	120,288	73,386	57,536
Current service cost	8,207	9,581	6,081	5,147
Interest cost	4,406	6,957	2,934	2,809
Benefits paid during the year	(6,893)	(1,435)	(5,645)	(261)
Actuarial losses	52,874	9,372	30,810	8,155
Curtailment loss	-	17,086	-	-
Past service cost	-	15,844	-	-
Transferred to provident fund	-	(67,479)	-	-
Defined benefits obligation at end of year	168,808	110,214	107,566	73,386
Unrecognised actuarial losses	(67,741)	(15,271)	(40,755)	(10,057)
Provisions for long-term employee benefits at end of year	<u>101,067</u>	<u>94,943</u>	<u>66,811</u>	<u>63,329</u>

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	(% per annum)		(% per annum)	
Discount rate	3.5	4.0	3.5	4.0
Future salary increase rate	5.0	5.0	5.0	5.0
Staff turnover rate				
(depending on age of employee)	2.0 - 4.4	4.0	2.9	4.0
Inflation rate	2.5	3.3	2.5	3.3

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

(Unit: Thousand Baht)

Year	Consolidated financial statements		Separate financial statements	
	Defined benefits obligation	Experience adjustments	Defined benefits obligation	Experience adjustments
2011	168,808	39,797	107,566	22,069
2010	110,214	9,371	73,386	8,154
2009	120,288	(4,254)	57,536	(592)
2008	235,635	(1,997)	52,408	(350)
2007	231,899	(7,885)	42,676	1,238

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

22. Statutory reserve

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

23. Other components of shareholders' equity

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

24. Expenses by nature

Significant expenses by nature are as follow:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Salary and wages and other				
employee benefits	460,703	470,310	378,124	359,485
Depreciation	881,909	871,048	768,538	758,490
Loss on impairment of assets (reversal)	(266,829)	1,113	(3,336)	(2,221)
Loss on obsolescence and impairment				
of raw materials, spare parts and				
supplies (reversal)	(1,232)	18,528	5,325	16,982
Transportation expenses	213,298	244,398	78,253	91,192
Rental expenses from operating lease				
agreements	88,135	85,126	17,036	13,007
Repair and maintenance expenses	496,635	438,804	421,025	384,965
Raw materials and consumables used	3,368,795	3,465,743	2,220,612	2,193,450
Changes in inventories of finished				
goods and work in process	166,970	84,733	107,659	4,505

25. Basic earnings (loss) per share

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

26. 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 2011 and 2010 of the Company and its subsidiaries by segment.

(Unit: Million Baht)

	Consolidated financial statements											
	Cement segment		Ready-mixed concrete segment		Office building rental segment		Generate electricity segment		Elimination of inter-segment revenues		Consolidation	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Revenue from external customers	6,887	6,314	929	883	1	6	-	-	-	-	7,817	7,203
Inter-segment revenues	791	840	24	14	-	-	-	-	(815)	(854)	-	-
Total revenues	7,678	7,154	953	897	1	6	-	-	(815)	(854)	7,817	7,203
Segment operating income (loss)	(33)	(348)	1	(28)	(28)	4	(1)	-	-	-	59	(278)
Unallocated income and expenses:												
Interest income											74	39
Exchange gains (losses)											(18)	27
Other income											13	31
Other expenses											(15)	(11)
Reversal of impairment loss on unused assets											263	-
Finance cost											(54)	(36)
Corporate income tax											11	40
Non-controlling interests of the subsidiaries											(223)	28
Profit (loss) for the year											110	(160)
Investment properties	-	-	-	-	-	388	-	-	-	4	-	392
Property, plant and equipment	6,868	7,243	70	78	-	-	190	19	(1)	(2)	7,127	7,338
Other assets	8,359	8,432	458	470	6	2	95	3	(2,374)	(2,644)	6,544	6,263
Total assets	15,227	15,675	528	548	6	390	285	22	(2,375)	(2,642)	13,671	13,993

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

27. 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 percent 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.

During the year 2011, the Company and its subsidiaries contributed Baht 24 million (the Company only: Baht 20 million) to the fund (2010: Baht 22 million and Baht 19 million, respectively).

28. Dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Final dividends for 2009	Annual General Meeting of the shareholders on 23 April 2010	389,210	0.50
Total for 2010		<u>389,210</u>	<u>0.50</u>
Final dividends for 2010	Annual General Meeting of the shareholders on 26 April 2011	389,210	0.50
Total for 2011		<u>389,210</u>	<u>0.50</u>

29. Commitments and contingent liabilities

29.1 Capital commitments

As at 31 December 2011, the subsidiary had capital commitments of approximately USD 18 million and Baht 196 million, relating to the construction of factory buildings and acquisition of machinery.

29.2 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 2011, 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	41	21
2 - 5 years	47	32
More than 5 years	13	13

29.3 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 2011, 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	48	34
2 - 5 years	16	12

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.

29.4 Purchase of raw material commitments

As at 31 December 2011, the Company and its subsidiaries have entered into agreements to purchase of raw materials in the future of approximately Baht 494 million (the Company only: Baht 473 million).

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 in the future multiplied by contract prices.

29.5 Bank guarantees

As at 31 December 2011, there were outstanding bank guarantees of Baht 494 million (the Company only: Baht 439 million) issued by banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business. 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 185 million was collateral for electricity use and Baht 9 million was provided for other guarantees.

30. Financial instruments

30.1 Financial risk management policies

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

Credit risk

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

Interest rate risk

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

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

(Unit: Million Baht)

	Consolidated financial statements				Effective interest rate (% p.a.)
	Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	
Financial assets					
Cash and cash equivalents	2,818	345	14	3,177	0.20 - 3.50
Trade and other receivables	1	-	1,286	1,287	2.00 - 4.72
Other long-term investments	-	-	1	1	-
	<u>2,819</u>	<u>345</u>	<u>1,301</u>	<u>4,465</u>	
Financial liabilities					
Short-term loans from financial institution	180	-	-	180	3.93
Trade and other payables	-	-	1,257	1,257	-
Long-term loans from related parties	-	470	-	470	1.93 - 4.72
	<u>180</u>	<u>470</u>	<u>1,257</u>	<u>1,907</u>	

(Unit: Million Baht)

	Separate financial statements				Effective interest rate (% p.a.)
	Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	
Financial assets					
Cash and cash equivalents	2,818	199	3	3,020	0.20 - 3.50
Trade and other receivables	-	-	1,247	1,247	-
Long-term loans to subsidiary	-	600	-	600	3.77 - 6.38
Investments in subsidiaries	-	-	832	832	-
Other long-term investment	-	-	1	1	-
	<u>2,818</u>	<u>799</u>	<u>2,083</u>	<u>5,700</u>	
Financial liabilities					
Trade and other payables	-	-	929	929	-
	<u>-</u>	<u>-</u>	<u>929</u>	<u>929</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 2011 are summarised below.

Foreign currency	Financial assets	Financial liabilities	Average exchange rate as at 31 December 2011
	(Million)	(Million)	(Baht per 1 foreign currency unit)
US dollar	2	-	31.6912
Euro	-	3	41.0273

Foreign exchange contracts outstanding at 31 December 2011 are summarised below.

Foreign currency	Bought amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	21	31.005 - 31.835	31/01/12 - 28/12/12

30.2 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 statements of financial position.

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

31. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2011, the Group's debt-to-equity ratio was 0.21:1 (2010: 0.23:1) and the Company's was 0.10:1 (2010: 0.09:1).

32. Reclassification

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

33. Approval of financial statements

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



บริษัท ปูนซีเมนต์เอเชีย จำกัด (มหาชน)

Asia Cement

Public Company Limited

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