

Jalaprathan Cement Co., Ltd.

Annual Report

2010



บริษัท ชลประทานซีเมนต์ จำกัด (มหาชน)
Jalaprathan Cement
Public Company Limited

Jalaprathan Cement Co., Ltd.

Annual Report

2010

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Message from the Chairman

In 2010 the total demand in domestic cement market was approximately 26 million tons, increasing 7% compared to the demand in 2009.

Although the demand for cement was increasing intense competition, in the market caused a decline in selling price. Consequently the operation result in 2010 was lower than the expected. Moreover, world economic crisis which had not yet recovered also caused the price and volume of cement export to decline.

With regard to the operation result of Jalaprathan Cement Public Company Limited, the total revenues income in 2010 was 1,716 million baht, increasing 4% from the preceding year and the net loss was 39 million baht, decreasing drastically the losses comparing with last year. This improvement in the operating results, achieved despite the negative circumstances, was the result of the important restructuring completed in 2009 which allows the company to operate more efficiently.

In 2010, Takli Cement Plant in Nakornsawan Province was awarded "Outstanding Workplace on Labor Relations and Welfare" for the 6th consecutive year from Ministry of Labor. Besides, both the company's cement plants at Takli and Cha-am, have continually undertaken various social activities, for instance, "Golden Naga" scholarships grant and "Lunch for Students" project to the students in the school situated in the neighborhood of the plants including "Mobile Medical Unit" project to provide free of charge medical care service to local people living in the neighboring communities of the plants. Furthermore, Cha-am Plant organized the environmental conservation camp for the youth including quiz game under the name "Save the World, Save the Environment" for the students in Takli District to establish conservation mind on environment and natural resources to the youth. These activities as mentioned above are voluntarily undertaken by the company and its personnel according to the company's sustainable development policy.

With excellent support from customers, shareholders including the management and staff our company then can keep firm status in the market amidst the most crucial economic crisis as well as carrying on its business to attain better operation result in the future. On behalf of the Board of Directors of Jalaprathan Cement Public Company Limited, I would like to take this opportunity to sincerely thank all of you for your kind support and consistent cooperation.

A handwritten signature in blue ink that reads "Gen. A. Karnasuta".

(General Ayupoon Karnasuta)
Chairman of the Board



บริษัท ชลประทานซีเมนต์ จำกัด (มหาชน)
Jalapraphan Cement
Public Company Limited

Board of Directors

Board of Directors

As of 31 December 2010

Chairman

Gen. Ayupoon Karnasuta

Directors

Mr. Giovanni Maggiora

Pol. Gen. Suthep Dhamaraks

Mr. Goran Leopold Seifert

Mr. Mario Bracci

Mr. Nopadol Ramyarupa

Director and Secretary to the Board of Directors

Mr. Rapee Sukhyanga

1. Basic Information of the Company

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

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

2.1 Jalaprathan Concrete Company Limited: Common Shares amount 2,799,810 shares which equals to 99.99%.

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

Type of Business: Ready-mixed Concrete Production and Sale

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

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

Type of Business: Real Estate Lease

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

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

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

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

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

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

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

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

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

6. The remuneration of Board of Directors paid in 2010

Name of Director	Remuneration (Baht)
1. General Ayupoon Karnasuta	1,448,000
2. Mr. Rapee Sukhyanga	188,000
3. Mr. Giovanni Maggiora	180,000
4. Police General Suthep Dhamaraks	188,000
5. Mr. Goran Leopold Seifert	180,000
6. Mr. Mario Bracci	180,000
7. Mr. Nopadol Ramyarupa	188,000
Total (Baht)	2,552,000

Report of Independent Auditor

To the Shareholders of Jalaprathan Cement Public Company Limited

I have audited the accompanying consolidated balance sheets of Jalaprathan Cement Public Company Limited and its subsidiaries as at 31 December 2010 and 2009, the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended, and the separate financial statements of Jalaprathan Cement Public Company Limited for the same years. These financial statements are the responsibility of the management of the Company and its subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jalaprathan Cement Public Company Limited and its subsidiaries and of Jalaprathan Cement Public Company Limited as at 31 December 2010 and 2009, and the results of their operations, and cash flows for the years then ended, in accordance with generally accepted accounting principles.



Termphong Opanaphan

Certified Public Accountant (Thailand) No. 4501

Ernst & Young Office Limited
Bangkok: 23 February 2011

Jalaprathan Cement Public Company Limited and its subsidiaries
Balance sheets
As at 31 December 2010 and 2009

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Assets					
Current assets					
Cash and cash equivalents	6, 7	117,579,149	179,757,233	54,074,444	129,767,451
Trade accounts receivable					
Related parties	7	4,904,286	270,125	3,333,552	2,994,425
Unrelated parties		429,005,856	441,120,636	293,533,737	321,582,072
Less: Allowance for doubtful accounts		(50,658,292)	(50,225,048)	(11,160,542)	(13,377,620)
Trade accounts receivable - net	8	383,251,850	391,165,713	285,706,747	311,198,877
Other accounts receivable-related parties	7	7,733,584	9,022,610	41,536,812	32,774,340
Loan to related party	7	-	-	300,000,000	300,000,000
Inventories - net	9	465,978,084	357,039,776	461,878,618	350,988,232
Other current assets					
Other accounts receivable		1,813,997	1,647,038	1,187,033	942,716
Input tax refundable		34,527,922	2,383,780	31,958,332	1,970,336
Others		3,372,701	3,182,348	854,185	426,473
Total current assets		1,014,257,287	944,198,498	1,177,196,171	1,128,068,425
Non-current assets					
Investments in subsidiaries	10	-	-	379,981,000	379,981,000
Other long term investments - net	11	-	15,554,700	-	15,554,700
Property, plant and equipment - net	12	2,521,085,545	2,556,344,799	2,082,151,211	2,105,360,679
Deferred tax assets	14	65,794,767	79,133,736	39,408,633	62,395,506
Other non-current assets					
Advance payment for purchase of assets		-	2,932,680	-	2,932,680
Deposits		2,317,960	2,341,760	218,400	239,400
Total non-current assets		2,589,198,272	2,656,307,675	2,501,759,244	2,566,463,965
Total assets		3,603,455,559	3,600,506,173	3,678,955,415	3,694,532,390

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

Jalaprathan Cement Public Company Limited and its subsidiaries
Balance sheets (continued)
As at 31 December 2010 and 2009

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institution	7, 13	280,000,000	250,000,000	280,000,000	250,000,000
Trade accounts payable					
Related parties	7	290,857,441	232,907,591	249,951,806	220,657,627
Unrelated parties		221,144,265	105,953,430	180,733,763	70,935,279
Total trade accounts payable		512,001,706	338,861,021	430,685,569	291,592,906
Other accounts payable-related parties	7	26,963,578	357,390,223	17,335,912	331,541,758
Current portion of long-term loans from related parties	7	342,931,181	305,048,031	362,931,181	315,048,031
Other current liabilities					
Other accounts payable		56,038,210	46,023,602	53,622,716	44,295,011
Account payable from bill discount		-	1,131,314	-	-
Accrued contribution to provident fund	15, 22	67,478,762	-	67,478,762	-
Accrued expenses		37,845,246	73,278,102	30,118,436	55,945,396
Others		3,748,053	9,091,586	1,562,882	7,517,115
Total current liabilities		1,327,006,736	1,380,823,879	1,243,735,458	1,295,940,217
Non-current liabilities					
Long-term loans from related parties - net					
of current portion	7	954,000,000	830,000,000	974,000,000	870,000,000
Employee benefits obligation	15	27,306,326	54,840,948	17,262,749	46,293,716
Long-term provisions		3,009,301	2,753,926	3,009,301	2,753,926
Deferred tax liabilities	14	332,420,084	332,097,986	332,420,084	332,097,986
Other non-current liabilities - deposit from customers		1,500,000	1,500,000	-	-
Total non-current liabilities		1,318,235,711	1,221,192,860	1,326,692,134	1,251,145,628
Total liabilities		2,645,242,447	2,602,016,739	2,570,427,592	2,547,085,845

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

Jalaprathan Cement Public Company Limited and its subsidiaries
Balance sheets (continued)
As at 31 December 2010 and 2009

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Shareholders' equity					
Share capital					
Registered					
120,000,000 ordinary shares of Baht 10 each		<u>1,200,000,000</u>	<u>1,200,000,000</u>	<u>1,200,000,000</u>	<u>1,200,000,000</u>
Issued and fully paid					
120,000,000 ordinary shares of Baht 10 each		1,200,000,000	1,200,000,000	1,200,000,000	1,200,000,000
Share premium		973,768,690	973,768,690	973,768,690	973,768,690
Unrealised gain					
Revaluation surplus on assets	16				
Land		774,895,302	774,895,302	774,895,302	774,895,302
Lease assets		389,479,201	389,479,201	-	-
Retained earnings					
Appropriated					
Statutory reserve	17	54,026,280	54,026,280	54,026,280	54,026,280
Other reserve	18	122,000,000	122,000,000	122,000,000	122,000,000
Unappropriated (deficit)		<u>(2,555,968,006)</u>	<u>(2,515,691,124)</u>	<u>(2,016,162,449)</u>	<u>(1,977,243,727)</u>
Equity attributable to the Company's shareholders		958,201,467	998,478,349	1,108,527,823	1,147,446,545
Minority interest - equity attributable					
to minority shareholders of subsidiaries		<u>11,645</u>	<u>11,085</u>	<u>-</u>	<u>-</u>
Total shareholders' equity		<u>958,213,112</u>	<u>998,489,434</u>	<u>1,108,527,823</u>	<u>1,147,446,545</u>
Total liabilities and shareholders' equity		<u>3,603,455,559</u>	<u>3,600,506,173</u>	<u>3,678,955,415</u>	<u>3,694,532,390</u>

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

Jalaprathan Cement Public Company Limited and its subsidiaries
Income statements
For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Revenues					
Sales		2,035,111,706	1,940,767,864	1,647,816,210	1,618,962,257
Rental income		6,000,000	6,000,000	-	-
Other income					
Interest income		1,603,875	1,242,027	16,327,215	16,054,809
Gain on sales of other long-term investment	11	12,180,000	-	12,180,000	-
Exchange gains		23,074,282	4,806,695	23,074,282	4,806,695
Others		22,185,087	8,931,774	17,056,908	7,651,105
Total revenues		<u>2,100,154,950</u>	<u>1,961,748,360</u>	<u>1,716,454,615</u>	<u>1,647,474,866</u>
Expenses					
Cost of sales and rental		1,936,957,619	1,806,783,365	1,561,264,692	1,484,028,599
Selling expenses		32,538,175	27,155,337	32,531,012	27,152,945
Administrative expenses		100,634,158	230,013,323	82,064,738	210,710,265
Management benefit expenses	7	2,552,000	2,556,000	2,552,000	2,556,000
Loss on impairment of unused assets	9, 12	-	1,269,103,128	-	1,269,103,128
Other expenses					
Depreciation of unused assets		-	115,748,276	-	115,748,276
Total expenses		<u>2,072,681,952</u>	<u>3,451,359,429</u>	<u>1,678,412,442</u>	<u>3,109,299,213</u>
Income (loss) before finance cost and corporate income tax					
corporate income tax		27,472,998	(1,489,611,069)	38,042,173	(1,461,824,347)
Finance cost		(64,226,981)	(67,954,115)	(64,211,577)	(66,605,007)
Loss before corporate income tax		<u>(36,753,983)</u>	<u>(1,557,565,184)</u>	<u>(26,169,404)</u>	<u>(1,528,429,354)</u>
Corporate income tax	14	(3,522,339)	(27,571,896)	(12,749,318)	(27,965,930)
Net loss for the year		<u>(40,276,322)</u>	<u>(1,585,137,080)</u>	<u>(38,918,722)</u>	<u>(1,556,395,284)</u>
Net income (loss) attributable to:					
Equity holders of the parent		(40,276,882)	(1,585,135,819)	(38,918,722)	(1,556,395,284)
Minority interests of the subsidiaries		560	(1,261)		
		<u>(40,276,322)</u>	<u>(1,585,137,080)</u>		
Basic loss per share					
Net loss attributable to equity holders of the parent	20	(0.34)	(13.21)	(0.32)	(12.97)

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

Jalaprathan Cement Public Company Limited and its subsidiaries
 Statements of changes in shareholders' equity
 For the years ended 31 December 2010 and 2009

(Unit: Baht)

Consolidated financial statements																
	Equity attributable to the parent's shareholders						Minority interest -									
	Revaluation		Retained earnings		Total equity		equity attributable									
Issued and	Share premium	Land	surplus on assets	Lease assets	Appropriated -	Appropriated -	Appropriated -	Unappropriated	Unappropriated	attributable to	the parent's	to minority	shareholders	shareholders	of subsidiaries	Total
fully paid-up	Share premium	Land	surplus on assets	Lease assets	statutory reserve	other reserve	other reserve	(deficit)	(deficit)	the parent's	shareholders	to minority	shareholders	shareholders	of subsidiaries	Total
Balance as at 31 December 2008	1,200,000,000	973,768,690	774,895,302	389,479,201	54,026,280	122,000,000	122,000,000	(930,555,305)	(930,555,305)	2,583,614,168	2,583,614,168	12,346	12,346	2,583,626,514	2,583,626,514	2,583,626,514
Net loss for the year	-	-	-	-	-	-	-	-	(1,585,135,819)	(1,585,135,819)	(1,585,135,819)	(1,261)	(1,261)	(1,585,137,080)	(1,585,137,080)	(1,585,137,080)
Balance as at 31 December 2009	1,200,000,000	973,768,690	774,895,302	389,479,201	54,026,280	122,000,000	122,000,000	(2,515,691,124)	(2,515,691,124)	998,478,349	998,478,349	11,085	11,085	998,489,434	998,489,434	998,489,434
Net income (loss) for the year	-	-	-	-	-	-	-	(40,276,882)	(40,276,882)	(40,276,882)	(40,276,882)	560	560	(40,276,322)	(40,276,322)	(40,276,322)
Balance as at 31 December 2010	1,200,000,000	973,768,690	774,895,302	389,479,201	54,026,280	122,000,000	122,000,000	(2,555,968,006)	(2,555,968,006)	958,201,467	958,201,467	11,645	11,645	958,213,112	958,213,112	958,213,112

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

Jalprathan Cement Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the years ended 31 December 2010 and 2009

(Unit: Baht)

Separate financial statements

	Issued and fully paid-up share capital	Share premium	Revaluation surplus on land	Retained earnings		Total
				Appropriated - statutory reserve	Appropriated - other reserve	
Balance as at 31 December 2008	1,200,000,000	973,768,690	774,895,302	54,026,280	122,000,000	2,703,841,829
Net loss for the year	-	-	-	-	-	(1,556,395,284)
Balance as at 31 December 2009	<u>1,200,000,000</u>	<u>973,768,690</u>	<u>774,895,302</u>	<u>54,026,280</u>	<u>122,000,000</u>	<u>1,147,446,545</u>
Balance as at 31 December 2009	1,200,000,000	973,768,690	774,895,302	54,026,280	122,000,000	1,147,446,545
Net loss for the year	-	-	-	-	-	(38,918,722)
Balance as at 31 December 2010	<u>1,200,000,000</u>	<u>973,768,690</u>	<u>774,895,302</u>	<u>54,026,280</u>	<u>122,000,000</u>	<u>1,108,527,823</u>

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

Jalaprathan Cement Public Company Limited and its subsidiaries
Cash flow statements
For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Cash flows from operating activities				
Loss before tax	(36,753,983)	(1,557,565,184)	(26,169,404)	(1,528,429,354)
Adjustments to reconcile loss before tax to net cash provided by (paid from) operating activities				
Depreciation	107,380,410	242,451,129	95,270,855	230,232,381
Allowance for doubtful accounts (reversal)	2,713,491	40,202	(1,088,300)	-
Allowance for diminution in value of inventories	1,546,659	98,294,472	1,546,659	98,294,472
Allowance for impairment of assets	3,333,491	1,176,123,055	3,333,491	1,176,123,055
Employee benefits obligation	41,118,128	74,252,592	39,210,783	65,262,717
Provision for quarry restoration costs	400,000	28,000	400,000	28,000
Written off assets	42,684	-	20	-
Gain on sales of plant and equipment	(7,179,492)	(950,348)	(4,230,065)	(877,608)
Dividend income from other long-term investment	(9,730,000)	-	(9,730,000)	-
Gain on sales of other long-term investment	(12,180,000)	-	(12,180,000)	-
Unrealised gains on exchange	(22,547,555)	(4,148,651)	(22,547,555)	(4,148,651)
Interest income	(1,076,381)	(498,024)	(15,914,387)	(15,573,945)
Interest expenses	55,987,340	59,450,769	57,657,274	59,666,906
Income from operating activities before changes in operating assets and liabilities	123,054,792	87,478,012	105,559,371	80,577,973
Operating assets (increase) decrease				
Trade accounts receivable	5,200,372	(615,312)	26,580,430	(18,970,757)
Other accounts receivable-related parties	1,289,026	(8,522,413)	1,588,227	(8,634,933)
Inventories	(116,244,474)	254,460,022	(118,196,552)	252,191,132
Other current assets	(32,505,291)	3,851,249	(30,664,044)	3,806,028
Other non-current assets	2,956,480	3,649,389	2,953,680	3,049,389
Operating liabilities increase (decrease)				
Trade accounts payable	173,140,685	20,579,003	139,092,663	14,934,167
Other accounts payable-related parties	(331,884,767)	(3,550,936)	(315,685,258)	(935,887)
Other current liabilities	(58,533,238)	(35,256,407)	(48,845,631)	(34,857,899)
Employee benefits obligation	(1,173,988)	(166,955,142)	(762,988)	(160,820,632)
Provision for quarry restoration costs	(144,625)	(27,665)	(144,625)	(27,665)
Cash from (used in) operating activities	(234,845,028)	155,089,800	(238,524,727)	130,310,916
Cash receipt from previous year income tax	10,559,653	-	10,559,653	-
Cash paid for corporate income tax	(655,317)	(661,263)	(234,392)	(287,872)
Net cash from (used in) operating activities	<u>(224,940,692)</u>	<u>154,428,537</u>	<u>(228,199,466)</u>	<u>130,023,044</u>

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

Jalaprathan Cement Public Company Limited and its subsidiaries
Cash flow statements (continued)
For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Cash flows from investing activities				
Acquisition of plant and equipment	(43,323,218)	(69,262,294)	(43,261,535)	(65,930,687)
Proceeds from sales of equipment	8,076,789	969,255	4,920,112	877,667
Dividend receipt from other long-term investment	9,730,000	-	9,730,000	-
Proceeds from sales of other long-term investment	27,734,700	-	27,734,700	-
Interest income	1,080,218	510,530	5,567,707	6,160,833
Net cash from (used in) investing activities	<u>3,298,489</u>	<u>(67,782,509)</u>	<u>4,690,984</u>	<u>(58,892,187)</u>
Cash flows from financing activities				
Increase (decrease) in short-term loans				
from financial institution	30,000,000	(50,000,000)	30,000,000	(50,000,000)
Cash receipt from bill discount	-	1,131,314	-	-
Cash receipt from long-term loans from related parties	354,000,000	250,000,000	354,000,000	300,000,000
Repayment of long-term loans from related parties	(170,000,000)	(170,000,000)	(180,000,000)	(170,000,000)
Interest expenses	(54,535,881)	(70,951,106)	(56,184,525)	(71,030,503)
Net cash from (used in) financing activities	<u>159,464,119</u>	<u>(39,819,792)</u>	<u>147,815,475</u>	<u>8,969,497</u>
Net increase (decrease) in cash and cash equivalents	<u>(62,178,084)</u>	<u>46,826,236</u>	<u>(75,693,007)</u>	<u>80,100,354</u>
Cash and cash equivalents at beginning of year	<u>179,757,233</u>	<u>132,930,997</u>	<u>129,767,451</u>	<u>49,667,097</u>
Cash and cash equivalents at end of year	<u><u>117,579,149</u></u>	<u><u>179,757,233</u></u>	<u><u>54,074,444</u></u>	<u><u>129,767,451</u></u>
Supplemental cash flows information				
Non-cash transactions				
Purchases of equipment for which				
no cash has been paid	27,311,903	26,928,795	27,063,903	25,367,424
Transferred cement and spare parts to construction				
in progress during the year	5,759,507	2,385,855	5,759,507	2,292,202

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

Jalaprathan Cement Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the years ended 31 December 2010 and 2009

1. General information

1.1 Corporate information

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

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

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

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

In January 2009, the Board of Directors’ Meeting No.1/2009 passed a resolution to suspend clinker production and approved the Mutual Separation Program. The Company paid additional financial assistance, compensation and benefits to those employees who joined the program, as described in Note 15 to the financial statements.

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

1.2 Fundamental accounting assumptions

As at 31 December 2010, the Company’s current liabilities exceeded its current assets by Baht 66 million, and it had losses from its core business in year 2010 and 2009. These conditions raise substantial doubt about the Company’s ability to continue as a going concern. However, the Company continues to receive financial support from its related parties. In addition, the Company’s management had reoriented the company by reduce the organization size and change the production plan in order to obtain the production costs which can be compete in the market. For these reasons, the financial statements have been prepared on the going concern basis and hence do not include any of the adjustments that might result should the Company be unable to continue as a going concern.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Professions Act B.E. 2547, except for the adoption of TAS 12 Income Taxes and TAS 19 Employee Benefits and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 30 January 2009, issued under the Accounting Act B.E. 2543.

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

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

2.2 Basis of consolidation

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

Company's name	Nature of business	Percentage of shareholding		Assets as a percentage to the consolidated total assets as at 31 December		Revenues as a percentage to the consolidated total revenues for the years ended 31 December	
		2010	2009	2010	2009	2010	2009
		%	%	%	%	%	%
Jalaprathan Concrete Co., Ltd.	Manufacturing of ready-mixed concrete	99.99	99.99	6.87	6.10	20.17	17.64
Naga Property Co., Ltd.	Office building rental	100.00	100.00	10.92	10.91	0.29	0.31

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

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

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

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

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

3. Adoption of new accounting standards

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

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

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

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

TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property
TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRIC 15	Agreements for the Construction of Real Estate

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

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

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

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

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

Rental income

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

Interest income

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

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 experiences 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 classifies as other investments, are stated at cost net of allowance for loss on diminution in value (if any).
- b) Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

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

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised as income or expenses in the income statement.

4.6 Property, plant and equipment/Depreciation

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

Lease assets are stated at revalued amount less accumulated depreciation for building and less allowance for loss on impairment of assets (if any).

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

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

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

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

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

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

Lease assets (Building)	-	20 years
Buildings and structures	-	5 - 30 years
Machinery, Tools and equipment	-	5 - 30 years
Furniture, fixtures and office equipment	-	3 - 10 years
Motor vehicles	-	5 - 10 years

Depreciation is included in determining income.

No depreciation is provided on land, lease assets (land) and construction in progress.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

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

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

4.7 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.

4.8 Foreign currencies

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

Gains and losses on exchange are included in determining income.

4.9 Impairment of assets

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

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

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

4.10 Employee benefits

Employee 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. The Company's contributions are recognised as expenses when incurred.

Employee benefits - Defined benefit plans

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

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

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

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

4.11 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.

4.12 Income tax

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

Current tax

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

Deferred Tax

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

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

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

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

5. Significant accounting judgments and estimates

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

Leases

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

Allowance for doubtful accounts

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

Allowance for diminution in value of inventory

In determining an allowance 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 the management judges that there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment.

Property plant and equipment/Depreciation

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

The Company and its subsidiaries measure land and lease assets at revalued amounts. Such amounts are determined by the independent valuer using the market approach. The valuation involves certain assumptions and estimates.

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

Deferred tax assets

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

Post-retirement benefits

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

6. Cash and cash equivalents

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Cash	30,000	-	30,000	-
Bank deposits	78,549,149	104,757,233	47,044,444	79,767,451
Bills of exchange	39,000,000	75,000,000	7,000,000	50,000,000
Total	<u>117,579,149</u>	<u>179,757,233</u>	<u>54,074,444</u>	<u>129,767,451</u>

As at 31 December 2010, bank deposits in saving accounts and bills of exchange carried interests between 0.08 and 1.76% per annum (2009: between 0.08 and 1.06% per annum)

7. Related party transactions

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

(Unit: Million Baht)

	Consolidated		Separate		Pricing policy
	financial statements		financial statements		
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	24.4	21.8	With reference to the terms and prices offered to manufacturing customers
Interest income	-	-	15.1	15.6	Interest rate as stipulated in the contract
<u>Transactions with related companies</u>					
Sales of goods and raw materials	5.3	131.1	-	130.3	With reference to the terms and prices offered to manufacturing customers
Trademark license fee income	2.0	2.0	2.0	2.0	Contract price
Purchases of goods	795.9	693.5	710.3	623.6	Market price
Technical fee	1.7	5.4	1.7	5.4	Contract price
Trademark license fee	2.0	2.0	2.0	2.0	Contract price
Management fee	84.6	62.0	71.5	50.9	Contract price
Interest expense	56.0	59.4	56.0	59.4	Interest rate as stipulated in the contract

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

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<u>Bank deposits</u>				
Related financial institution				
Bangkok Bank Plc.	5,931,716	8,046,554	1,188,662	6,626,197
Total bank deposits with related financial institution	<u>5,931,716</u>	<u>8,046,554</u>	<u>1,188,662</u>	<u>6,626,197</u>
<u>Trade accounts receivable - related parties</u>				
Subsidiary				
Jalaprathan Concrete Co., Ltd.	-	-	2,514,360	2,994,425
Total trade account receivable - subsidiary	<u>-</u>	<u>-</u>	<u>2,514,360</u>	<u>2,994,425</u>
Related companies				
Asia Cement Plc.	819,192	-	819,192	-
Asia Cement Products Co., Ltd.	4,085,094	270,125	-	-
Total trade accounts receivable - related companies	<u>4,904,286</u>	<u>270,125</u>	<u>819,192</u>	<u>-</u>
Total trade accounts receivable - related parties	<u>4,904,286</u>	<u>270,125</u>	<u>3,333,552</u>	<u>2,994,425</u>
<u>Other accounts receivable - related parties</u>				
Subsidiaries				
Jalaprathan Concrete Co., Ltd.	-	-	43,087	127,724
Naga Property Co., Ltd.	-	-	33,874,673	23,624,006
Total other accounts receivable - subsidiaries	<u>-</u>	<u>-</u>	<u>33,917,760</u>	<u>23,751,730</u>
Related companies				
Asia Cement Plc.	7,619,052	9,022,610	7,619,052	9,022,610
Asia Cement Products Co., Ltd.	114,532	-	-	-
Total other accounts receivable - related companies	<u>7,733,584</u>	<u>9,022,610</u>	<u>7,619,052</u>	<u>9,022,610</u>
Total other accounts receivable - related parties	<u>7,733,584</u>	<u>9,022,610</u>	<u>41,536,812</u>	<u>32,774,340</u>
<u>Loan to related party</u>				
Subsidiary				
Naga Property Co., Ltd.	-	-	300,000,000	300,000,000
Total loan to related party	<u>-</u>	<u>-</u>	<u>300,000,000</u>	<u>300,000,000</u>

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<u>Short-term loans from financial institution</u>				
Related financial institution				
Bangkok Bank Plc.	280,000,000	250,000,000	280,000,000	250,000,000
Total short-term loans from related financial institution	<u>280,000,000</u>	<u>250,000,000</u>	<u>280,000,000</u>	<u>250,000,000</u>
<u>Trade accounts payable - related parties</u>				
Subsidiary				
Jalaprathan Concrete Co., Ltd.	-	-	34,064	-
Total trade account payable - subsidiary	<u>-</u>	<u>-</u>	<u>34,064</u>	<u>-</u>
Related companies				
Asia Cement Plc.	290,027,042	232,477,256	249,901,054	220,657,627
Asia Cement Products Co., Ltd.	830,399	430,335	16,688	-
Total trade accounts payable - related companies	<u>290,857,441</u>	<u>232,907,591</u>	<u>249,917,742</u>	<u>220,657,627</u>
Total trade accounts payable - related parties	<u>290,857,441</u>	<u>232,907,591</u>	<u>249,951,806</u>	<u>220,657,627</u>
<u>Other accounts payable - related parties</u>				
Subsidiary				
Jalaprathan Concrete Co., Ltd.	-	-	2,617,439	136,740
Total other account payable - subsidiary	<u>-</u>	<u>-</u>	<u>2,617,439</u>	<u>136,740</u>
Related companies				
Ciments Francais S.A., France	1,401,547	347,013,658	1,274,727	323,966,396
Italcementi S.p.A., Italy	916,853	336,899	916,853	336,899
Asia Cement Plc.	12,712,045	5,355,853	12,334,549	5,346,500
Asia Cement Products Co., Ltd.	11,740,789	2,928,590	-	-
CTG S.p.A., Italy	192,344	1,755,223	192,344	1,755,223
Total other accounts payable - related companies	<u>26,963,578</u>	<u>357,390,223</u>	<u>14,718,473</u>	<u>331,405,018</u>
Total other accounts payable - related parties	<u>26,963,578</u>	<u>357,390,223</u>	<u>17,335,912</u>	<u>331,541,758</u>
<u>Long-term loans from related parties</u>				
Subsidiary				
Jalaprathan Concrete Co., Ltd.	-	-	40,000,000	50,000,000
Less: Current portion	<u>-</u>	<u>-</u>	<u>(20,000,000)</u>	<u>(10,000,000)</u>
Long-term loans from subsidiary - net of current portion	<u>-</u>	<u>-</u>	<u>20,000,000</u>	<u>40,000,000</u>

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<u>Related companies</u>				
Ciments Francais S.A., France	466,931,181	135,048,031	466,931,181	135,048,031
Asia Cement Plc.	830,000,000	1,000,000,000	830,000,000	1,000,000,000
Total long-term loans from related companies	1,296,931,181	1,135,048,031	1,296,931,181	1,135,048,031
Less: Current portion	(342,931,181)	(305,048,031)	(342,931,181)	(305,048,031)
Long-term loans from related companies - net of current portion	954,000,000	830,000,000	954,000,000	830,000,000
Total long-term loans from related parties - net of current portion	954,000,000	830,000,000	974,000,000	870,000,000

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

The outstanding balance as at 31 December 2010 represented an outstanding unsecured promissory note amounting to Baht 300 million (2009: Baht 300 million) with an interest rate of MLR-1% per annum. The loan and interest are repayable on 31 December 2010.

In January 2011, Naga Property Co., Ltd. issued a new unsecured promissory note dated 1 January 2011 amounting to Baht 300 million replacing the old one. The interest is MLR-1% per annum and the loan and interest payment were postponed to 31 December 2011.

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

The outstanding balance as at 31 December 2010 represented an outstanding unsecured loan amounting to Baht 40 million (2009: Baht 50 million) with the interest rate at an average of three-month fixed deposit of three local banks plus 2.5% per annum during 12 November 2009 to December 2012. The interest is repayable on quarterly basis. The loan is due for re-payable annually from 2011 to 2012.

(Unit: Million Baht)

<u>Repayment schedule</u>	<u>Principal of loan</u>
December 2011	20
December 2012	20
Total	40

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

The outstanding balances as at 31 December 2010 consisted of unsecured loans of Euro 2.8 million and Baht 354 million (2009: Euro 2.8 million).

The Euro 2.8 million loan was acquired to settle the unpaid technical fee with CTG S.p.A., Italy, a fellow subsidiary. The loan bears interest at the EURIBOR three months rate plus 0.5% per annum. Interest is repayable on a quarterly basis while the loan principal matures on 15 December 2010 or as agreed by the parties. Both parties may agree to extend the repayment schedule for another one year from the original maturity date.

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

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

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

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

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

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

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

Directors and management benefit expenses

In 2010, the Company and its subsidiaries had meeting allowances and gratuities of their directors and management recognised as expenses totaling Baht 2.6 million (The Company only: Baht 2.6 million) (2009: Baht 2.6 million and Baht 2.6 million respectively).

8. Trade accounts receivable

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

	(Unit: Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<u>Related parties</u>				
Age of receivables				
Not yet due	2,625,147	262,190	2,514,360	2,994,425
Past due				
Up to 3 months	1,375,796	7,935	819,192	-
3 - 6 months	903,343	-	-	-
Total	<u>4,904,286</u>	<u>270,125</u>	<u>3,333,552</u>	<u>2,994,425</u>
<u>Unrelated parties</u>				
Age of receivables				
Not yet due	287,537,388	304,062,569	210,037,224	243,559,024
Past due				
Up to 3 months	87,009,539	80,255,901	66,839,983	60,249,038
3 - 6 months	5,696,716	4,798,974	4,319,729	3,760,430
6 - 12 months	4,127,605	3,588,178	880,537	1,443,030
Over 12 months	44,634,608	48,415,014	11,456,264	12,570,550
Total	<u>429,005,856</u>	<u>441,120,636</u>	<u>293,533,737</u>	<u>321,582,072</u>
Less: Allowance for doubtful accounts	<u>(50,658,292)</u>	<u>(50,225,048)</u>	<u>(11,160,542)</u>	<u>(13,377,620)</u>
	<u>378,347,564</u>	<u>390,895,588</u>	<u>282,373,195</u>	<u>308,204,452</u>
Trade accounts receivable - net	<u><u>383,251,850</u></u>	<u><u>391,165,713</u></u>	<u><u>285,706,747</u></u>	<u><u>311,198,877</u></u>

9. Inventories

(Unit: Baht)

Consolidated financial statements						
	Cost		Allowance of diminution in value of inventories		Inventories-net	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Finished products	40,517,595	35,967,815	-	-	40,517,595	35,967,815
Work in process	33,260,720	36,377,759	-	-	33,260,720	36,377,759
Clinker	90,721,086	36,662,985	(2,000,000)	(2,000,000)	88,721,086	34,662,985
Raw materials	225,429,652	158,961,547	(8,000,002)	(5,212,500)	217,429,650	153,749,047
Spare parts and supplies	253,622,401	265,096,381	(167,573,368)	(168,814,211)	86,049,033	96,282,170
Total	643,551,454	533,066,487	(177,573,370)	(176,026,711)	465,978,084	357,039,776

(Unit: Baht)

Separate financial statements						
	Cost		Allowance of diminution in value of inventories		Inventories-net	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Finished products	40,517,595	35,967,815	-	-	40,517,595	35,967,815
Work in process	33,260,720	36,377,759	-	-	33,260,720	36,377,759
Clinker	90,721,086	36,662,985	(2,000,000)	(2,000,000)	88,721,086	34,662,985
Raw materials	222,833,801	156,812,924	(8,000,002)	(5,212,500)	214,833,799	151,600,424
Spare parts and supplies	252,118,786	261,193,460	(167,573,368)	(168,814,211)	84,545,418	92,379,249
Total	639,451,988	527,014,943	(177,573,370)	(176,026,711)	461,878,618	350,988,232

As described in Note 1.1 to the financial statements, it is still uncertain whether the Company will be able to operate at its normal capacity level in the near future. The management determined to record the impairment of spare parts of machines which are related to the clinker production and continued to set up provision for such impairment loss in the balance sheet as in 2009.

10. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
			(%)	(%)				
Jalaprathan Concrete Co., Ltd.	280,000	280,000	99.99	99.99	279,981	279,981	-	-
Naga Property Co., Ltd.	100,000	100,000	100.00	100.00	100,000	100,000	-	-
Total					<u>379,981</u>	<u>379,981</u>	<u>-</u>	<u>-</u>

(Unit: Thousand Baht)

11. Other long-term investments

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Bangkok Bank of Commerce Public Co., Ltd.	5,723,846	5,723,846	5,723,846	5,723,846
Stang Dang II Mutual Fund	-	70,000,000	-	70,000,000
Jalaprathan Transport Co., Ltd.	10,399,440	10,399,440	-	-
Other company	116,300	116,300	116,300	116,300
Total	<u>16,239,586</u>	<u>86,239,586</u>	<u>5,840,146</u>	<u>75,840,146</u>
Less: Allowance for impairment loss of investments	<u>(16,239,586)</u>	<u>(70,684,886)</u>	<u>(5,840,146)</u>	<u>(60,285,446)</u>
Other long-term investments - net	<u>-</u>	<u>15,554,700</u>	<u>-</u>	<u>15,554,700</u>

(Unit: Baht)

In 2010 the Company disposed of all its investment in Stang Dang II Mutual Fund. The difference between net disposal proceeds and the carrying amount of Baht 12 million is recognised as income in the income statement.

12. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements										
	Assets used in the operations					Unused assets but not classified as held for sale					
	Cost basis					Cost basis					
Revaluation basis	Quarries cost	Buildings, leaseholds improvement and structures	Machinery, tools and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Buildings, leaseholds improvement and structures	Machinery, tools and equipment	Motor vehicles	Construction in progress	Total
Cost/revalued amount:											
31 December 2009	1,169,121	45,445	595,077	26,589	37,680	82,211	549,941	2,995,387	254,772	116,222	7,980,993
Additions	-	-	-	117	-	75,630	-	-	-	-	76,394
Disposals/write-off	-	-	(25,558)	(196)	(11,607)	(770)	-	-	-	-	(44,710)
Transfer between accounts	-	-	8,448	129	2,389	(41,779)	-	-	-	-	-
31 December 2010	1,169,121	45,445	577,967	26,639	28,462	115,292	549,941	2,995,387	254,772	116,222	8,012,677
Accumulated depreciation:											
31 December 2009	-	4,329	466,817	23,663	33,525	-	339,040	2,153,078	246,212	-	4,240,957
Depreciation for the year	-	933	16,182	1,051	834	-	-	-	-	-	107,380
Depreciation on disposals/write-off	-	-	(25,515)	(196)	(11,607)	-	-	-	-	-	(43,770)
31 December 2010	-	5,262	457,484	24,518	22,752	-	339,040	2,153,078	246,212	-	4,304,567
Allowance for impairment loss:											
31 December 2009	5,340	-	-	-	-	359	210,901	842,309	8,560	116,222	1,183,691
Increase during the year	-	-	-	-	-	3,334	-	-	-	-	3,334
31 December 2010	5,340	-	-	-	-	3,693	210,901	842,309	8,560	116,222	1,187,025
Net book value:											
31 December 2009	1,163,781	41,116	128,260	2,926	4,155	81,852	-	-	-	-	2,556,345
31 December 2010	1,163,781	40,183	120,483	2,121	5,710	111,599	-	-	-	-	2,521,085
Depreciation for the year											
2009 (Baht 126.7 million included in manufacturing cost, Baht 115.7 million included in other expenses, and the balance in administrative expenses)											242,451
2010 (Baht 107.3 million included in manufacturing cost and the balance in administrative expenses)											107,380

(Unit: Thousand Baht)

Revaluation basis	Separate financial statements											
	Assets used in the operations					Unused assets but not classified as held for sale						
	Cost basis					Cost basis						
Land	Quarries cost	Buildings, leaseholds improvement and structures	Machinery, tools and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Buildings, leaseholds improvement and structures	Machinery, tools and equipment	Motor vehicles	Construction in progress	Total	
Cost/revalued amount:												
31 December 2009	1,169,121	45,445	561,693	1,527,008	23,602	33,262	79,983	549,941	2,995,387	254,772	116,222	7,356,436
Additions	-	-	-	647	117	-	75,321	-	-	-	-	76,085
Disposals/write-off	-	-	(25,402)	-	(128)	(10,140)	(690)	-	-	-	-	(36,360)
Transfer between accounts	-	-	7,905	29,270	66	2,389	(39,630)	-	-	-	-	-
31 December 2010	1,169,121	45,445	544,196	1,556,925	23,657	25,511	114,984	549,941	2,995,387	254,772	116,222	7,396,161
Accumulated depreciation:												
31 December 2009	-	4,329	450,952	823,792	20,874	29,107	-	339,040	2,153,078	246,212	-	4,067,384
Depreciation for the year	-	933	12,167	80,380	957	834	-	-	-	-	-	95,271
Depreciation on disposals/write-off	-	-	(25,402)	-	(128)	(10,140)	-	-	-	-	-	(35,670)
31 December 2010	-	5,262	437,717	904,172	21,703	19,801	-	339,040	2,153,078	246,212	-	4,126,985
Allowance for impairment loss:												
31 December 2009	5,340	-	-	-	-	-	359	210,901	842,309	8,560	116,222	1,183,691
Increase during the year	-	-	-	-	-	-	3,334	-	-	-	-	3,334
31 December 2010	5,340	-	-	-	-	-	3,693	210,901	842,309	8,560	116,222	1,187,025
Net book value:												
31 December 2009	1,163,781	41,116	110,741	703,216	2,728	4,155	79,624	-	-	-	-	2,105,361
31 December 2010	1,163,781	40,183	106,479	652,753	1,954	5,710	111,291	-	-	-	-	2,082,151
Depreciation for the year												
2009 (Baht 114.5 million included in manufacturing cost, Baht 115.7 million included in other expenses, and the balance in administrative expenses)												230,232
2010 (Baht 95.2 million included in manufacturing cost and the balance in administrative expenses)												95,271

As described in Note 1.1 to the financial statements, it is still uncertain whether the Company will be able to operate at its normal capacity level in the near future. The management determined to record the impairment of buildings, machines and equipment which are related to the clinker production and continued to set up provision for such impairment loss in the balance sheet as in 2009.

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

(Unit: Thousand Baht)

	Consolidated financial statements				Separate financial statements	
	Land		Lease assets		Land	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Original cost	62,128	62,128	10,521	10,521	62,128	62,128
Surplus from revaluation	1,106,993	1,106,993	389,479	389,479	1,106,993	1,106,993
Revalued amount	1,169,121	1,169,121	400,000	400,000	1,169,121	1,169,121
Accumulated depreciation	-	-	(8,473)	(8,473)	-	-
Allowance for impairment loss	(5,340)	(5,340)	-	-	(5,340)	(5,340)
Net book value	<u>1,163,781</u>	<u>1,163,781</u>	<u>391,527</u>	<u>391,527</u>	<u>1,163,781</u>	<u>1,163,781</u>

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

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

As at 31 December 2010, certain plant and equipment items have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation and allowance for impairment loss) of those assets amounted to approximately Baht 2,423 million (The Company only: Baht 2,349 million) (2009: Baht 2,450 million and Baht 2,373 million, respectively).

13. Short-term loans from financial institution

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

14. Income tax

14.1 Income tax expenses of the Company and its subsidiaries for the year ended 31 December 2010 and 2009 are as follows:

(Unit: Baht)

	Consolidated financial statement		Separate financial statement	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current income tax:				
Current income tax charge	-	-	-	-
Write-off non-refundable withholding tax deducted at source/overpaid tax/ (overpaid tax received)	(10,138,728)	661,263	(10,559,653)	287,872
Total	<u>(10,138,728)</u>	<u>661,263</u>	<u>(10,559,653)</u>	<u>287,872</u>
Deferred tax:				
Net decrease in deferred tax on temporary differences	13,661,067	26,910,633	23,308,971	27,678,058
Total	<u>13,661,067</u>	<u>26,910,633</u>	<u>23,308,971</u>	<u>27,678,058</u>
Income tax expenses as included in income statements	<u>3,522,339</u>	<u>27,571,896</u>	<u>12,749,318</u>	<u>27,965,930</u>

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

(Unit: Baht)

	Consolidated financial statement		Separate financial statement	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Deferred tax relating to revalued land	<u>332,097,986</u>	<u>332,097,986</u>	<u>332,097,986</u>	<u>332,097,986</u>

14.3 Reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate for the years ended 31 December 2010 and 2009 is as follows:

(Unit: Baht)

	Consolidated financial statement		Separate financial statement	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Accounting loss before tax	(36,753,983)	(1,557,565,184)	(26,169,404)	(1,528,429,354)
Applicable tax rate	30%	30%	30%	30%
Accounting profit before tax multiply with applicable tax rate	(11,026,194)	(467,269,555)	(7,850,821)	(458,528,806)
Deferred taxes assets which were not recognised during the year				
- Tax losses	56,411,188	113,567,650	53,126,136	105,131,942
- Allowance for diminution in value of inventories	-	27,894,022	-	27,894,022
- Allowance for impairment of assets	836,250	352,836,916	836,250	352,836,916
- Employee benefits obligation from cancelled pension plan	20,243,629	-	20,243,629	-
Utilisation of previously unrecognised deferred tax assets				
- Tax losses	(903,904)	-	-	-
- Allowance for diminution in value of inventories	(2,271,008)	-	(2,271,008)	-
- Allowance for impairment of assets	(41,062,136)	-	(41,062,136)	-
Previous year tax loss which were recognised as deferred tax assets during the year	(8,403,904)	-	-	-
Effect of elimination entries on the consolidated financial statements	(492,000)	(492,150)	-	-
Tax effect of non-deductible expenses	329,146	373,750	286,921	343,984
Write-off non-refundable withholding tax deducted at source/overpaid tax/(overpaid tax received)	(10,138,728)	661,263	(10,559,653)	287,872
Income tax expense reported in the income statements	<u>3,522,339</u>	<u>27,571,896</u>	<u>12,749,318</u>	<u>27,965,930</u>

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

(Unit: Baht)

	Consolidated financial statement		Separate financial statement	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Deferred tax assets				
Allowance for doubtful accounts	50,658,292	50,225,048	11,160,542	13,377,620
Allowance for slow moving /defective inventories	89,375,822	83,046,638	89,375,822	83,046,638
Allowance for impairment loss of assets	4,254,549	2,227,675	4,254,549	2,227,675
Allowance for impairment loss of other investments	16,239,586	70,684,886	5,840,146	60,285,446
Provision for quarry restoration costs	3,009,302	2,753,926	3,009,302	2,753,926
Provision for management's bonus	459,000	-	459,000	-
Employee benefits obligation	27,306,326	54,840,948	17,262,749	46,293,716
Tax losses carry forward	28,013,013	-	-	-
	<u>219,315,890</u>	<u>263,779,121</u>	<u>131,362,110</u>	<u>207,985,021</u>
Deferred tax assets (30%)	<u>65,794,767</u>	<u>79,133,736</u>	<u>39,408,633</u>	<u>62,395,506</u>
Deferred tax liabilities				
Depreciation from changing useful lives of assets	1,073,658	-	1,073,658	-
Surplus from revalued land	<u>1,106,993,288</u>	<u>1,106,993,288</u>	<u>1,106,993,288</u>	<u>1,106,993,288</u>
	<u>1,108,066,946</u>	<u>1,106,993,288</u>	<u>1,108,066,946</u>	<u>1,106,993,288</u>
Deferred tax liabilities (30%)	<u>(332,420,084)</u>	<u>(332,097,986)</u>	<u>(332,420,084)</u>	<u>(332,097,986)</u>

14.5 As at 31 December 2010, the Company and its subsidiaries have unused tax losses of approximately Baht 648 million. Deferred tax assets have not been recognised in respect of such tax losses because the management determined that there is uncertainty as to whether adequate sufficient taxable profits will be available to utilise the deferred tax assets.

15. Employee benefits obligation

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

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Defined benefit obligation at the beginning of year	54,840,948	147,543,498	46,293,716	141,851,631
Benefit expenses recognised in the income statements for the year	41,118,128	74,252,592	39,210,783	65,262,717
Benefits paid	(1,173,988)	(166,955,142)	(762,988)	(160,820,632)
Transferred to provident fund	(67,478,762)	-	(67,478,762)	-
Defined benefit obligation at the end of year	<u>27,306,326</u>	<u>54,840,948</u>	<u>17,262,749</u>	<u>46,293,716</u>

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

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current service cost	4,047,381	4,195,510	3,140,984	3,338,720
Interest cost	3,967,482	5,032,723	3,140,197	4,405,604
Past service cost	15,843,648	-	15,843,648	-
Actuarial loss	173,663	1,179,969	-	855,796
Curtailement loss	17,085,954	63,844,390	17,085,954	56,662,597
Total benefit expenses	<u>41,118,128</u>	<u>74,252,592</u>	<u>39,210,783</u>	<u>65,262,717</u>
Benefit expenses included in manufacturing cost	39,210,783	8,600,120	39,210,783	8,600,120
Benefit expenses included in administrative expenses	1,907,345	65,652,472	-	56,662,597

Principal actuarial assumptions at the valuation date were as follows:

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

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

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

16. Revaluation surplus on assets

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

17. Statutory reserve

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

18. Other reserve

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

19. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Salary and wages and other employee benefits	114,746,630	259,675,248	94,219,276	224,752,310
Depreciation	107,380,410	242,451,129	95,270,855	230,232,381
Loss on impairment of assets	3,333,491	1,176,123,055	3,333,491	1,176,123,055
Loss on obsolescence and impairment of spare parts and supplies	1,546,659	98,294,472	1,546,659	98,294,472
Rental expenses from operating lease agreements	22,069,401	17,194,223	2,084,261	2,747,819
Transportation expenses	87,325,758	67,748,577	24,340,465	17,843,253
Management fee	84,613,816	62,042,499	71,489,355	50,936,899
Repair and maintenance expenses	53,839,242	42,006,365	53,004,733	39,608,309
Raw materials and consumables used	1,192,931,127	1,003,186,111	960,046,506	802,550,086
Changes in inventories of finished goods, work in process and clinker	722,275,964	757,960,830	722,275,964	757,960,830

20. Basic loss per share

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

21. Segment information

The Company and its subsidiaries' business operations involve three principal segments: (1) Manufacturing of cement (2) Manufacturing of ready-mixed concrete and (3) Office building rental. These operations are mainly carried on in Thailand. Below is the consolidated financial information for the years ended 31 December 2010 and 2009 of the Company and its subsidiaries by segment.

(Unit: Million Baht)

Consolidated financial statements										
	Cement segment		Ready-mixed concrete segment		Office building rental segment		Elimination of inter-segment revenues		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Revenue from external customers	1,623	1,597	412	344	6	6	-	-	2,041	1,947
Inter-segment revenues	25	22	-	-	-	-	(25)	(22)	-	-
Total revenues	<u>1,648</u>	<u>1,619</u>	<u>412</u>	<u>344</u>	<u>6</u>	<u>6</u>	<u>(25)</u>	<u>(22)</u>	<u>2,041</u>	<u>1,947</u>
Segment operating income (loss)	(31)	(1,374)	(7)	(20)	4	4			(31)	(1,390)
Unallocated income and expenses:										
Interest income									2	1
Other income									57	15
Other expenses									-	(116)
Finance cost									(64)	(68)
Corporate income tax									(4)	(27)
Minority interest									-	-
Net loss									<u>(40)</u>	<u>(1,585)</u>

	Cement segment		Ready-mixed concrete segment		Office building rental segment		Elimination of inter-segment revenues		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Property, plant and equipment	2,082	2,105	48	59	388	390	3	2	2,521	2,556
Other assets	1,597	1,590	242	211	2	1	(759)	(757)	1,082	1,045
Total assets	<u>3,679</u>	<u>3,695</u>	<u>290</u>	<u>270</u>	<u>390</u>	<u>391</u>	<u>(756)</u>	<u>(755)</u>	<u>3,603</u>	<u>3,601</u>

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

22. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both the Company and employees contributed to the fund monthly at the rate of 5% and 3%, respectively, of basic salaries. The fund, which is managed by UOB Asset Management (Thai) Company Limited, will be paid to employees upon termination in accordance with the fund rules.

In December 2010, all employees who were not yet members of the provident fund voluntarily apply to be a member of the Fund. The Company will transfer their pensions of Baht 67 million which are calculated up to 31 December 2010, to the provident fund within March 2011 in accordance with an agreement between the Company and its employees as described in note 15 to the financial statements.

During the year 2010, the Company contributed Baht 0.7 million (2009: Baht 0.8 million) to the fund.

23. Commitments and contingent liabilities

23.1 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of land and motor vehicle. The terms of the agreements are generally between 1 and 15 years.

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

	(Unit: Million Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Payable within:		
1 year	11.26	2.90
2 - 5 years	13.89	2.86
More than 5 years	1.56	-

23.2 Long-term service agreements commitments

- a) The Company and its subsidiaries have entered into agreements relation to the concrete transportation, packing cement and other related services. The Company and its subsidiaries are committed to pay service fees calculated from quantities and distance multiplied by the rate specified in the agreements.
- b) The Company and its subsidiaries have entered into others services agreements, mostly relating to the provision of repair and maintenance of machines and equipments. As at 31 December 2010, there were commitments to be payable under those agreements as follows:

	(Unit: Million Baht)	
	Consolidated financial statements	Separate financial statements
Payable within:		
1 year	14.72	7.40
2 years	1.94	1.94

23.3 Purchase of raw material commitments

As at 31 December 2010, the Company has entered into agreements to purchase of raw materials in the future of approximately Baht 12.77 million.

The Company and its subsidiaries have entered into another agreements regarding to purchase of raw materials in the future. Commitment value will be based on the purchase volume multiplied by contract prices.

23.4 Bank guarantees

As at 31 December 2010, there were outstanding bank guarantees of approximately Baht 48.7 million (The Company only: Baht 46.6 million) issued by banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 45.8 million to guarantee electricity use and Baht 2.9 million for other guarantee.

24. Financial instruments

24.1 Financial risk management policies

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

Credit risk

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

Interest rate risk

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

Significant financial assets and liabilities as at 31 December 2010 classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

Consolidated financial statements

	Fixed interest rates		Non-interest bearing	Total	Effective interest rate
	Within 1 year	Floating interest rate			
	(Million Baht)				(% p.a.)
Financial assets					
Cash and cash equivalent	39.0	58.2	20.4	117.6	0.08 - 1.76
Trade accounts receivable	-	-	383.3	383.3	-
Other accounts receivable - related parties	-	-	7.7	7.7	-
	<u>39.0</u>	<u>58.2</u>	<u>411.4</u>	<u>508.6</u>	
Financial liabilities					
Short-term loans from financial institution	280.0	-	-	280.0	2.30 - 2.90
Trade accounts payable	-	-	512.0	512.0	-
Other accounts payable	-	-	83.0	83.0	-
Long-term loans from related parties	-	1,296.9	-	1,296.9	1.15 - 5.25
	<u>280.0</u>	<u>1,296.9</u>	<u>595.0</u>	<u>2,171.9</u>	

Separate financial statements

	Fixed interest rates		Non-interest bearing	Total	Effective interest rate
	Within 1 year	Floating interest rate			
	(Million Baht)				(% p.a.)
Financial assets					
Cash and cash equivalent	7.0	28.5	18.6	54.1	0.08 - 1.76
Trade accounts receivable	-	-	285.7	285.7	-
Other accounts receivable-related parties	-	-	41.5	41.5	-
Loan to related party	-	300.0	-	300.0	4.99 - 5.25
Investments in subsidiaries	-	-	380.0	380.0	-
	<u>7.0</u>	<u>328.5</u>	<u>725.8</u>	<u>1,061.3</u>	
Financial liabilities					
Short-term loans from financial institution	280.0	-	-	280.0	2.30 - 2.90
Trade accounts payable	-	-	430.7	430.7	-
Other accounts payable	-	-	71.0	71.0	-
Long-term loans from related parties	-	1,336.9	-	1,336.9	1.15 - 5.25
	<u>280.0</u>	<u>1,336.9</u>	<u>501.7</u>	<u>2,118.6</u>	

Foreign currency risk

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

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

Foreign currency	Financial Assets	Financial liabilities	Average exchange rate as at 31 December 2010
	(Million)	(Million)	(Baht per 1 foreign currency unit)
US dollar	0.01	0.05	30.1513
Euro	-	2.90	39.9394

24.2 Fair value of financial instruments

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

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, 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.

25. Capital management

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

According to the balance sheet as at 31 December 2010, the Group's debt-to-equity ratio was 2.76:1 (2009: 2.61:1) and the Company's was 2.32:1 (2009: 2.22:1).

26. Approval of financial statements

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



บริษัท ชลประทานซีเมนต์ จำกัด (มหาชน)
Jalapraphan Cement
Public Company Limited



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