

# รายงานประจำปี 2555

## ANNUAL REPORT 2012



บริษัท ปูนซีเมนต์เอเชีย จำกัด (มหาชน)

**Asia Cement**

Public Company Limited



DEVELOP PROFESSIONAL TECHNOLOGY  
**WITH ECO-FRIENDLY INNOVATION**

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# ANNUAL REPORT 2012



บริษัท ปูนซีเมนต์เอเชีย จำกัด (มหาชน)

**Asia Cement**

Public Company Limited

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# Message from the Chairman

Asia Cement Public Co., Ltd.



The Thai economy in 2013 is expected to enjoy growth at a good level due to an improvement in the world economy. The Chinese and ASEAN economy has strongly expanded and the potential for Thai exports and tourism has increased, as has domestic consumption and investment.

In 2012, the domestic demand for cement was approximately 31.3 million tons in total, an increase of 11.6 % when compared with the demand in 2011. This was because of the acceleration in the repair of buildings and construction work in the government and public sector after the great floods and resulted in the Company's total income of 6,655 million Baht, an increase of 9.6% on the previous year and a net profit at 144 million Baht.

In 2012, the Asia Cement Pukrang Plant was presented with the "Excellent Workplace for Labour Relations and Welfare" Award from the Ministry of Labour for the seventh consecutive year demonstrating its quality monitoring and the good relations existing between the Company and its employees. The Company also won the "Green Mine" Award for the fourth consecutive year, as well as the "Green Industry" Award from the Department of Primary Industries and Mines at the Ministry of Industry. These awards are testimonies to the progress of the Company, its ability in management and its social responsibility. The Asia Cement Public Company also continued the organization of activities that are beneficial to society, for example, the presentation of scholarships to students with good academic results at all educational levels thus ensuring that they will have the chance to continue their studies; providing more scholarships to students at the tertiary level; organizing educational tours to places of significance, such as the Science Museum; and organizing a Young Children's Environmental Conservation Camp. All this is because the Company realizes that education is a solid foundation for the development of human resources.

Last February, the Company laid a foundation stone at the construction site of Waste Heat Recovery and Power Generation Plant at Pukrang plant. This newly constructed power plant will use the heat obtained from the production of cement to generate electricity without causing an impact on neighbouring communities and the environment. In December, the Pukrang Plant organized the "Asia Cement Open House" and this event was opened by the Governor of Saraburi Province and attended by 2,500 people, including local government officials, police and army officers, local leaders, teachers and students and the inhabitants of neighbouring communities. Different sections of the Plant organized exhibitions and activities. The Production Section exhibited the different stages in the process of cement production and the Mining Section demonstrated the mining process, the restoration of the mined site and environmental care. The Company also displayed its policy concerning sustainable development and safety which is implemented along with the Company's operations.

Asia Cement Public Company has been able to enjoy steady progress across all these fronts due to the full support of its customers, management, employees and shareholders. On behalf of the Board of Directors, I would like to thank you all for that continuing support and trust.

A handwritten signature in blue ink that reads "Chong". The signature is stylized and fluid.

(Mr. Chong Toh)  
Chairman of the Board

# Board of Directors, Executive Committee

Asia Cement Public Co., Ltd.

## Board of Directors

As of 31 December 2012

### Chairman

Mr. Chong Toh

### Directors

Mr. Thanet Earsakul

Mr. Nopadol Ramyarupa

Mr. Yingyong Srithong

Mr. Pramote Techasupatkul

Mr. Giovanni Maggiora

Mr. Yves Rene Nanot

Mr. Rapee Sukhyanga

Mr. Giovanni Battista Ferrario

Mr. Goran Leopold Seifert

Mr. George Thomas

Mr. Philippe Henry Lucien Staib

Mr. Uran Kleosakul

Mr. Roberto Callieri

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## Executive Committee

As of 31 December 2012

### Chairman

Mr. Chong Toh

### Directors

Mr. Yves Rene Nanot

Mr. Giovanni Battista Ferrario

Mr. Giovanni Maggiora

Mr. Roberto Callieri

Mr. Nopadol Ramyarupa



## 1. Basic Information of the Company

<b>Company:</b>	<b>Asia Cement Public Company Limited</b>
<b>Establishment:</b>	<b>August 23, 1989</b>
<b>Head Office:</b>	<b>23/124-128 Soi Soonvijai, Rama 9, Kwaeng Bangkapi, Khet Huaykwang, Bangkok</b>
<b>Plant:</b>	<b>Pukrang, 4/1 Moo 1, Yotha Sai 2, Tambon Pukrang, Amphur Pra Buddhabat, Saraburi Province</b>
<b>Type of Business:</b>	<b>Cement Production and Sale</b>
<b>Registration No.:</b>	<b>0107539000197 (Previous No. PLC 620)</b>
<b>Registered Capital in the Beginning:</b>	
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
<b>Registered Capital in Current Year:</b>	
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 13,999,993 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 Jalaprathan Cement Public Company Limited: Common Shares amount  
37,720,727 shares which equals to 31.43%.**

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

**Type of Business: Cement Production and Sale**

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

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

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

Name of Director	Number of Holding		Increasing/Decreasing
	Current Accounting Period	Past Accounting Period	
1. Mr. Thanet Earsakul	104,256	104,256	Not Change
2. Mr. Nopadol Ramyarupa	80,000	80,000	Not Change
3. Mr. Yingyong Srithong	18,750	18,750	Not Change
4. Mr. Pramote Techasupatkul	No	No	No
5. Mr. Giovanni Maggiora	No	No	No
6. Mr. Yves Rene Nanot	No	No	No
7. Mr. Rapee Sukhyanga	No	No	No
8. Mr. Giovanni Battista Ferrario	No	No	No
9. Mr. Chong Toh	No	No	No
10. Mr. Goran Leopold Seifert	No	No	No
11. Mr. George Thomas	No	No	No
12. Mr. Philippe Henry Lucien Staib	No	No	No
13. Mr. Uran Kleosakul	1,468,906	1,468,906	Not Change
14. Mr. 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 2012**

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	540,000.00
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	360,000.00
<b>Total (Baht)</b>	<b>5,220,000.00</b>



## **Independent Auditor's Report**

To the Shareholders of Asia Cement Public Company Limited

I have audited the accompanying consolidated financial statements of Asia Cement Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2012, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Asia Cement Public Company Limited for the same period.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In my opinion, the 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 2012, and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



Termphong Opanaphan

Certified Public Accountant (Thailand) No. 4501

Ernst & Young Office Limited

Bangkok: 22 February 2013

# Asia Cement Public Company Limited and its subsidiaries

## Statement of financial position

As at 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	6,7	3,043,192,013	3,176,768,831	2,845,915,532	3,020,061,691
Trade and other receivables	8	1,618,505,100	1,287,143,732	1,548,809,462	1,246,953,257
Current portion of long-term loans to related party	7	-	-	300,000,000	300,000,000
Inventories	9	1,687,409,760	1,680,043,563	1,182,495,443	1,154,527,625
Input tax refundable		94,996,887	44,499,110	12,411,000	24,297,504
Other current assets		21,109,944	29,774,240	10,279,186	17,297,051
<b>Total current assets</b>		6,465,213,704	6,218,229,476	5,899,910,623	5,763,137,128
<b>Non-current assets</b>					
Investments in subsidiaries	10	-	-	1,681,838,565	832,088,565
Other long-term investments	11	1,000,000	1,000,000	1,000,000	1,000,000
Long-term loans to related party - net of current portion	7	-	-	-	300,000,000
Property, plant and equipment	12	7,339,291,388	7,126,639,877	4,027,218,850	4,553,137,250
Leasehold right on office building	13	58,958,681	66,406,094	58,958,681	66,406,094
Mining concessions	14	11,324,540	12,679,770	11,324,540	12,679,770
Deferred tax assets	15	117,400,393	140,268,848	76,826,866	93,158,897
Corporate income tax refundable		32,085,574	51,420,081	32,085,574	51,420,081
Advance payment for assets		3,370,314	45,551,663	3,370,314	9,632,411
Other non-current assets		9,630,219	9,023,693	4,785,128	4,047,728
<b>Total non-current assets</b>		7,573,061,109	7,452,990,026	5,897,408,518	5,923,570,796
<b>Total assets</b>		14,038,274,813	13,671,219,502	11,797,319,141	11,686,707,924

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

Asia Cement Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from financial institution	7,16	250,000,000	180,000,000	-	-
Trade and other payables	17	1,432,899,682	1,256,521,106	1,241,637,585	929,049,581
Current portion of long-term loans from related parties	7	114,653,782	115,998,975	-	-
Income tax payable		9,317,132	-	7,709,083	-
Short-term provisions		18,224,600	19,677,227	14,723,600	18,377,227
Advance received from customers		25,242,500	27,008,852	22,377,961	25,425,775
Other current liabilities		59,128,674	29,491,369	40,907,142	19,924,399
<b>Total current liabilities</b>		<b>1,909,466,370</b>	<b>1,628,697,529</b>	<b>1,327,355,371</b>	<b>992,776,982</b>
<b>Non-current liabilities</b>					
Long-term loans from related parties - net of current portion	7	386,000,000	354,000,000	-	-
Provision for long-term employee benefits	18	116,198,454	101,067,296	76,631,598	66,811,481
Long-term provisions		11,691,426	10,671,966	8,858,480	7,727,958
Deferred tax liabilities	15	280,778,324	233,506,746	14,547,262	11,577,483
<b>Total non-current liabilities</b>		<b>794,668,204</b>	<b>699,246,008</b>	<b>100,037,340</b>	<b>86,116,922</b>
<b>Total liabilities</b>		<b>2,704,134,574</b>	<b>2,327,943,537</b>	<b>1,427,392,711</b>	<b>1,078,893,904</b>

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

Asia Cement Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
<b>Shareholders' equity</b>					
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	19	348,207,000	340,987,000	348,207,000	340,987,000
Unappropriated		594,653,237	804,896,510	697,414,140	949,494,898
Other components of shareholders' equity	20	<u>79,120,541</u>	<u>34,588,654</u>	<u>41,561,822</u>	<u>34,588,654</u>
Equity attributable to owners of the Company		10,304,724,246	10,463,215,632	10,369,926,430	10,607,814,020
Non-controlling interests of the subsidiaries		<u>1,029,415,993</u>	<u>880,060,333</u>	-	-
<b>Total shareholders' equity</b>		<u>11,334,140,239</u>	<u>11,343,275,965</u>	<u>10,369,926,430</u>	<u>10,607,814,020</u>
<b>Total liabilities and shareholders' equity</b>		<u>14,038,274,813</u>	<u>13,671,219,502</u>	<u>11,797,319,141</u>	<u>11,686,707,924</u>

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

# Asia Cement Public Company Limited and its subsidiaries

## Statement of comprehensive income

For the year ended 31 December 2012

(Unit: Baht)

	Consolidated financial statements		Separate financial statements		
	Note	2012	2011	2012	2011
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales		8,577,388,315	7,816,918,751	6,383,594,612	5,845,239,012
Rental income		-	575,000	-	-
Interest income		77,659,199	74,106,192	111,362,587	118,813,286
Management fee income		-	-	82,558,950	93,163,150
Compensation for flood damage	21	66,400,000	-	43,881,394	-
Other income		22,954,581	13,141,554	34,129,251	16,838,199
<b>Total revenues</b>		<b>8,744,402,095</b>	<b>7,904,741,497</b>	<b>6,655,526,794</b>	<b>6,074,053,647</b>
<b>Expenses</b>					
Cost of sales and rental		7,860,892,943	7,067,363,209	5,927,777,211	5,357,427,768
Selling expenses		242,689,794	282,478,529	221,253,941	249,328,137
Administrative expenses		325,053,730	426,766,292	293,460,827	346,743,077
Other expenses		4,296,529	14,976,085	3,335,932	5,079,383
Reversal of impairment loss on assets	12	(70,366,216)	(263,493,023)	-	-
<b>Total expenses</b>		<b>8,362,566,780</b>	<b>7,528,091,092</b>	<b>6,445,827,911</b>	<b>5,958,578,365</b>
<b>Profit before finance cost and income tax expenses</b>		<b>381,835,315</b>	<b>376,650,405</b>	<b>209,698,883</b>	<b>115,475,282</b>
Finance cost		(57,572,804)	(54,508,979)	(17,822,928)	(17,510,273)
<b>Profit before income tax expenses</b>		<b>324,262,511</b>	<b>322,141,426</b>	<b>191,875,955</b>	<b>97,965,009</b>
Income tax expenses	15	(70,645,758)	11,194,383	(47,526,457)	(76,227,588)
<b>Profit for the year</b>		<b>253,616,753</b>	<b>333,335,809</b>	<b>144,349,498</b>	<b>21,737,421</b>
<b>Other comprehensive income:</b>					
Gains on revaluations of land	12	126,457,777	-	6,973,168	-
Effect of change in the applicable tax rate for revaluation of land	15	-	4,323,581	-	4,323,581
<b>Other comprehensive income for the year</b>		<b>126,457,777</b>	<b>4,323,581</b>	<b>6,973,168</b>	<b>4,323,581</b>
<b>Total comprehensive income for the year</b>		<b>380,074,530</b>	<b>337,659,390</b>	<b>151,322,666</b>	<b>26,061,002</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		186,186,983	110,288,202	144,349,498	21,737,421
Non-controlling interests of the subsidiaries		67,429,770	223,047,607	-	-
		<b>253,616,753</b>	<b>333,335,809</b>	<b>144,349,498</b>	<b>21,737,421</b>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		230,718,870	114,611,783	151,322,666	26,061,002
Non-controlling interests of the subsidiaries		149,355,660	223,047,607	-	-
		<b>380,074,530</b>	<b>337,659,390</b>	<b>151,322,666</b>	<b>26,061,002</b>
<b>Basic earnings per share</b>					
	23				
Profit attributable to equity holders of the Company		0.24	0.14	0.19	0.03

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

# Asia Cement Public Company Limited and its subsidiaries

## Statement of changes in shareholders' equity

For the year ended 31 December 2012

(Unit: Baht)

		<b>Consolidated financial statements</b>									
		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 earnings	Unappropriated revaluation of land	Total equity attributable to owners of the Company		Equity attributable to non-controlling interests of the subsidiaries		Total shareholders' equity	
						339,900,000	1,084,905,564	30,265,073	10,737,814,105		657,012,726
	4,670,523,072	4,612,220,396	-	1,087,000	-	-	-	-	-	-	
<b>Balance as at 1 January 2011</b>	<b>4,670,523,072</b>	<b>4,612,220,396</b>	<b>340,987,000</b>	<b>804,896,510</b>	<b>34,588,654</b>	<b>10,463,215,632</b>	<b>880,060,333</b>	<b>11,343,275,965</b>	<b>11,343,275,965</b>	<b>11,343,275,965</b>	
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	337,659,390	337,659,390	
Unappropriated retained earnings transferred to statutory reserve	-	-	1,087,000	(1,087,000)	-	-	-	-	-	-	
<b>Balance as at 31 December 2011</b>	<b>4,670,523,072</b>	<b>4,612,220,396</b>	<b>340,987,000</b>	<b>804,896,510</b>	<b>34,588,654</b>	<b>10,463,215,632</b>	<b>880,060,333</b>	<b>11,343,275,965</b>	<b>11,343,275,965</b>	<b>11,343,275,965</b>	
<b>Balance as at 1 January 2012</b>	<b>4,670,523,072</b>	<b>4,612,220,396</b>	<b>340,987,000</b>	<b>804,896,510</b>	<b>34,588,654</b>	<b>10,463,215,632</b>	<b>880,060,333</b>	<b>11,343,275,965</b>	<b>11,343,275,965</b>	<b>11,343,275,965</b>	
Dividend paid	-	-	-	(389,210,256)	-	(389,210,256)	-	-	-	(389,210,256)	
Total comprehensive income for the year	-	-	-	186,186,983	44,531,887	230,718,870	149,355,660	380,074,530	380,074,530	380,074,530	
Unappropriated retained earnings transferred to statutory reserve	-	-	7,220,000	(7,220,000)	-	-	-	-	-	-	
<b>Balance as at 31 December 2012</b>	<b>4,670,523,072</b>	<b>4,612,220,396</b>	<b>348,207,000</b>	<b>594,653,237</b>	<b>79,120,541</b>	<b>10,304,724,246</b>	<b>1,029,415,993</b>	<b>11,334,140,239</b>	<b>11,334,140,239</b>	<b>11,334,140,239</b>	

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

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

For the year ended 31 December 2012

(Unit: Baht)

		Separate financial statements							
	Note	Issued and paid-up share capital	Share premium	Retained earnings		Other components of equity		Total shareholders' equity	
				Appropriated - statutory reserve	Unappropriated	Other comprehensive income	Surplus on revaluation of land		
<b>Balance as at 1 January 2011</b>		4,670,523,072	4,612,220,396	339,900,000	1,318,054,733	30,265,073		10,970,963,274	
Dividend paid	26	-	-	-	(389,210,256)	-		(389,210,256)	
Total comprehensive income for the year		-	-	-	21,737,421	4,323,581		26,061,002	
Unappropriated retained earnings transferred to statutory reserve	19	-	-	1,087,000	(1,087,000)	-		-	
<b>Balance as at 31 December 2011</b>		<u>4,670,523,072</u>	<u>4,612,220,396</u>	<u>340,987,000</u>	<u>949,494,898</u>	<u>34,588,654</u>		<u>10,607,814,020</u>	
<b>Balance as at 1 January 2012</b>		4,670,523,072	4,612,220,396	340,987,000	949,494,898	34,588,654		10,607,814,020	
Dividend paid	26	-	-	-	(389,210,256)	-		(389,210,256)	
Total comprehensive income for the year		-	-	-	144,349,498	6,973,168		151,322,666	
Unappropriated retained earnings transferred to statutory reserve	19	-	-	7,220,000	(7,220,000)	-		-	
<b>Balance as at 31 December 2012</b>		<u>4,670,523,072</u>	<u>4,612,220,396</u>	<u>348,207,000</u>	<u>697,414,140</u>	<u>41,561,822</u>		<u>10,369,926,430</u>	

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

# Asia Cement Public Company Limited and its subsidiaries

## Cash flow Statement

For the year ended 31 December 2012

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<b>Cash flows from operating activities</b>				
Profit before tax	324,262,511	322,141,426	191,875,955	97,965,009
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	920,352,593	881,909,027	770,996,991	768,538,240
Depletion and amortisation	8,802,643	8,770,151	8,802,643	8,770,151
Reversal of allowance for doubtful accounts	(66,786,225)	(10,532,693)	(29,276,983)	(1,656,435)
Decrease of inventory to net realisable value (reversal)	(3,347,289)	(1,231,567)	2,431,340	5,324,747
Allowance of for impairment loss on assets (reversal)	(71,214,446)	(266,829,235)	(848,230)	(3,336,212)
Reversal allowance for impairment loss of investment	(10,399,440)	-	-	-
Loss on dissolution of subsidiary	10,285,705	-	-	-
Provision for long-term employee benefits	21,432,802	12,534,379	14,619,041	8,644,307
Provision for quarry restoration costs	250,000	1,258,200	200,000	1,138,200
Written off bad debts	8,851,889	10,532,693	3,231,666	1,656,435
Written off assets	717,483	4,402,853	-	4,402,852
Loss on sales of investment properties	-	11,526,666	-	-
(Gains) losses on sales of plant and equipment	3,579,046	(953,435)	3,335,932	676,530
Unrealised (gains) losses on exchange	(1,234,723)	2,722,701	90,950	(332,629)
Interest income	(72,745,345)	(69,149,325)	(109,370,866)	(116,044,251)
Interest expenses	25,351,998	26,108,211	-	-
Profit from operating activities before changes in operating assets and liabilities	1,098,159,202	933,210,052	856,088,439	775,746,944
Operating assets (increase) decrease				
Trade and other receivables	(311,001,106)	99,716,014	(312,799,834)	40,384,520
Inventories	(59,327,671)	(240,331,903)	(75,406,964)	(192,010,098)
Other current assets	(45,729,676)	22,648,042	14,934,437	7,839,330
Other non-current assets	(606,526)	220,674	(737,400)	747,889
Operating liabilities increase (decrease)				
Trade and other payables	102,204,788	(205,196,053)	110,877,309	(19,013,450)
Short-term provisions	(1,452,627)	885,480	(3,653,627)	649,480
Other current liabilities	27,870,952	4,614,376	17,934,929	5,875,528
Provision for long-term employee benefits	(4,618,320)	(6,892,700)	(3,115,600)	(5,644,700)
Provision for quarry restoration costs	(913,864)	(404,723)	(752,802)	(219,430)
Other non-current liabilities	-	(1,500,000)	-	-
Cash from operating activities	804,585,152	606,969,259	603,368,887	614,356,013
Cash receipt from previous year income tax	22,510,902	287,873	22,276,160	-
Cash paid for income tax	(22,083,237)	(41,207,559)	(21,230,575)	(36,055,508)
<b>Net cash from operating activities</b>	<b>805,012,817</b>	<b>566,049,573</b>	<b>604,414,472</b>	<b>578,300,505</b>

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



# Asia Cement Public Company Limited and its subsidiaries

## Cash flow Statement (Continued)

For the year ended 31 December 2012

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Cash flows from investing activities</b>				
Cash receipt from repayment of short-term loan from subsidiary	-	-	-	17,000,000
Cash paid for investment in subsidiary	-	-	(646,750,000)	(250,000,000)
Cash receipt from repayment of long-term loan to subsidiary	-	-	300,000,000	230,000,000
Cash receipt from dissolution of a subsidiary	113,735	-	-	-
Cash receipt from sale of investment properties	-	380,000,000	-	-
Acquisition of plant and equipment	(706,541,569)	(244,420,899)	(158,838,970)	(68,159,473)
Advance payment for assets	-	(45,551,663)	-	(9,632,411)
Proceeds from sales of plant and equipment	6,684,268	1,820,351	4,578,784	58,145
Interest income	73,524,692	74,835,691	111,659,811	121,186,625
<b>Net cash from (used in) investing activities</b>	<u>(626,218,874)</u>	<u>166,683,480</u>	<u>(389,350,375)</u>	<u>40,452,886</u>
<b>Cash flows from financing activities</b>				
Increase (decrease) in short-term loans from financial institution	70,000,000	(100,000,000)	-	-
Cash receipt from bills discount	-	34,700,000	-	34,700,000
Cash receipt from long-term loan from related party	32,000,000	-	-	-
Dividend paid	(389,210,256)	(389,210,256)	(389,210,256)	(389,210,256)
Cash paid for interest expenses	(25,160,505)	(24,708,290)	-	-
<b>Net cash used in financing activities</b>	<u>(312,370,761)</u>	<u>(479,218,546)</u>	<u>(389,210,256)</u>	<u>(354,510,256)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(133,576,818)</u>	<u>253,514,507</u>	<u>(174,146,159)</u>	<u>264,243,135</u>
Cash and cash equivalents at beginning of year	<u>3,176,768,831</u>	<u>2,923,254,324</u>	<u>3,020,061,691</u>	<u>2,755,818,556</u>
<b>Cash and cash equivalents at end of year</b>	<u><u>3,043,192,013</u></u>	<u><u>3,176,768,831</u></u>	<u><u>2,845,915,532</u></u>	<u><u>3,020,061,691</u></u>
<b>Supplemental cash flows information</b>				
Non-cash transactions				
Purchases of equipment for which no cash has been paid	108,604,697	100,853,858	33,319,745	31,934,255
Transferred cement and spare parts to construction in progress during the year	55,308,763	73,671,024	45,007,806	73,063,978
Transferred advance payment for assets to construction in progress during the year	44,243,204	-	6,262,097	-

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 year ended 31 December 2012

### 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, the subsidiary operated clinker production at partial capacity at Cha-Am plant, and its production volume has increased in 2011. 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 9 and Note 12 to the financial statements.

During 2012, the subsidiary’s production volume of clinker remains at the same level as in 2011. Therefore, the management set aside provision for impairment for buildings, machines and equipment that is related to the production of clinker as recorded in 2011.

### 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 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>2012</u>	<u>2011</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	99.99
<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 exclude the financial statements of Jalaprathan Transport Co., Ltd., a subsidiary of Jalaprathan Concrete Co., Ltd. as that company has ceased its operation, and filed the dissolution and liquidation with the Ministry of Commerce on 12 October 2012 and 1 November 2012, respectively. 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. New accounting standards 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

Financial Reporting Standard:

TFRS 8	Operating Segments
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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.

In addition, the Federation of Accounting Professions has issued Notification No. 30/2555 - 34/2555, published in the Royal Gazette on 17 January 2013, mandating the use of accounting treatment guidance and accounting standard interpretations as follows.

	<u>Effective date</u>
Accounting Treatment Guidance for Transfers of Financial Assets	1 January 2013
Accounting Standard Interpretation:	
SIC 29                      Service Concession Arrangements: Disclosures	1 January 2014
Financial Reporting Standard Interpretations:	
TFRIC 4                      Determining whether an Arrangement contains a Lease	1 January 2014

		<u>Effective date</u>
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014

The management of the Company has assessed the effect of these standards and believes that Accounting Treatment Guidance for Transfers of Financial Assets, SIC 29, TFRIC 4 and TFRIC 12 are not relevant to the business of the Company. Management is still evaluating the first-year impact to the financial statements of the adoption of TFRIC 13 and has yet to reach a conclusion.

#### **4. Significant accounting policies**

##### **4.1 Revenue recognition**

###### *Sales of goods*

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

###### *Rental income*

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

###### *Interest income*

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

###### *Rendering of services*

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

##### **4.2 Cash and cash equivalents**

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

##### **4.3 Trade accounts receivable**

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

#### **4.4 Inventories**

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

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

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

#### **4.5 Investments**

- a) Investments in non-marketable equity securities, which the Company classify as other investments, are stated at cost net of allowance for 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.

#### **4.6 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.

#### **4.7 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.

#### **4.8 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.

#### **4.9 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.

#### **4.10 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.

#### **4.11 Long-term leases**

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.



#### **4.12 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.

#### **4.13 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.

#### **4.14 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.

#### **4.15 Provisions**

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

#### **4.16 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.

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

The preparation of financial statements in conformity with financial reporting standards 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.

**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 taxable 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.

## **6. Cash and cash equivalents**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Cash	350	7	350	7
Bank deposits	1,842,842	509,219	1,645,565	352,512
Bills of exchange	1,200,000	2,667,543	1,200,000	2,667,543
<b>Total</b>	<b><u>3,043,192</u></b>	<b><u>3,176,769</u></b>	<b><u>2,845,915</u></b>	<b><u>3,020,062</u></b>

As at 31 December 2012, bank deposits in saving accounts and fixed accounts and bills of exchange carried interests between 0.6 and 2.5 percent per annum (2011: between 0.2 and 3.5 percent per annum)

## 7. Related party transactions

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

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b><u>Transactions with subsidiaries</u></b>				
(eliminated from the consolidated financial statements)				
Sales of goods and raw materials	-	-	937	820
Management fee income	-	-	82	93
Interest income	-	-	37	48
Trademark license fee income	-	-	2	2
Income from penalty due to failure to buy goods in the amount specified in the agreement	-	-	8	11
Trademark license fee expense	-	-	2	2
<b><u>Transactions with related companies</u></b>				
Sales of goods	171	401	171	400
Interest income	57	26	56	26
Purchases of raw materials	119	326	108	320
Management fee expenses	40	23	17	1
Technical fee	19	5	13	1
Interest expenses	25	26	-	-
Software license fee	4	10	4	10
Consultant fee	8	19	8	19

The balances of accounts as at 31 December 2012 and 2011 between the Company, its subsidiaries and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b><u>Bank deposits and bills of exchange - related party</u></b>				
Related financial institution (related by common shareholders)	1,559,611	1,400,241	1,501,208	1,329,937
Total bank deposits and bills of exchange - related party	<u>1,559,611</u>	<u>1,400,241</u>	<u>1,501,208</u>	<u>1,329,937</u>
<b><u>Trade and other receivables - related parties</u></b>				
<b><u>(Note 8)</u></b>				
Subsidiaries	-	-	622,159	453,619
Related companies (related by common shareholders)	27,829	88,951	25,314	88,950
Total trade and other receivables - related parties	<u>27,829</u>	<u>88,951</u>	<u>647,473</u>	<u>542,569</u>
<b><u>Long-term loans to related party</u></b>				
Subsidiary	-	-	300,000	600,000
Less: Current portion	-	-	(300,000)	(300,000)
Long-term loans to related party - net of current portion	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,000</u>
<b><u>Short-term loans from related party (Note 16)</u></b>				
Related financial institution (related by common shareholders)	250,000	180,000	-	-
Total short-term loans from related party	<u>250,000</u>	<u>180,000</u>	<u>-</u>	<u>-</u>
<b><u>Trade and other payables - related parties (Note 17)</u></b>				
Subsidiaries	-	-	229,967	25,488
Related companies (related by common shareholders)	49,589	66,033	30,862	36,498
Total trade and other payables - related parties	<u>49,589</u>	<u>66,033</u>	<u>260,829</u>	<u>61,986</u>
<b><u>Long-term loans from related parties</u></b>				
Related companies (related by common shareholders)	500,654	469,999	-	-
Less: Current portion	(114,654)	(115,999)	-	-
Long-term loans from related parties - net of current portion	<u>386,000</u>	<u>354,000</u>	<u>-</u>	<u>-</u>

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

The outstanding balance as at 31 December 2012 secured by Ciments Francais S.A., France, represented an outstanding loan amount Baht 300 million (2011: Baht 600 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.

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

The outstanding balance as at 31 December 2012 represented an unsecured loan of a subsidiary of Euro 2.8 million and Baht 386 million (2011: 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 second loan of Baht 386 million (2011: 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 2012 and 2011, the Company and its subsidiaries had employee benefit expenses to their directors and management as below.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Short-term employee benefits	37	41	33	36
Post-employment benefits	2	1	2	1
Total	<u>39</u>	<u>42</u>	<u>35</u>	<u>37</u>



## 8. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<u>Trade receivables - related parties</u>				
Age of receivables				
Not yet due	2,560	88,817	398,527	365,262
Past due				
Up to 3 months	-	-	64,980	66,366
3 - 6 months	-	-	57,129	46,658
6 - 12 months	-	-	46,985	11,083
Over 12 months	-	-	10,553	-
Total trade receivables - related parties	<u>2,560</u>	<u>88,817</u>	<u>578,174</u>	<u>489,369</u>
<u>Trade receivables - unrelated parties</u>				
Age of receivables				
Not yet due	1,273,770	884,947	721,952	518,958
Past due				
Up to 3 months	289,439	316,457	168,523	193,193
3 - 6 months	4,136	7,084	981	2,184
6 - 12 months	5,371	7,248	767	3,228
Over 12 months	16,199	46,378	4,424	8,512
Total	1,588,915	1,262,114	896,647	726,075
Less: Allowance for doubtful accounts	(17,802)	(84,588)	(4,319)	(33,596)
Total trade receivables - unrelated parties, net	<u>1,571,113</u>	<u>1,177,526</u>	<u>892,328</u>	<u>692,479</u>
Trade accounts receivable - net	<u>1,573,673</u>	<u>1,266,343</u>	<u>1,470,502</u>	<u>1,181,848</u>
<u>Other receivables</u>				
Other receivables - related parties	25,269	134	69,299	53,200
Other receivables - unrelated parties	19,563	20,667	9,008	11,905
Total other receivables	<u>44,832</u>	<u>20,801</u>	<u>78,307</u>	<u>65,105</u>
Trade and other receivables - net	<u>1,618,505</u>	<u>1,287,144</u>	<u>1,548,809</u>	<u>1,246,953</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. 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.

## 9. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Finished goods	144,545	94,349	-	(3,000)	144,545	91,349
Work in process	245,467	362,008	(2,000)	(3,500)	243,467	358,508
Raw materials	805,419	714,171	(4,005)	(4,005)	801,414	710,166
Spare parts and supplies	882,549	903,432	(384,565)	(383,412)	497,984	520,020
<b>Total</b>	<b><u>2,077,980</u></b>	<b><u>2,073,960</u></b>	<b><u>(390,570)</u></b>	<b><u>(393,917)</u></b>	<b><u>1,687,410</u></b>	<b><u>1,680,043</u></b>

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Finished goods	100,427	53,905	-	(3,000)	100,427	50,905
Work in process	149,375	257,396	-	(1,500)	149,375	255,896
Raw materials	527,111	436,772	-	-	527,111	436,772
Spare parts and supplies	630,913	629,355	(225,331)	(218,400)	405,582	410,955
<b>Total</b>	<b><u>1,407,826</u></b>	<b><u>1,377,428</u></b>	<b><u>(225,331)</u></b>	<b><u>(222,900)</u></b>	<b><u>1,182,495</u></b>	<b><u>1,154,528</u></b>

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. As at 31 December 2012 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 75 million (2011: Baht 80 million) and continued to set up provision for such impairment loss in the statement of financial position.

## 10. 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>2012</u>	<u>2011</u>	<u>2012</u> (%)	<u>2011</u> (%)	<u>2012</u>	<u>2011</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	1,100,750	251,000	99.99	99.99	<u>1,100,750</u>	<u>251,000</u>
Total					<u>1,681,839</u>	<u>832,089</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 additional 13.99 million ordinary shares of Baht 100 each.

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 already paid for such called up shares.

On 12 April 2012, the subsidiary called up the remaining additional shares Baht 750 million (10 million shares of Baht 75 each) for which the Company paid Baht 547 million, and remaining amount was Baht 203 million. The Company recorded the unpaid amount as share subscription payable as at 31 December 2012.

In addition, the subsidiary registered new 3.99 million shares of Baht 100 per share with the Ministry of Commerce, and called up 25 percent of the additional registered capital totaling Baht 99.75 million. The Company already paid for such new shares.

The Company had no dividend received from subsidiaries in 2012 and 2011.

## 11. Other long-term investments

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Bangkok Bank of Commerce Plc.	-	5,724	-	-
Jalaprathan Transport Co., Ltd.	-	10,399	-	-
Other companies	1,000	1,116	1,000	1,000
Total	1,000	17,239	1,000	1,000
Less: Allowance for impairment loss of investments	-	(16,239)	-	-
Other long-term investments - net	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

On 12 October 2012, an extraordinary general meeting of the shareholders of Jalaprathan Transport Co., Ltd., a subsidiary of Jalaprathan Concrete Co., Ltd. passed a special resolution to dissolve that company. On 1 November 2012, an extraordinary general meeting of the shareholders of Jalaprathan Transport Co., Ltd. passed a special resolution to liquidate the company, and subsequently filed the dissolution and liquidation with the Ministry of Commerce on 12 October 2012 and 1 November 2012, respectively.

During 2012, the subsidiary wrote-off investment in Bangkok Bank of Commerce Public Co., Ltd. in full as the court ruled that such company was insolvent and had no asset for repayment to shareholders. In addition, the subsidiary wrote-off investment in other companies as the court ruled that such company was insolvent and ordered for rehabilitation plan. After the completion of the rehabilitation, such company had no asset for repayment to the shareholders.

## 12. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements												
	Assets used in the operations					Unused assets but not classified as held for sale							
	Revaluation basis	Cost basis					Revaluation basis			Cost basis			
	Land	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
<b>Cost/Revalued amount:</b>													
As at 1 January 2011	1,733,454	613,713	3,876,200	12,178,486	298,617	623,134	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	-	135,286	39,782	190,000	(274,472)	(1,733,852)	(135,286)	(39,782)	-
Additions	-	-	-	6,718	765	211	411,528	-	-	-	-	-	419,222
Disposals/write-off	-	-	(6,046)	(17,895)	(3,112)	(5,535)	-	-	-	-	(3,855)	-	(36,443)
Transfer between accounts	-	-	32,939	168,849	4,560	2,658	(220,067)	-	-	-	-	-	(11,061)
As at 31 December 2011	1,543,454	613,713	4,177,565	14,070,010	300,830	755,754	732,009	190,000	275,469	1,261,535	115,631	76,440	24,112,410
Additions	-	-	-	2,833	459	-	911,453	-	-	-	-	-	914,745
Disposals/write-off	-	-	(3,476)	(30,639)	(4,895)	(996)	(2,295)	-	-	-	-	-	(42,301)
Transfer between accounts	(175)	175	11,495	116,751	8,272	38,916	(194,149)	-	-	-	-	-	(18,715)
Revaluations	146,072	-	-	-	-	-	-	12,000	-	-	-	-	158,072
As at 31 December 2012	1,689,351	613,888	4,185,584	14,158,955	304,666	793,674	1,447,018	202,000	275,469	1,261,535	115,631	76,440	25,124,211
<b>Accumulated depreciation:</b>													
As at 1 January 2011	-	84,579	2,852,710	8,419,841	270,740	589,122	-	-	339,040	2,153,078	246,212	-	14,955,322
Transfer between used and unused assets	-	-	187,331	1,509,857	-	133,066	-	-	(187,331)	(1,509,857)	(133,066)	-	-
Depreciation for the year	-	6,275	181,347	672,687	10,419	11,189	-	-	-	-	-	-	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
Depreciation for the year	-	4,713	187,862	708,181	8,151	11,445	-	-	-	-	-	-	920,352
Depreciation on disposals/write-off	-	-	(3,359)	(22,125)	(4,793)	(996)	-	-	-	-	-	-	(31,273)
Transfer between accounts	-	-	-	(18,715)	-	-	-	-	-	-	-	-	(18,715)
As at 31 December 2012	-	95,567	3,400,459	11,246,049	281,415	738,291	-	-	151,709	643,221	109,291	-	16,666,002

(Unit: Thousand Baht)

## Consolidated financial statements (continued)

Revaluation basis	Assets used in the operations						Unused assets but not classified as held for sale					
	Cost basis			Revaluation basis			Cost basis			Revaluation basis		
Land	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
202,437	54,758	-	-	-	-	11,719	-	210,901	842,309	8,560	116,222	1,446,906
(63,535)	-	87,141	223,995	-	2,220	39,782	63,535	(87,141)	(223,995)	(2,220)	(39,782)	-
-	-	(64,993)	(158,648)	-	(71)	(43,118)	-	-	-	-	-	10,056
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
(57,131)	-	-	-	-	-	(848)	(13,235)	-	-	-	-	(71,214)
81,771	54,758	22,148	65,347	-	2,149	17,591	50,300	123,760	618,314	6,340	76,440	1,118,918
1,404,552	468,101	939,461	3,425,955	22,773	25,763	713,570	126,465	-	-	-	-	7,126,640
1,607,580	463,563	762,977	2,847,559	23,251	53,234	1,429,427	151,700	-	-	-	-	7,339,291

**Net book value:**

As at 31 December 2011 881,917  
As at 31 December 2012 920,352

**Allowance for impairment loss:**

As at 1 January 2011

Transfer between used and unused assets

Transfer between accounts

Decrease during the year

As at 31 December 2011

Decrease during the year

As at 31 December 2012

As at 31 December 2012

As at 31 December 2012

As at 31 December 2012

As at 31 December 2012

As at 31 December 2012

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As at 31 December 2012

As at 31 December 2012

As at 31 December 2012

As at 31 December 2012

As at 31 December 2012

(Unit: Thousand Baht)

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

	Cost basis							Total
	Revaluation basis	Quarries cost	Buildings, leasehold improvement and structures	Machinery, tools and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	
<b>Cost/Revalued amount:</b>								
As at 1 January 2011	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
Additions	-	-	-	1,197	85	-	242,194	243,476
Disposals/write-off	-	-	-	(26,713)	(3,499)	(1,044)	-	(31,256)
Transfer between accounts	-	-	3,885	103,903	7,997	36,705	(171,205)	(18,715)
Revaluations	8,717	-	-	-	-	-	-	8,717
As at 31 December 2012	374,548	546,241	3,272,959	10,619,196	278,035	630,278	448,655	16,169,912
<b>Accumulated depreciation:</b>								
As at 1 January 2011	-	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
Depreciation for the year	-	4,713	163,702	585,057	7,385	10,140	-	770,997
Depreciation on disposals/write-off	-	-	-	(18,853)	(3,397)	(1,044)	-	(23,294)
Transfer between accounts	-	-	-	(18,715)	-	-	-	(18,715)
As at 31 December 2012	-	87,955	2,673,435	8,472,283	256,301	584,062	-	12,074,036

(Unit: Thousand Baht)

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

	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
<b>Allowance for impairment loss:</b>									
As at 1 January 2011	-	-	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
Decrease during the year	-	-	-	-	-	-	-	(848)	(848)
As at 31 December 2012	-	-	54,758	-	-	-	-	13,899	68,657
<b>Net book value:</b>									
As at 31 December 2011	365,831	365,831	408,241	759,341	2,616,015	21,139	19,651	362,919	4,553,137
As at 31 December 2012	374,548	374,548	403,528	599,524	2,146,913	21,734	46,216	434,756	4,027,219
<b>Depreciation for the year:</b>									
2011 (Baht 751 million included in manufacturing cost, and the balance in administrative expenses)									768,538
2012 (Baht 753 million included in manufacturing cost, and the balance in administrative expenses)									770,997



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. In 2011, 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 2012, the allowance for impairment loss of the assets related to the clinker production amounted to Baht 914 million (2011: Baht 914 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>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Original cost	1,690,043	1,690,218	322,595	322,595
Surplus from revaluation	201,308	43,236	51,953	43,236
Revalued amount	1,891,351	1,733,454	374,548	365,831
Allowance for impairment loss	(132,071)	(202,437)	-	-
Net book value	<u>1,759,280</u>	<u>1,531,017</u>	<u>374,548</u>	<u>365,831</u>

During 2012, the Company and 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 revaluation increase of the Company and its subsidiary in the statement of comprehensive income for the year ended 31 December 2012 as follows.

	(Unit: Thousand Baht)	
	Consolidated statement of comprehensive income	Separate statement of comprehensive income
<b>Profit or loss:</b>		
Reversal of impairment loss on assets	<u>70,366</u>	<u>-</u>
<b>Other comprehensive income:</b>		
Gains on revaluations of land	158,072	8,717
Less: Effect of deferred tax (Note 15)	<u>(31,614)</u>	<u>(1,744)</u>
Gains on revaluations of land - net	<u>126,458</u>	<u>6,973</u>

As at 31 December 2012, 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 3,663 million (2011: Baht 3,532 million) (The Company only: Baht 1,130 million, 2011: Baht 1,038 million).

### 13. Leasehold right on office building

	(Unit: Thousand Baht)	
	Consolidated / Separate	
	financial statements	
	<u>2012</u>	<u>2011</u>
Cost	185,875	185,875
Less: Accumulated amortisation	(126,916)	(119,469)
Net book value	<u>58,959</u>	<u>66,406</u>
Amortisation included in the profit or loss for the year	<u>7,447</u>	<u>7,447</u>

### 14. Mining concessions

	(Unit: Thousand Baht)	
	Consolidated / Separate	
	financial statements	
	<u>2012</u>	<u>2011</u>
Cost	24,400	24,400
Less: Accumulated depletion	(13,075)	(11,720)
Net book value	<u>11,325</u>	<u>12,680</u>
Depletion included in the profit or loss for the year	<u>1,355</u>	<u>1,322</u>

### 15. Income tax

15.1 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 2012 and 2011.

15.2 Income tax expenses of the Company and its subsidiaries for the years ended 31 December 2012 and 2011 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Current income tax:</b>				
Current income tax charge	34,710	-	32,910	-
Write-off of non-refundable withholding tax deducted at source/overpaid tax/(overpaid tax received)	(2,590)	147	(2,942)	-
Total	<u>32,120</u>	<u>147</u>	<u>29,968</u>	<u>-</u>
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	25,040	34,971	18,189	33,726
Relating to reversal of impairment loss on subsidiary's land	14,074	-	-	-
Effect of changes in the applicable tax rates	(588)	(46,312)	(631)	42,502
Total	<u>38,526</u>	<u>(11,341)</u>	<u>17,558</u>	<u>76,228</u>
Income tax expense (income) as included in profit or loss	<u>70,646</u>	<u>(11,194)</u>	<u>47,526</u>	<u>76,228</u>

15.3 The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2012 and 2011 are as follows:

	(Unit: Thousand Baht)			
	Consolidation		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Surplus revaluation of land</b>				
Deferred tax relating to gain on revaluation of land	31,614	-	1,744	-
Effects of changes in the applicable tax rates	-	4,324	-	4,324
	<u>31,614</u>	<u>4,324</u>	<u>1,744</u>	<u>4,324</u>

15.4 Reconciliations between income tax expenses (income) and the products of accounting profit multiplied by the applicable tax rate for the years ended 31 December 2012 and 2011 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Accounting profit before tax	324,263	322,141	191,876	97,965
Applicable tax rates	23%	30%	23%	30%
Accounting profit before tax multiply with applicable tax rate	74,580	96,642	44,131	29,390
Deferred tax assets which were not recognised during the year				
- Tax losses	29,938	62,208	-	-
Utilisation of previously unrecognised deferred tax assets				
- Tax losses	(4,821)	-	(2,034)	-
- Allowance for diminution in value of inventories	(1,209)	(2,531)	-	-
- Allowance for impairment loss of assets	(18,977)	(116,647)	-	-
- Employee benefits obligation from cancelled pension plan	-	(4,188)	-	-
Previous year tax loss which were recognised as deferred tax assets during the year	(11,960)	(9,042)	-	(1,648)
Effect of elimination entries on the consolidated financial statements	(2,160)	941	-	-
Tax effect of non-deductible expenses	8,432	7,588	9,002	5,984
Write-off of non-refundable withholding tax deducted at source/overpaid tax/(overpaid tax received)	(2,589)	147	(2,942)	-
Effect of changes in the applicable tax rates	(588)	(46,312)	(631)	42,502
Income tax expense (income) as included in profit or loss	<u>70,646</u>	<u>(11,194)</u>	<u>47,526</u>	<u>76,228</u>

15.5 As at 31 December 2012 and 2011, the components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	17,801	84,588	4,319	33,596
Allowance for diminution in value of inventories	316,062	314,155	225,331	222,900
Allowance for impairment loss of other long-term investments	-	16,240	-	-
Allowance for impairment of assets	72,911	73,759	68,656	69,505
Provision for quarry restoration costs	8,106	8,770	5,273	5,826
Provision for sales promotion	338	7,177	338	7,177
Provision for long - term employee benefits	116,198	101,067	76,631	66,811
Other long-term provisions	3,586	1,902	3,586	1,902
Tax losses	52,000	80,296	-	49,370
	<u>587,002</u>	<u>687,954</u>	<u>384,134</u>	<u>457,087</u>
Applicable tax rates	20%	20% - 23%	20%	20% - 23%
Deferred tax assets	<u>117,400</u>	<u>140,269</u>	<u>76,827</u>	<u>93,159</u>
<b>Deferred tax liabilities</b>				
Depreciation from changing useful lives of assets	(25,224)	(17,305)	(20,784)	(14,652)
Decrease (increase) on revaluation of land	(74,576)	153,862	(51,953)	(43,236)
Surplus from revaluation of land of subsidiary on acquisition	(1,304,091)	(1,304,091)	-	-
	<u>(1,403,891)</u>	<u>(1,167,534)</u>	<u>(72,737)</u>	<u>(57,888)</u>
Applicable tax rates	20%	20% - 23%	20%	20% - 23%
Deferred tax liabilities	<u>(280,778)</u>	<u>(223,507)</u>	<u>(14,547)</u>	<u>(11,577)</u>

15.6 As at 31 December 2012, the subsidiaries have deductible temporary differences and unused tax losses of totaling Baht 1,746 million (2011: Baht 1,770 million), on which deferred tax assets have not been recognised as the Company believes that future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

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

As at 31 December 2012, a subsidiary has unsecured loan from a local commercial bank, related financial institution, amounting to Baht 250 million (2011: Baht 180 million), bearing interest at a rate of 3.70 percent per annum (2011: 3.93 percent per annum).

#### 17. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Account payable from bills discount	-	34,700	-	34,700
Trade payables – related parties	4,194	22,725	5,518	23,423
Trade payables – unrelated parties	938,607	770,126	709,123	587,067
Other payables – related parties	45,395	43,308	52,311	38,563
Other payables – unrelated parties	336,577	286,583	208,425	176,861
Share subscription payable	-	-	203,000	-
Accrued expenses	108,127	99,079	63,260	68,436
Total trade and other payables	<u>1,432,900</u>	<u>1,256,521</u>	<u>1,241,637</u>	<u>929,050</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.

## 18. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2012 and 2011 was as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Balance at beginning of year</b>	101,067	94,942	66,811	63,329
Current service cost	10,154	8,207	7,152	6,081
Interest cost	5,573	4,406	3,476	2,934
Actuarial losses	4,022	405	2,308	112
Long-term employee benefits expense for the year	19,749	13,018	12,936	9,127
Benefits paid during the year	(4,618)	(6,893)	(3,116)	(5,645)
<b>Balance at end of year</b>	<u>116,198</u>	<u>101,067</u>	<u>76,631</u>	<u>66,811</u>

Reconciliation of the present value of the defined benefit obligation to the liabilities recognised in the statements of financial position as at 31 December 2012 and 2011 was as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Defined benefits obligation at beginning of year</b>	168,808	110,214	107,566	73,386
Current service cost	10,154	8,207	7,152	6,081
Interest cost	5,573	4,406	3,476	2,934
Benefits paid during the year	(4,618)	(6,893)	(3,116)	(5,645)
Actuarial (gain) losses	(32,917)	52,874	(16,104)	30,810
<b>Defined benefits obligation at end of year</b>	<u>147,000</u>	<u>168,808</u>	<u>98,974</u>	<u>107,566</u>
Unrecognised actuarial losses	(30,802)	(67,741)	(22,343)	(40,755)
<b>Provisions for long-term employee benefits at end of year</b>	<u>116,198</u>	<u>101,067</u>	<u>76,631</u>	<u>66,811</u>

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	(% per annum)		(% per annum)	
Discount rate	3.75	3.5	3.75	3.5
Future salary increase rate	5.0	5.0	5.0	5.0
Staff turnover rate	2.0 – 5.0	2.0 – 4.4	3.0	2.9
Inflation rate	2.5	2.5	2.5	2.5

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
2012	147,000	(28,194)	98,974	(12,967)
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)

## 19. 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.

## 20. 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.



## 21. Compensation for flood damage

During 2012, the Company and its subsidiaries received compensation claims from an insurer for the business interruption caused by the floods from October to November 2011 amounting to Baht 66 million (The Company only: Baht 44 million).

## 22. Expenses by nature

Significant expenses by nature are as follow:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Salary and wages and other employee benefits	492,605	460,703	388,627	378,124
Depreciation	920,353	881,909	770,997	768,538
Reversal loss on impairment of assets	(71,214)	(266,829)	(848)	(3,336)
Loss on obsolescence and impairment of raw materials, spare parts and supplies (reversal)	(3,347)	(1,232)	2,431	5,325
Reversal allowance for doubtful accounts	(57,934)	-	(26,045)	-
Transportation expenses	234,441	213,298	96,626	78,253
Rental expenses from operating lease agreements	89,803	88,135	17,460	17,036
Repair and maintenance expenses	516,156	496,635	422,489	421,025
Raw materials and consumables used	3,542,933	3,368,795	2,274,519	2,220,612
Changes in inventories of finished goods and work in process	(68,573)	166,970	(61,498)	107,659

## 23. Basic earnings per share

Basic earnings per share is calculated by dividing profit 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.

## 24. 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 2012 and 2011 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	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Revenue from external customers	7,510	6,887	1,067	929	-	1	-	-	-	-	8,577	7,817
Inter-segment revenues	905	791	19	24	-	-	-	-	(924)	(815)	-	-
Total revenues	8,415	7,678	1,086	953	-	1	-	-	(924)	(815)	8,577	7,817
Segment operating income (loss)	(16)	(49)	65	1	-	(28)	(12)	(3)	112	120	149	41
Unallocated income and expenses:												
Interest income											78	74
Compensation for flood damage											66	-
Other income											23	13
Other expenses											(4)	(15)
Reversal of impairment loss on unused assets											70	263
Finance cost											(58)	(54)
Income tax expenses											(71)	11
Non-controlling interests of the subsidiaries											(67)	(223)
Profit for the year											186	110
Property, plant and equipment	6,480	6,868	65	70	-	-	796	190	(2)	(1)	7,339	7,127
Other assets	9,042	8,359	745	458	6	6	346	95	(3,440)	(2,374)	6,699	6,544
Total assets	15,522	15,227	810	528	6	6	1,142	285	(3,442)	(2,375)	14,038	13,671

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

## 25. 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 2012, the Company and its subsidiaries contributed Baht 26 million (The Company only: Baht 22 million) to the fund (2011: Baht 24 million and Baht 20 million, respectively).

## 26. Dividends

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends</u>	<u>Dividend</u>
		(Thousand Baht)	per share
			(Baht)
Final dividends for 2010	Annual General Meeting of the shareholders on 26 April 2011	<u>389,210</u>	<u>0.50</u>
Total for 2011		<u><u>389,210</u></u>	<u><u>0.50</u></u>
Final dividends for 2011	Annual General Meeting of the shareholders on 24 April 2012	<u>389,210</u>	<u>0.50</u>
Total for 2012		<u><u>389,210</u></u>	<u><u>0.50</u></u>

## 27. Commitments and contingent liabilities

### 27.1 Capital commitments

As at 31 December 2012, the subsidiary had capital commitments of approximately USD 8 million and Baht 84 million, (2011: USD 18 million and Bath 196 million) relating to the construction of factory buildings and acquisition of machinery.

### 27.2 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 2012 and 2011, future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Payable:				
In up to 1 year	40	41	19	21
In over 1 and up to 5 year	39	47	26	32
In over 5 years	11	13	11	13

### 27.3 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 2012 and 2011, there were commitments to be payable under those agreements as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Payable:				
In up to 1 year	51	48	27	34
In over 1 and up to 5 year	21	16	14	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.

## **27.4 Purchase of raw material commitments**

As at 31 December 2012, the Company and its subsidiaries have entered into agreements to purchase of raw materials in the future of approximately Baht 430 million (2011: Baht 494 million) (The Company only: Baht 363 million 2011: 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.

## **27.5 Bank guarantees**

As at 31 December 2012, there were outstanding bank guarantees of Baht 545 million (2011: Baht 494 million) (The Company only: Baht 485 million, 2011: 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 (2011: Baht 300 million) (The Company only: Baht 300 million, 2011: 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 236 million (2011: Baht 185 million) (The Company only: Baht 179 million, 2011: Baht 133 million) was collateral for electricity use and Baht 10 million (2011: Baht 10 million) (The Company only: Baht 6 million, 2011: Baht 6 million) was provided for other guarantees.

## **28. Financial instruments**

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

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

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

The Company and its subsidiaries exposed to credit risk primarily with respect to trade and other receivables and borrowing. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentrations 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. 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.

Significant financial assets and liabilities as at 31 December 2012 and 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					
As at 31 December 2012					
	Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
<b>Financial assets</b>					
Cash and cash equivalents	2,640	329	74	3,043	0.63 - 2.50
Trade and other receivables	2	-	1,617	1,619	2.00
Other long-term investments	-	-	1	1	-
	<u>2,642</u>	<u>329</u>	<u>1,692</u>	<u>4,663</u>	
<b>Financial liabilities</b>					
Short-term loans from financial institution	250	-	-	250	3.70
Trade and other payables	-	-	1,433	1,433	-
Long-term loans from related parties	-	501	-	501	0.68 - 6.13
	<u>250</u>	<u>501</u>	<u>1,433</u>	<u>2,184</u>	

(Unit: Million Baht)

Consolidated financial statements					
As at 31 December 2011					
	Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
<b>Financial assets</b>					
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>	
<b>Financial liabilities</b>					
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

As at 31 December 2012

	Fixed interest rates within 1 year	Floating interest rate	Non- interest bearing	Total	Effective interest rate (% p.a.)
<b>Financial assets</b>					
Cash and cash equivalents	2,640	151	55	2,846	0.63 - 2.50
Trade and other receivables	1	-	1,548	1,549	2.00
Long-term loans to subsidiary	-	300	-	300	6.13
Investments in subsidiaries	-	-	1,682	1,682	-
Other long-term investment	-	-	1	1	-
	<u>2,641</u>	<u>451</u>	<u>3,286</u>	<u>6,378</u>	
<b>Financial liabilities</b>					
Trade and other payables	-	-	1,242	1,242	-
	<u>-</u>	<u>-</u>	<u>1,242</u>	<u>1,242</u>	

(Unit: Million Baht)

## Separate financial statements

As at 31 December 2011

	Fixed interest rates within 1 year	Floating interest rate	Non- interest bearing	Total	Effective interest rate (% p.a.)
<b>Financial assets</b>					
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>	
<b>Financial liabilities</b>					
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 are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December 2012	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	2	2	-	-	30.6316	31.6912
Euro	-	-	4	3	40.5563	41.0273

Foreign exchange contracts outstanding at are summarised below.

As at 31 December 2012					
Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
US dollar	4	1	30.67	30.63	10/01/13

As at 31 December 2011			
Foreign currency	Bought amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	21	31.01 - 31.84	31/01/12 - 28/12/12

## 28.2 Fair value of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature or bear 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.



**29. 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 2012, the Group's debt-to-equity ratio was 0.24:1 (2011: 0.21:1) and the Company's was 0.14:1 (2011: 0.10:1).

**30. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 22 February 2013.





# ปูนดอกบัว



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