

รายงานประจำปี 2556
ANNUAL REPORT 2013



บริษัท ชลประทานซีเมนต์ จำกัด (มหาชน)
Jalapraphan Cement
Public Company Limited

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ANNUAL REPORT 2013



บริษัท ชลประทานซีเมนต์ จำกัด (มหาชน)
Jalapraphan Cement
Public Company Limited

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Message from the Chairman

Jalaprathan Cement Co., Ltd.



In 2013, the domestic demand for cement totaled approximately 34.3 million tons, an increase of 9.4 compared with the demand in 2012. This was as a result of construction expansion in both the state and private sectors. The expansion included strategic provinces along the Thai border in order to accommodate the economic expansion envisaged by the advent of the ASEAN Economic Community (AEC) in 2015.

In terms of performance in 2013, Jalaprathan Cement Public Company Limited had an income of 2,380 million baht, an increase of 16% on the previous year, yielding a profit of 105 million baht.

In 2012, the Cha-am Plant in Petchaburi Province was the recipient of the “Green Mining Award”, for the second year, and the “Green Industry” award from the Department of Primary Industries and Mines at the Ministry of Industry. It also received the “CSR-DIW Award 2013” from the Department of Industrial Works at the Ministry of Industry. This is a testament to the progress that the company has made and also its management ability to maintain standards that are over and above a sense of corporate social responsibility.

Furthermore, the Takli and Cha-am plants have also organized activities that are beneficial to society on a regular basis. These include the “Golden Naga” scholarships; the provision of lunch and sports equipment to students in schools located in the same vicinity as the Plants. The company also included schools further away, such as a school in Nong Plub Sub-district, Prachuap Khirikhan Province and the construction of a classroom of child development center for the Takli Municipality in Nakhon Sawan Province. “Mobile Medical Clinic” projects have been launched to provide medical services, free of charge, to people residing in areas in the proximity of the Plants. All these activities form part of the Corporate Social Responsibility commitment that the Company has made in accordance with its policies on sustainable development.

Finally, on behalf of the Board of Directors of Jalaprathan Cement Public Company Limited, I would like to express my heartfelt thanks to our benefactors and shareholders and the management and employees of the company for their continued support.

Gen. A. Karnasuta

(Gen. Ayupoon Karnasuta)
Chairman of the Board

Board of Directors, Executive Committee

Jalaprathan Cement Co., Ltd.

Board of Directors

As of 31 December 2013

Chairman

General Ayupoon Karnasuta

Directors

Mr. Giovanni Maggiora

Pol. Gen. Suthep Dhamaraks

Mr. Goran Leopold Seifert

Managing Director

Mr. Roberto Callieri

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 comprising common share of 60,000 shares |
| 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 comprising common share of 120,000,000 shares |
| 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. Roberto Callieri | No | No | No |
| 7. Mr. Nopadol Ramyarupa | No | No | No |

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

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

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

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

6. The remuneration of Board of Directors paid in 2013

| 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 | 186,000 |
| 5. Mr. Goran Leopold Seifert | 180,000 |
| 6. Mr. Roberto Callieri | 180,000 |
| 7. Mr. Nopadol Ramyarupa | 188,000 |
| Total (Baht) | 2,550,000 |

Independent Auditor's Report

To the Shareholders of Jalapathan Cement Public Company Limited

I have audited the accompanying consolidated financial statements of Jalapathan Cement Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2013, 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 Jalapathan 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.

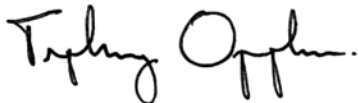
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jalapathan Cement Public Company Limited and its subsidiaries, and of Jalapathan Cement Public Company Limited as at 31 December 2013, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Emphasis of matter

I draw attention to Note 3 to financial statements regarding the change in accounting policy for employee benefits related to recognition of actuarial gains and losses arising from post-employment benefits. The Company has restated the consolidated and separate financial statements for the year ended 31 December 2012, presented herein as comparative information, to reflect the adjustments resulting from such change. The Company has also presented the consolidated and separate statements of financial position as at 1 January 2012 as comparative information, using the changed accounting policy for employee benefits related to recognition of actuarial gains and losses arising from post-employment benefits. My opinion is not qualified in respect of this matter.



Termphong Opanaphan
Certified Public Accountant (Thailand) No. 4501

EY Office Limited
(Formerly known as "Ernst & Young Office Limited")
Bangkok: 27 February 2014

Jalprathan Cement Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2013

(Unit: Baht)

| Note | Consolidated financial statements | | | Separate financial statements | | | |
|---------------------------------|-----------------------------------|----------------------|----------------------|-------------------------------|----------------------|----------------------|----------------------|
| | 31 December 2013 | 31 December 2012 | 1 January 2012 | 31 December 2013 | 31 December 2012 | 1 January 2012 | |
| | | (Restated) | | | (Restated) | | |
| Assets | | | | | | | |
| Current assets | | | | | | | |
| Cash and cash equivalents | 8, 9 | 141,891,485 | 80,067,029 | 75,326,542 | 88,966,397 | 62,107,373 | 48,191,321 |
| Trade and other receivables | 10 | 653,187,824 | 539,387,006 | 425,810,063 | 446,925,496 | 395,192,410 | 339,059,263 |
| Inventories | 11 | 523,221,895 | 499,580,723 | 520,503,807 | 519,601,714 | 496,154,377 | 515,860,480 |
| Input tax refundable | | 11,419,131 | 7,737,197 | 9,031,635 | 8,415,092 | 6,000,599 | 7,682,176 |
| Other current assets | | 4,478,342 | 7,052,795 | 8,500,837 | 1,951,970 | 1,496,650 | 2,337,376 |
| Total current assets | | 1,334,198,677 | 1,133,824,750 | 1,039,172,884 | 1,065,860,669 | 960,951,409 | 913,130,616 |
| Non-current assets | | | | | | | |
| Investments in subsidiaries | 12 | - | - | - | 286,241,767 | 286,241,767 | 286,241,767 |
| Property, plant and equipment | 13 | 2,434,259,927 | 2,484,793,554 | 2,351,510,043 | 2,402,079,633 | 2,452,949,087 | 2,314,300,901 |
| Deferred tax assets | 14 | 38,295,815 | 29,726,430 | 48,552,081 | 33,526,833 | 24,978,151 | 26,959,181 |
| Other non-current assets | | 2,808,681 | 2,496,081 | 2,507,455 | 365,121 | 382,521 | 347,895 |
| Total non-current assets | | 2,475,364,423 | 2,517,016,065 | 2,402,569,579 | 2,722,213,354 | 2,764,551,526 | 2,627,849,744 |
| Total assets | | 3,809,563,100 | 3,650,840,815 | 3,441,742,463 | 3,788,074,023 | 3,725,502,935 | 3,540,980,360 |

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

Jalprathan Cement Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2013

(Unit: Baht)

| Note | Consolidated financial statements | | | Separate financial statements | | | |
|---|-----------------------------------|----------------------|----------------------|-------------------------------|----------------------|----------------------|----------------------|
| | 31 December 2013 | 31 December 2012 | 1 January 2012 | 31 December 2013 | 31 December 2012 | 1 January 2012 | |
| | | (Restated) | | | (Restated) | | |
| Liabilities and shareholders' equity | | | | | | | |
| Current liabilities | | | | | | | |
| Short-term loans from financial institution | 15 | 350,000,000 | 250,000,000 | 180,000,000 | 350,000,000 | 250,000,000 | 180,000,000 |
| Trade and other payables | 16 | 650,224,630 | 776,247,537 | 642,636,940 | 468,331,634 | 568,616,107 | 516,140,147 |
| Current portion of long-term loans from related parties | 9 | 813,174,130 | 414,653,781 | 415,998,975 | 913,174,130 | 434,653,781 | 435,998,975 |
| Short-term provisions | | 900,000 | 2,043,000 | 700,000 | 900,000 | 2,043,000 | 700,000 |
| Income tax payable | | 13,639,077 | 1,608,049 | - | - | - | - |
| Other current liabilities | | 16,131,841 | 14,093,608 | 6,442,691 | 9,818,499 | 8,132,666 | 3,592,651 |
| Total current liabilities | | 1,844,069,678 | 1,458,645,975 | 1,245,778,606 | 1,742,224,263 | 1,263,445,554 | 1,136,431,773 |
| Non-current liabilities | | | | | | | |
| Long-term loans from related parties - net | | | | | | | |
| of current portion | 9 | - | 386,000,000 | 654,000,000 | 125,000,000 | 641,000,000 | 784,000,000 |
| Provision for long-term employee benefits | 17 | 42,738,105 | 42,567,788 | 50,592,573 | 22,397,715 | 21,889,144 | 24,948,540 |
| Long-term provisions | | 3,062,045 | 2,832,946 | 2,944,008 | 3,062,045 | 2,832,946 | 2,944,008 |
| Deferred tax liabilities | 14 | 259,145,354 | 266,357,174 | 221,929,263 | 259,145,354 | 266,357,174 | 221,929,263 |
| Total non-current liabilities | | 304,945,504 | 697,757,908 | 929,465,844 | 409,605,114 | 932,079,264 | 1,033,821,811 |
| Total liabilities | | 2,149,015,182 | 2,156,403,883 | 2,175,244,450 | 2,151,829,377 | 2,195,524,818 | 2,170,253,584 |

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

Jalaprathan Cement Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2013

(Unit: Baht)

| Note | Consolidated financial statements | | | Separate financial statements | | |
|-----------------------------|---|----------------------|----------------------|-------------------------------|----------------------|----------------------|
| | 31 December 2013 | 31 December 2012 | 1 January 2012 | 31 December 2013 | 31 December 2012 | 1 January 2012 |
| | | (Restated) | | | (Restated) | |
| Shareholders' equity | | | | | | |
| Share capital | | | | | | |
| Registered | | | | | | |
| | 120,000,000 ordinary shares of Baht 10 each | 1,200,000,000 | 1,200,000,000 | 1,200,000,000 | 1,200,000,000 | 1,200,000,000 |
| Issued and fully paid | | | | | | |
| | 120,000,000 ordinary shares of Baht 10 each | 1,200,000,000 | 1,200,000,000 | 1,200,000,000 | 1,200,000,000 | 1,200,000,000 |
| | Share premium | 973,768,690 | 973,768,690 | 973,768,690 | 973,768,690 | 973,768,690 |
| Retained earnings | | | | | | |
| Appropriated | | | | | | |
| | Statutory reserve | 54,026,280 | 54,026,280 | 54,026,280 | 54,026,280 | 54,026,280 |
| | Other reserve | 122,000,000 | 122,000,000 | 122,000,000 | 122,000,000 | 122,000,000 |
| | Unappropriated (deficit) | (1,720,520,361) | (1,917,251,287) | (1,968,903,513) | (1,744,802,985) | (1,864,662,824) |
| | Other components of shareholders' equity | 1,031,252,661 | 1,061,876,661 | 885,594,630 | 1,031,252,661 | 885,594,630 |
| | Equity attributable to owners of the Company | 1,660,527,270 | 1,494,420,344 | 1,266,486,087 | 1,636,244,646 | 1,370,726,776 |
| | Non-controlling interests of the subsidiaries | 20,648 | 16,588 | 11,926 | - | - |
| | Total shareholders' equity | 1,660,547,918 | 1,494,436,932 | 1,266,498,013 | 1,636,244,646 | 1,370,726,776 |
| | Total liabilities and shareholders' equity | 3,809,563,100 | 3,650,840,815 | 3,441,742,463 | 3,725,502,935 | 3,540,980,360 |

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

Jalaprathan Cement Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2013

(Unit: Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|------|-----------------------------------|----------------------|-------------------------------|----------------------|
| | | 2013 | 2012 (Restated) | 2013 | 2012 (Restated) |
| Profit or loss: | | | | | |
| Revenues | | | | | |
| Sales | | 3,117,147,727 | 2,556,331,539 | 2,365,718,625 | 2,030,758,912 |
| Interest income | | 1,360,569 | 2,559,127 | 771,860 | 1,153,021 |
| Compensation for flood damage | 21 | - | 16,613,769 | - | 11,670,505 |
| Other income | | 14,565,001 | 11,688,716 | 13,260,397 | 9,820,170 |
| Total revenues | | 3,133,073,297 | 2,587,193,151 | 2,379,750,882 | 2,053,402,608 |
| Expenses | | | | | |
| Cost of sales and rental | | 2,762,027,390 | 2,347,107,357 | 2,100,365,063 | 1,881,691,735 |
| Selling expenses | | 1,523,614 | 8,068,045 | 1,510,000 | 8,059,892 |
| Administrative expenses | | 149,067,809 | 124,706,865 | 122,013,981 | 103,755,304 |
| Allowance for doubtful accounts (reversal) | | 785,576 | (28,759,315) | 179,307 | - |
| Total expenses | | 2,913,404,389 | 2,451,122,952 | 2,224,068,351 | 1,993,506,931 |
| Profit before finance cost and income tax expenses | | 219,668,908 | 136,070,199 | 155,682,531 | 59,895,677 |
| Finance cost | | (56,694,070) | (74,051,483) | (66,319,508) | (78,899,177) |
| Profit (loss) before income tax expenses | | 162,974,838 | 62,018,716 | 89,363,023 | (19,003,500) |
| Income tax expenses | 14 | 1,212,943 | (18,864,716) | 15,989,103 | (1,476,184) |
| Profit (loss) for the year | | 164,187,781 | 43,154,000 | 105,352,126 | (20,479,684) |
| Other comprehensive income: | | | | | |
| Actuarial gains arising from post-employment benefits, net of income tax | 17 | 1,923,205 | 8,502,888 | 914,403 | 3,448,994 |
| Gains on revaluation of land, net of income tax | 13 | - | 176,282,031 | - | 176,282,031 |
| Other comprehensive income for the year | | 1,923,205 | 184,784,919 | 914,403 | 179,731,025 |
| Total comprehensive income for the year | | 166,110,986 | 227,938,919 | 106,266,529 | 159,251,341 |
| Profit (loss) attributable to: | | | | | |
| Equity holders of the Company | | 164,183,789 | 43,149,681 | 105,352,126 | (20,479,684) |
| Non-controlling interests of the subsidiaries | | 3,992 | 4,319 | | |
| | | 164,187,781 | 43,154,000 | | |
| Total comprehensive income attributable to: | | | | | |
| Equity holders of the Company | | 166,106,926 | 227,934,257 | 106,266,529 | 159,251,341 |
| Non-controlling interests of the subsidiaries | | 4,060 | 4,662 | | |
| | | 166,110,986 | 227,938,919 | | |
| Basic earnings per share | | | | | |
| Profit (loss) attributable to equity holders of the Company | 23 | 1.37 | 0.36 | 0.88 | (0.17) |

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

Jalaprathan Cement Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2013

(Unit: Baht)

| | Consolidated financial statements | | | | | | | | | |
|---|--|---------------|----------------------------------|--|--------------------------|--------------------------------|--|--|----------------------------|--|
| | Equity attributable to owners of the Company | | | | | Other components of equity | | | | |
| | Issued and paid-up share capital | Share premium | Appropriated - statutory reserve | Retained earnings - Appropriated - other reserve | Unappropriated (deficit) | Surplus on revaluation of land | Total equity attributable to owners of the Company | Equity attributable to non-controlling interests of the subsidiaries | Total shareholders' equity | |
| Balance as at 31 December 2011 - as previously reported | 1,200,000,000 | 973,768,690 | 54,026,280 | 122,000,000 | (1,951,886,476) | 885,594,630 | 1,283,503,124 | 12,719 | 1,283,515,843 | |
| Cumulative effect of change in accounting policy for employee benefits (Note 5) | - | - | - | - | (17,017,037) | - | (17,017,037) | (793) | (17,017,830) | |
| Balance as at 31 December 2011 - as restated | 1,200,000,000 | 973,768,690 | 54,026,280 | 122,000,000 | (1,968,903,513) | 885,594,630 | 1,266,486,087 | 11,926 | 1,266,498,013 | |
| Profit for the year - restated | - | - | - | - | 43,149,681 | - | 43,149,681 | 4,319 | 43,154,000 | |
| Total comprehensive income for the year - restated | - | - | - | - | 8,502,545 | 176,282,031 | 184,784,576 | 343 | 184,784,919 | |
| Balance as at 31 December 2012 - as restated | 1,200,000,000 | 973,768,690 | 54,026,280 | 122,000,000 | (1,917,251,287) | 1,061,876,661 | 1,494,420,344 | 16,588 | 1,494,436,932 | |
| Balance as at 31 December 2012 - as previously reported | 1,200,000,000 | 973,768,690 | 54,026,280 | 122,000,000 | (1,909,842,888) | 1,061,876,661 | 1,501,828,743 | 16,984 | 1,501,845,727 | |
| Cumulative effect of change in accounting policy for employee benefits (Note 5) | - | - | - | - | (7,408,399) | - | (7,408,399) | (396) | (7,408,795) | |
| Balance as at 31 December 2012 - as restated | 1,200,000,000 | 973,768,690 | 54,026,280 | 122,000,000 | (1,917,251,287) | 1,061,876,661 | 1,494,420,344 | 16,588 | 1,494,436,932 | |
| Reversal revaluation surplus on land as a result of disposal | - | - | - | - | 30,624,000 | (30,624,000) | - | - | - | |
| Profit for the year | - | - | - | - | 164,183,789 | - | 164,183,789 | 3,992 | 164,187,781 | |
| Total comprehensive income for the year | - | - | - | - | 1,923,137 | - | 1,923,137 | 68 | 1,923,205 | |
| Balance as at 31 December 2013 | 1,200,000,000 | 973,768,690 | 54,026,280 | 122,000,000 | (1,720,520,361) | 1,031,252,661 | 1,660,527,270 | 20,648 | 1,660,547,918 | |

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

Jalaprathan Cement Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2013

(Unit: Baht)

| | Separate financial statements | | | | | | |
|---|----------------------------------|---------------|----------------------------------|------------------------------|----------------------------|--------------------------------|----------------------------|
| | Issued and paid-up share capital | Share premium | Retained earnings | | Other components of equity | | Total shareholders' equity |
| | | | Appropriated - statutory reserve | Appropriated - other reserve | Unappropriated (deficit) | Surplus on revaluation of land | |
| Balance as at 31 December 2011 - as previously reported | 1,200,000,000 | 973,768,690 | 54,026,280 | 122,000,000 | (1,859,330,074) | 885,594,630 | 1,376,059,526 |
| Cumulative effect of change in accounting policy for employee benefits (Note 5) | - | - | - | - | (5,332,750) | - | (5,332,750) |
| Balance as at 31 December 2011 - as restated | 1,200,000,000 | 973,768,690 | 54,026,280 | 122,000,000 | (1,864,662,824) | 885,594,630 | 1,370,726,776 |
| Profit for the year - restated | - | - | - | - | (20,479,684) | - | (20,479,684) |
| Total comprehensive income for the year - restated | - | - | - | - | 3,448,994 | 176,282,031 | 179,731,025 |
| Balance as at 31 December 2012 - as restated | 1,200,000,000 | 973,768,690 | 54,026,280 | 122,000,000 | (1,881,693,514) | 1,061,876,661 | 1,529,978,117 |
| Balance as at 31 December 2012 - as previously reported | 1,200,000,000 | 973,768,690 | 54,026,280 | 122,000,000 | (1,880,113,110) | 1,061,876,661 | 1,531,558,521 |
| Cumulative effect of change in accounting policy for employee benefits (Note 5) | - | - | - | - | (1,580,404) | - | (1,580,404) |
| Balance as at 31 December 2012 - as restated | 1,200,000,000 | 973,768,690 | 54,026,280 | 122,000,000 | (1,881,693,514) | 1,061,876,661 | 1,529,978,117 |
| Reversal revaluation surplus on land as a result of disposal | - | - | - | - | 30,624,000 | (30,624,000) | - |
| Profit for the year | - | - | - | - | 105,352,126 | - | 105,352,126 |
| Total comprehensive income for the year | - | - | - | - | 914,403 | - | 914,403 |
| Balance as at 31 December 2013 | 1,200,000,000 | 973,768,690 | 54,026,280 | 122,000,000 | (1,744,802,985) | 1,031,252,661 | 1,636,244,646 |

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

Jalaprathan Cement Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2013

(Unit: Baht)

| | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
|--|--|---------------------------|--------------------------------------|---------------------------|
| | <u>2013</u> | <u>2012</u> (Restated) | <u>2013</u> | <u>2012</u> (Restated) |
| Cash flows from operating activities | | | | |
| Profit (loss) before tax | 162,974,838 | 62,018,716 | 89,363,023 | (19,003,500) |
| Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities | | | | |
| Depreciation | 154,984,457 | 147,129,046 | 145,633,270 | 136,800,579 |
| Allowance for doubtful accounts (reversal) | 431,961 | (33,664,545) | (9,808) | (370,588) |
| Reversal decrease of inventory to net realisable value | (3,782,674) | (5,778,630) | (3,782,674) | (5,778,630) |
| Reversal allowance for impairment loss of investment in subsidiary | - | (10,399,440) | - | - |
| Provision for long-term employee benefits | 3,530,073 | 3,906,946 | 1,753,675 | 1,847,848 |
| Long-term provisions | 530,000 | 50,000 | 530,000 | 50,000 |
| Written off bad debts | 353,615 | 4,905,230 | 189,115 | 370,588 |
| Written off assets | 740,194 | 717,479 | - | - |
| (Gains) losses on sales of plant and equipment | (6,165,188) | 241,340 | (5,804,829) | 370,690 |
| Loss on dissolution of subsidiary | - | 10,285,705 | - | - |
| Unrealised (gains) losses on exchange | 12,738,337 | (1,351,856) | 12,738,337 | (1,351,856) |
| Interest income | - | (659,452) | - | (31,644) |
| Interest expenses | 47,568,096 | 62,636,971 | 59,154,384 | 69,776,377 |
| Income from operating activities before changes in operating assets and liabilities | 373,903,709 | 240,037,510 | 299,764,493 | 182,679,864 |
| Operating assets (increase) decrease | | | | |
| Trade and other receivables | (114,586,394) | (84,817,628) | (51,912,393) | (56,133,147) |
| Inventories | (40,340,043) | 16,400,757 | (40,146,208) | 15,183,776 |
| Other current assets | (4,983,335) | 2,817,567 | (2,873,568) | 2,597,390 |
| Other non-current assets | (312,600) | 11,374 | 17,400 | (34,626) |
| Operating liabilities increase (decrease) | | | | |
| Trade and other payables | (156,169,629) | 105,937,056 | (125,501,099) | 25,971,568 |
| Short-term provisions | (1,143,000) | 1,343,000 | (1,143,000) | 1,343,000 |
| Other current liabilities | 2,038,235 | 7,650,917 | 1,685,834 | 4,540,015 |
| Provision for long-term employee benefits | (955,750) | (1,303,120) | (102,100) | (596,000) |
| Long-term provisions | (300,901) | (161,062) | (300,901) | (161,062) |
| Cash from operating activities | 57,150,292 | 287,916,371 | 79,488,458 | 175,390,778 |
| Cash receipt from previous year income tax | 4,550,433 | 234,742 | 678,334 | 234,742 |
| Cash paid for income tax | (3,692,615) | (509,164) | (674,579) | (309,829) |
| Net cash from operating activities | 58,008,110 | 287,641,949 | 79,492,213 | 175,315,691 |

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

Jalaprathan Cement Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2013

(Unit: Baht)

| | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
|---|--|---------------------------|--------------------------------------|---------------------------|
| | <u>2013</u> | <u>2012</u> (Restated) | <u>2013</u> | <u>2012</u> (Restated) |
| Cash flows from investing activities | | | | |
| Acquisition of plant and equipment | (97,270,672) | (23,823,911) | (91,984,407) | (19,722,589) |
| Proceeds from sales of plant and equipment | 44,865,430 | 2,104,338 | 44,505,000 | 1,924,562 |
| Cash receipt from dissolution of subsidiary | - | 113,735 | - | - |
| Interest income | - | 659,452 | - | 31,644 |
| Net cash used in investing activities | (52,405,242) | (20,946,386) | (47,479,407) | (17,766,383) |
| Cash flows from financing activities | | | | |
| Increase in short-term loans from financial institution | 100,000,000 | 70,000,000 | 100,000,000 | 70,000,000 |
| Cash receipt from long-term loans from related parties | - | 32,000,000 | - | 157,000,000 |
| Repayment of long-term loans from related parties | - | (300,000,000) | (50,000,000) | (300,000,000) |
| Interest expenses | (43,778,412) | (63,955,076) | (55,153,782) | (70,633,256) |
| Net cash from (used in) financing activities | 56,221,588 | (261,955,076) | (5,153,782) | (143,633,256) |
| Net increase in cash and cash equivalents | 61,824,456 | 4,740,487 | 26,859,024 | 13,916,052 |
| Cash and cash equivalents at beginning of year | 80,067,029 | 75,326,542 | 62,107,373 | 48,191,321 |
| Cash and cash equivalents at end of year | 141,891,485 | 80,067,029 | 88,966,397 | 62,107,373 |
| Supplemental cash flows information | | | | |
| Non-cash transactions | | | | |
| Purchases of equipment for which no cash has been paid | 26,139,050 | 28,998,308 | 20,998,035 | 27,367,933 |
| Transferred cement and spare parts to construction in progress during the year | 20,481,545 | 10,300,957 | 20,481,545 | 10,300,957 |

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 year ended 31 December 2013

1. General information

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

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

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

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

In January 2009, Board of Directors’ Meeting no. 1/2009 of the Company passed a resolution to suspend clinker production at Cha-am and Takli plant. Consequently in 2010, the Company operated clinker production at partial capacity at Cha-am plant, and its production volume has increased in 2011. The Company’s management therefore decided to reverse part of the impairment loss recorded in 2009 for buildings, machines and equipment related to clinker production at Cha-am plant, but maintain the impairment loss on spare parts related to clinker production, as described in Note 11 and Note 13 to the financial statements.

During 2013, Takli plant produced clinker at partial production capacity. In the meanwhile, the production volume of clinker at Cha-am plant remains at the same level as previous year. 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.

As at 31 December 2013, the Company’s current liabilities exceeded its current assets by Baht 376 million (2012: Baht 302 million), and it had deficit of Baht 1,745 million in year 2013 (2012: Baht 1,882 million). However, the Company continues to receive financial support from its related parties and expect to be able to resume production at its normal capacity at both plants. In addition, the Company’s management had reoriented the company and change the production plan in order to obtain the production costs which can be compete in the market.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting 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 Jalapathan 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 | |
|-------------------------------|---------------------------------------|----------------------------|-------------|
| | | <u>2013</u> | <u>2012</u> |
| | | % | % |
| Jalapathan Concrete Co., Ltd. | Manufacturing of ready-mixed concrete | 99.99 | 99.99 |
| Naga Property Co., Ltd. | Ceased its operation | 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 the subsidiaries are prepared using the same significant accounting policies as the Company.
- d) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- e) 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.

These accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance do not have any significant impact on the financial statements.

(b) Accounting standards that will become effective in the future

| | | <u>Effective date</u> |
|--------------------------------------|---|-----------------------|
| Accounting Standards: | | |
| TAS 1 (revised 2012) | Presentation of Financial Statements | 1 January 2014 |
| TAS 7 (revised 2012) | Statement of Cash Flows | 1 January 2014 |
| TAS 12 (revised 2012) | Income Taxes | 1 January 2014 |
| TAS 17 (revised 2012) | Leases | 1 January 2014 |
| TAS 18 (revised 2012) | Revenue | 1 January 2014 |
| TAS 19 (revised 2012) | Employee Benefits | 1 January 2014 |
| TAS 21 (revised 2012) | The Effects of Changes in Foreign Exchange Rates | 1 January 2014 |
| TAS 24 (revised 2012) | Related Party Disclosures | 1 January 2014 |
| TAS 28 (revised 2012) | Investments in Associates | 1 January 2014 |
| TAS 31 (revised 2012) | Interests in Joint Ventures | 1 January 2014 |
| TAS 34 (revised 2012) | Interim Financial Reporting | 1 January 2014 |
| TAS 36 (revised 2012) | Impairment of Assets | 1 January 2014 |
| TAS 38 (revised 2012) | Intangible Assets | 1 January 2014 |
| Financial Reporting Standards: | | |
| TFRS 2 (revised 2012) | Share-based Payment | 1 January 2014 |
| TFRS 3 (revised 2012) | Business Combinations | 1 January 2014 |
| TFRS 4 | Insurance Contracts | 1 January 2016 |
| TFRS 5 (revised 2012) | Non-current Assets Held for Sale and Discontinued Operations | 1 January 2014 |
| TFRS 8 (revised 2012) | Operating Segments | 1 January 2014 |
| Accounting Standard Interpretations: | | |
| TSIC 15 | Operating Leases - Incentives | 1 January 2014 |
| TSIC 27 | Evaluating the Substance of Transactions Involving the Legal Form of a Lease | 1 January 2014 |
| TSIC 29 | Service Concession Arrangements: Disclosures | 1 January 2014 |
| TSIC 32 | Intangible Assets - Web Site Costs | 1 January 2014 |

| | | <u>Effective date</u> |
|---|--|-----------------------|
| Financial Reporting Standard Interpretations: | | |
| TFRIC 1 | Changes in Existing Decommissioning, Restoration and Similar Liabilities | 1 January 2014 |
| TFRIC 4 | Determining whether an Arrangement contains a Lease | 1 January 2014 |
| TFRIC 5 | Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds | 1 January 2014 |
| TFRIC 7 | Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i> | 1 January 2014 |
| TFRIC 10 | Interim Financial Reporting and Impairment | 1 January 2014 |
| TFRIC 12 | Service Concession Arrangements | 1 January 2014 |
| TFRIC 13 | Customer Loyalty Programmes | 1 January 2014 |
| TFRIC 17 | Distributions of Non-cash Assets to Owners | 1 January 2014 |
| TFRIC 18 | Transfers of Assets from Customers | 1 January 2014 |

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

5. Cumulative effect of change in accounting policy for employee benefits

During the year, the Company and its subsidiaries changed their accounting policy for employee benefits related to recognition of actuarial gains and losses arising from post-employment benefits. The cumulative effect of the change in the accounting policy has been separately presented in the statements of changes in shareholders' equity.

The amounts of adjustments affecting the statements of financial position and the statements of comprehensive income are summarised below.

(Unit: Thousand Baht)

| | Consolidated financial statements | | | Separate financial statements | | |
|--|-----------------------------------|---------------------|-------------------|-------------------------------|---------------------|-------------------|
| | As at | As at | As at | As at | As at | As at |
| | 31 December 2013 | 31 December 2012 | 1 January 2012 | 31 December 2013 | 31 December 2012 | 1 January 2012 |
| Statements of financial position | | | | | | |
| Increase in deferred tax assets | 1,293 | 1,852 | 4,254 | 167 | 395 | 1,333 |
| Increase in provision for long-term employee benefits | (6,462) | (9,261) | (21,272) | (832) | (1,975) | (6,666) |
| Decrease in non-controlling interests of the subsidiary | - | 1 | 1 | - | - | - |
| Decrease in unappropriated retained earnings | 5,169 | 7,408 | 17,017 | 666 | 1,580 | 5,333 |

(Unit: Thousand Baht)

| | For the years ended 31 December | | | | |
|--|---------------------------------|-------|----------------------|------|-------|
| | Consolidated | | Separate | | |
| | financial statements | | financial statements | | |
| | 2013 | 2012 | 2013 | 2012 | |
| Statements of comprehensive income | | | | | |
| Profit or loss: | | | | | |
| Decrease in administrative expenses | | (395) | (1,383) | - | (379) |
| Increase in income tax income | | 79 | 277 | - | 76 |
| Increase in profit attributable to non-controlling interests of the subsidiary | | - | - | - | - |
| Increase in profit attributable to equity holders of the Company | | 316 | 1,106 | - | 303 |
| Increase in basic earnings per share (Baht) | | 0.003 | 0.009 | - | 0.003 |
| Other comprehensive income: | | | | | |
| Increase in actuarial gains arising from post- employment benefits, net of income tax | | 1,923 | 8,503 | 914 | 3,449 |

6. Significant accounting policies

6.1 Revenue recognition

Sales of goods

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

Rental income

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

Interest income

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

6.2 Cash and cash equivalents

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

6.3 Trade accounts receivable

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

6.4 Inventories

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

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

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

6.5 Investments

Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

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

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

6.6 Property, plant and equipment/Depreciation

Land is stated at revalued amount less allowance for loss on impairment of assets.

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.

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

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

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

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

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

Depreciation is included in determining income.

No depreciation is provided on land and construction in progress.

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

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

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

6.7 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.

6.8 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.

6.9 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items included in the consolidated financial statements of each entity are measured using that functional currency.

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

Gains and losses on exchange are included in determining income.

6.10 Impairment of assets

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

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

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

6.11 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

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

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

6.12 Provisions

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

6.13 Income tax

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

Current tax

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

Deferred Tax

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

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

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

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

7. Significant accounting judgments and estimates

The preparation of financial statements in conformity with 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.

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.

8. Cash and cash equivalents

| | (Unit: Thousand Baht) | | | |
|---------------|-----------------------|---------------|----------------------|---------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | <u>2013</u> | <u>2012</u> | <u>2013</u> | <u>2012</u> |
| Bank deposits | 141,891 | 80,067 | 88,966 | 62,107 |
| Total | <u>141,891</u> | <u>80,067</u> | <u>88,966</u> | <u>62,107</u> |

As at 31 December 2013, bank deposits in saving accounts carried interests at the rate 0.5-0.63 percent per annum (2012: 0.63 percent per annum)

9. Related party transactions

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

| | (Unit: Million Baht) | | | |
|--|----------------------|-------------|----------------------|-------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | <u>2013</u> | <u>2012</u> | <u>2013</u> | <u>2012</u> |
| <u>Transactions with parent company</u> | | | | |
| Sales of goods | 66 | 1 | 66 | 1 |
| Trademark license fee income | 2 | 2 | 2 | 2 |
| Purchases of goods | 787 | 826 | 601 | 704 |
| Trademark license fee | 2 | 2 | 2 | 2 |
| Management fee | 70 | 79 | 66 | 75 |
| Penalty due to failure to buy goods in the amount specified in the agreement | 26 | 8 | 26 | 8 |
| Interest expenses | 18 | 37 | 18 | 37 |
| <u>Transactions with subsidiaries</u> | | | | |
| (eliminated from the consolidated financial statements) | | | | |
| Sales of goods | - | - | 46 | 30 |
| Interest expenses | - | - | 12 | 7 |
| <u>Transactions with related companies</u> | | | | |
| Sales of goods and raw materials | 30 | 12 | - | 1 |
| Purchases of goods | 36 | 21 | 19 | 11 |
| Trademark license fee | 6 | 3 | 6 | 3 |
| Management fee | 47 | 31 | 28 | 17 |
| Interest expenses | 30 | 26 | 30 | 26 |

The balances of accounts as at 31 December 2013 and 2012 between the Company, its subsidiaries and those related parties are as follows:

| | (Unit: Thousand Baht) | | | |
|---|-----------------------|-------------|----------------------|-------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | <u>2013</u> | <u>2012</u> | <u>2013</u> | <u>2012</u> |
| <u>Bank deposits - related party</u> | | | | |
| Related financial institution | | | | |
| (related by common shareholders) | 48,791 | 7,900 | 25,415 | 4,283 |
| Total bank deposits with related party | 48,791 | 7,900 | 25,415 | 4,283 |

| | (Unit: Thousand Baht) | | | |
|---|-----------------------|------------------|----------------------|------------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | <u>2013</u> | <u>2012</u> | <u>2013</u> | <u>2012</u> |
| <u>Trade and other receivables - related parties (Note 10)</u> | | | | |
| Parent company | 67,758 | 20,488 | 67,685 | 20,488 |
| Subsidiary | - | - | 15,505 | 10,669 |
| Related companies (related by common shareholders) | 14,201 | 642 | - | - |
| Total trade and other receivables - related parties | <u>81,959</u> | <u>21,130</u> | <u>83,190</u> | <u>31,157</u> |
| <u>Short-term loans from related party (Note 15)</u> | | | | |
| Related financial institution (related by common shareholders) | 350,000 | 250,000 | 350,000 | 250,000 |
| Total short-term loans from related party | <u>350,000</u> | <u>250,000</u> | <u>350,000</u> | <u>250,000</u> |
| <u>Trade and other payables - related parties (Note 16)</u> | | | | |
| Parent company | 237,596 | 454,043 | 164,898 | 322,308 |
| Subsidiary | - | - | 13,571 | 8,264 |
| Related companies (related by common shareholders) | 82,971 | 39,022 | 41,344 | 12,518 |
| Total trade and other payables - related parties | <u>320,567</u> | <u>493,065</u> | <u>219,813</u> | <u>343,090</u> |
| <u>Long-term loans from - related parties</u> | | | | |
| Parent company | 300,000 | 300,000 | 300,000 | 300,000 |
| Subsidiary | - | - | 225,000 | 275,000 |
| Related companies (related by common shareholders) | 513,174 | 500,654 | 513,174 | 500,654 |
| Total | 813,174 | 800,654 | 1,038,174 | 1,075,654 |
| Less: portion due within one year | <u>(813,174)</u> | <u>(414,654)</u> | <u>(913,174)</u> | <u>(434,654)</u> |
| Long-term loans from related parties - net of current portion | <u>-</u> | <u>386,000</u> | <u>125,000</u> | <u>641,000</u> |

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

The outstanding balances as at 31 December 2013 represented 3 unsecured promissory notes as follows.

- Promissory note dated 29 December 2011 amounting to Baht 100 million (2012: Baht 130 million), maturing within 2014.
- Promissory note dated 25 December 2012 amounting to Baht 25 million (2012: Baht 25 million), maturing on 29 December 2015.
- Promissory note dated 27 December 2012 amounting to Baht 100 million (2012: Baht 100 million), maturing on 29 December 2015.

Interest on these loans is payable on a quarterly basis at a rate equal to the average three-month fixed deposit of three local banks plus 2.5 percent per annum.

Long-term loans from related companies

The outstanding balances as at 31 December 2013 consisted of unsecured loans of Euro 2.8 million and Baht 386 million (2012: Euro 2.8 million and Baht 386 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 from the original maturity date.

The second loan of Baht 386 million (2012: Baht 386 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.

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

The outstanding balances as at 31 December 2013 secured by Ciments Francais S.A., France, represented an outstanding loan of Baht 300 million (2012: Baht 300 million) carrying interest at a floating rate equal to the average MLR of three local banks minus 1.0 percent per annum. Interest is repayable on a quarterly basis and the loan was to be repayable within 2013.

Directors and management's benefits

During the year ended 31 December 2013 and 2012, 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>2013</u> | <u>2012</u> | <u>2013</u> | <u>2012</u> |
| Short-term employee benefits | 2.6 | 2.6 | 2.6 | 2.6 |

10. Trade and other receivables

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|--|----------------------|-------------|----------------------|-------------|
| | financial statements | | financial statements | |
| | <u>2013</u> | <u>2012</u> | <u>2013</u> | <u>2012</u> |
| <u>Trade receivables - related parties</u> | | | | |
| Aged on the basis of due dates | | | | |
| Not yet due | 32,978 | 2,183 | 33,145 | 10,540 |
| Past due | | | | |
| Up to 3 months | 23,185 | - | 23,100 | 133 |
| Total trade receivables related parties | 56,163 | 2,183 | 56,245 | 10,673 |
| <u>Trade receivables - unrelated parties</u> | | | | |
| Aged on the basis of due dates | | | | |
| Not yet due | 390,536 | 422,079 | 253,820 | 296,821 |
| Past due | | | | |
| Up to 3 months | 149,574 | 89,098 | 103,631 | 62,797 |
| 3 - 6 months | 6,591 | 2,754 | 3,285 | 1,522 |
| 6 - 12 months | 1,684 | 1,325 | 186 | 946 |
| Over 12 months | 7,755 | 7,185 | 4,949 | 4,441 |
| Total | 556,140 | 522,441 | 365,871 | 366,527 |
| Less: Allowance for doubtful accounts | (8,678) | (8,246) | (5,173) | (5,183) |
| Total trade receivables - unrelated parties, net | 547,462 | 514,195 | 360,698 | 361,344 |
| Total trade receivables - net | 603,625 | 516,378 | 416,943 | 372,017 |
| <u>Other receivables</u> | | | | |
| Other receivables - related parties | 25,796 | 18,947 | 26,945 | 20,484 |
| Other receivables - unrelated parties | 23,767 | 4,062 | 3,037 | 2,691 |
| Total other receivables | 49,563 | 23,009 | 29,982 | 23,175 |
| Total trade and other receivables - net | 653,188 | 539,387 | 446,925 | 395,192 |

Approximately Baht 1.7 million of the subsidiary's trade accounts receivables as at 31 December 2013 was factoring with recourse to a bank. The amount received from factoring has been recorded as a secured liability under the caption of "Trade and other payables" in the statement of financial position.

11. Inventories

(Unit: Thousand Baht)

Consolidated financial statements

| | Cost | | Reduce cost to net realisable value | | Inventories-net | |
|--------------------------|----------------|----------------|--|------------------|-----------------|----------------|
| | <u>2013</u> | <u>2012</u> | <u>2013</u> | <u>2012</u> | <u>2013</u> | <u>2012</u> |
| | Finished goods | 45,030 | 43,572 | - | - | 45,030 |
| Work in process | 27,003 | 30,668 | - | - | 27,003 | 30,668 |
| Clinker | 106,525 | 65,424 | (2,000) | (2,000) | 104,525 | 63,424 |
| Raw materials | 248,602 | 273,519 | (4,005) | (4,005) | 244,597 | 269,514 |
| Spare parts and supplies | 257,518 | 251,636 | (155,451) | (159,233) | 102,067 | 92,403 |
| Total | 684,678 | 664,819 | (161,456) | (165,238) | 523,222 | 499,581 |

(Unit: Thousand Baht)

Separate financial statements

| | Cost | | Reduce cost to net realisable value | | Inventories-net | |
|--------------------------|----------------|----------------|--|------------------|-----------------|----------------|
| | <u>2013</u> | <u>2012</u> | <u>2013</u> | <u>2012</u> | <u>2013</u> | <u>2012</u> |
| | Finished goods | 45,030 | 43,572 | - | - | 45,030 |
| Work in process | 27,003 | 30,668 | - | - | 27,003 | 30,668 |
| Clinker | 106,525 | 65,424 | (2,000) | (2,000) | 104,525 | 63,424 |
| Raw materials | 244,982 | 270,092 | (4,005) | (4,005) | 240,977 | 266,087 |
| Spare parts and supplies | 257,518 | 251,636 | (155,451) | (159,233) | 102,067 | 92,403 |
| Total | 681,058 | 661,392 | (161,456) | (165,238) | 519,602 | 496,154 |

As described in Note 1 to the financial statements, the management continued to record the impairment of spare parts of machines which are related to the clinker production as at 31 December 2013 amounting to Baht 62 million (2012: Baht 75 million) in the statements of financial position.

12. Investments in subsidiaries

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

(Unit: Thousand Baht)

| Company's name | Paid-up capital | | Shareholding percentage | | Cost | |
|--|-----------------|-------------|-------------------------|-------------|-----------------|-----------------|
| | <u>2013</u> | <u>2012</u> | <u>2013</u> | <u>2012</u> | <u>2013</u> | <u>2012</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 | | | | | 379,981 | 379,981 |
| Less: Allowance for impairment loss of investments | | | | | <u>(93,739)</u> | <u>(93,739)</u> |
| Investments in subsidiaries - net | | | | | <u>286,242</u> | <u>286,242</u> |

The Company had no dividend received from its subsidiaries during 2013 and 2012.

13. 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, leaseholds improvement and structures | Machinery, tools and equipment | Furniture, fixtures and office equipment | Motor vehicles | Construction in progress | Land | Buildings, leaseholds improvement and structures | Machinery, tools and equipment | Motor vehicles | Construction in progress | Total |
| Cost/revalued amount: | | | | | | | | | | | | |
| As at 1 January 2012 | 1,042,656 | 45,445 | 859,256 | 3,521,938 | 25,719 | 159,680 | 128,465 | 275,469 | 1,261,535 | 115,631 | 76,440 | 7,868,937 |
| Additions | - | - | - | 1,636 | 374 | - | - | - | - | - | - | 63,123 |
| Disposals/write-off | - | - | (529) | (3,745) | (1,098) | (933) | - | - | - | - | - | (8,600) |
| Transfer between accounts | (175) | 175 | 527 | 12,448 | 15 | 2,210 | - | - | - | - | - | - |
| Revaluations | 208,353 | - | - | - | - | - | 12,000 | - | - | - | - | 220,353 |
| As at 31 December 2012 | 1,250,834 | 45,620 | 859,254 | 3,532,277 | 25,010 | 160,957 | 138,465 | 275,469 | 1,261,535 | 115,631 | 76,440 | 7,943,813 |
| Additions | - | - | - | 2,346 | 35 | - | - | - | - | - | - | 143,891 |
| Disposals/write-off | - | - | (1,851) | (4,137) | (5) | (1,921) | (38,700) | - | - | (6,500) | - | (53,114) |
| Transfer between accounts | - | - | 11,616 | 128,662 | 1,257 | 9,467 | - | - | - | - | - | - |
| As at 31 December 2013 | 1,250,834 | 45,620 | 869,019 | 3,659,148 | 26,297 | 168,503 | 99,765 | 275,469 | 1,261,535 | 109,131 | 76,440 | 8,034,590 |
| Accumulated depreciation: | | | | | | | | | | | | |
| As at 1 January 2012 | - | 6,483 | 660,353 | 2,646,867 | 24,356 | 151,615 | - | 151,709 | 643,221 | 109,291 | - | 4,393,895 |
| Depreciation for the year | - | - | 21,976 | 123,287 | 657 | 1,209 | - | - | - | - | - | 147,129 |
| Depreciation on disposals/write-off | - | - | (413) | (3,094) | (1,097) | (933) | - | - | - | - | - | (5,637) |
| As at 31 December 2012 | - | 6,483 | 681,916 | 2,767,060 | 23,916 | 151,891 | - | 151,709 | 643,221 | 109,291 | - | 4,535,487 |
| Depreciation for the year | - | - | 20,790 | 130,968 | 424 | 2,802 | - | - | - | - | - | 154,984 |
| Depreciation on disposals/write-off | - | - | (1,592) | (3,656) | (5) | (1,920) | - | - | - | (6,500) | - | (13,673) |
| As at 31 December 2013 | - | 6,483 | 701,114 | 2,894,372 | 24,335 | 152,773 | - | 151,709 | 643,221 | 102,791 | - | 4,676,798 |

(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, leaseholds improvement and structures | Machinery, tools and equipment | Furniture, fixtures and office equipment | Motor vehicles | Construction in progress | Land | Buildings, leaseholds improvement and structures | Machinery, tools and equipment | Motor vehicles | Construction in progress | Total |
| 5,340 | - | 22,148 | 65,348 | - | 2,149 | 3,693 | - | 123,760 | 618,314 | 6,340 | 76,440 | 923,532 |
| 5,340 | - | 22,148 | 65,348 | - | 2,149 | 3,693 | - | 123,760 | 618,314 | 6,340 | 76,440 | 923,532 |
| 5,340 | - | 22,148 | 65,348 | - | 2,149 | 3,693 | - | 123,760 | 618,314 | 6,340 | 76,440 | 923,532 |
| Net book value: | | | | | | | | | | | | |
| As at 31 December 2012 | 39,137 | 155,190 | 699,869 | 1,094 | 6,917 | 198,628 | 138,465 | - | - | - | - | 2,484,794 |
| As at 31 December 2013 | 39,137 | 145,757 | 699,428 | 1,962 | 13,581 | 189,136 | 99,765 | - | - | - | - | 2,434,260 |

Depreciation for the year

2012 (Baht 147 million included in manufacturing cost and the balance in administrative expenses)

2013 (Baht 155 million included in manufacturing cost and the balance in administrative expenses)

147,129

154,984

(Unit: Thousand Baht)

| Revaluation basis | Separate financial statements | | | | | | | | | | | |
|-------------------|-------------------------------|--|--------------------------------|--|----------------|---|----------|--|--------------------------------|----------------|--------------------------|-----------|
| | Assets used in the operations | | | | | Unused assets but not classified as held for sale | | | | | | |
| | Cost basis | | | | | Revaluation basis | | | | | | |
| Land | Quarries cost | Buildings, leaseholds improvement and structures | Machinery, tools and equipment | Furniture, fixtures and office equipment | Motor vehicles | Construction in progress | Land | Buildings, leaseholds improvement and structures | Machinery, tools and equipment | Motor vehicles | Construction in progress | Total |
| 1,042,656 | 45,445 | 825,058 | 3,346,816 | 22,721 | 156,729 | 158,288 | 126,465 | 275,469 | 1,261,535 | 115,631 | 76,440 | 7,453,253 |
| - | - | - | 1,636 | 374 | - | 55,381 | - | - | - | - | - | 57,391 |
| - | - | - | - | - | (933) | (2,295) | - | - | - | - | - | (3,228) |
| (175) | 175 | - | 11,027 | - | 2,210 | (13,237) | - | - | - | - | - | - |
| 208,353 | - | - | - | - | - | - | 12,000 | - | - | - | - | 220,353 |
| 1,250,834 | 45,620 | 825,058 | 3,359,479 | 23,095 | 158,006 | 198,137 | 138,465 | 275,469 | 1,261,535 | 115,631 | 76,440 | 7,727,769 |
| - | - | - | 2,346 | 35 | - | 131,083 | - | - | - | - | - | 133,464 |
| - | - | - | (1,177) | - | - | - | (38,700) | - | - | (6,500) | - | (46,377) |
| - | - | 10,600 | 124,872 | 854 | 9,467 | (145,793) | - | - | - | - | - | - |
| 1,250,834 | 45,620 | 835,658 | 3,485,520 | 23,984 | 167,473 | 183,427 | 99,765 | 275,469 | 1,261,535 | 109,131 | 76,440 | 7,814,856 |
| - | 6,483 | 637,197 | 2,497,356 | 21,499 | 148,664 | - | - | 151,709 | 643,221 | 109,291 | - | 4,215,420 |
| - | - | 18,563 | 116,423 | 606 | 1,209 | - | - | - | - | - | - | 136,801 |
| - | - | - | - | - | (933) | - | - | - | - | - | - | (933) |
| - | 6,483 | 655,760 | 2,613,779 | 22,105 | 148,940 | - | - | 151,709 | 643,221 | 109,291 | - | 4,351,288 |
| - | - | 18,020 | 124,428 | 383 | 2,802 | - | - | - | - | - | - | 145,633 |
| - | - | - | (1,177) | - | - | - | - | - | - | (6,500) | - | (7,677) |
| - | 6,483 | 673,780 | 2,737,030 | 22,488 | 151,742 | - | - | 151,709 | 643,221 | 102,791 | - | 4,489,244 |

Cost/revalued amount:

As at 1 January 2012

Additions

Disposals/write-off

Transfer between accounts

Revaluations

As at 31 December 2012

Additions

Disposals/write-off

Transfer between accounts

As at 31 December 2013

Accumulated depreciation:

As at 1 January 2012

Depreciation for the year

Depreciation on disposals

/write-off

As at 31 December 2012

Depreciation for the year

Depreciation on disposals

/write-off

As at 31 December 2013

(Unit: Thousand Baht)

Separate financial statements (continued)

| Revaluation basis | Assets used in the operations | | | | | | | Unused assets but not classified as held for sale | | | | | |
|---|-------------------------------|---------------|--|--------------------------------|--|----------------|--------------------------|---|--|--------------------------------|----------------|--------------------------|-----------|
| | Cost basis | | | | | | | Revaluation basis | | | | | |
| | Land | Quarries cost | Buildings, leaseholds improvement and structures | Machinery, tools and equipment | Furniture, fixtures and office equipment | Motor vehicles | Construction in progress | Land | Buildings, leaseholds improvement and structures | Machinery, tools and equipment | Motor vehicles | Construction in progress | Total |
| Allowance for impairment loss: | | | | | | | | | | | | | |
| As at 1 January 2012 | 5,340 | - | 22,148 | 65,348 | - | 2,149 | 3,693 | - | 123,760 | 618,314 | 6,340 | 76,440 | 923,532 |
| As at 31 December 2012 | 5,340 | - | 22,148 | 65,348 | - | 2,149 | 3,693 | - | 123,760 | 618,314 | 6,340 | 76,440 | 923,532 |
| As at 31 December 2013 | 5,340 | - | 22,148 | 65,348 | - | 2,149 | 3,693 | - | 123,760 | 618,314 | 6,340 | 76,440 | 923,532 |
| Net book value: | | | | | | | | | | | | | |
| As at 31 December 2012 | 1,245,494 | 39,137 | 147,150 | 680,352 | 990 | 6,917 | 194,444 | 138,465 | - | - | - | - | 2,452,949 |
| As at 31 December 2013 | 1,245,494 | 39,137 | 139,730 | 683,142 | 1,496 | 13,582 | 179,734 | 99,765 | - | - | - | - | 2,402,080 |
| Depreciation for the year | | | | | | | | | | | | | |
| 2012 (Baht 136 million included in manufacturing cost and the balance in administrative expenses) | | | | | | | | | | | | | |
| 2013 (Baht 145 million included in manufacturing cost and the balance in administrative expenses) | | | | | | | | | | | | | |
| | | | | | | | | | | | | 136,801 | |
| | | | | | | | | | | | | 145,633 | |

As described in Note 1 to the financial statements, during 2011, the management considered to transfer assets related to the clinker production at Cha-Am plant from unused assets to assets used in the operations and reversed the impairment of those assets which are related to the clinker production amounting to Baht 263 million. However, the management continue to maintain the provision for impairment of assets at Takli plant as recorded in 2009.

As at 31 December 2013, the allowance for impairment loss of the assets related to the clinker production amounted to Baht 914 million (2012: Baht 914 million).

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

| | (Unit: Thousand Baht) | |
|-------------------------------------|---|------------------|
| | Consolidated / Separate financial statements | |
| | <u>2013</u> | <u>2012</u> |
| Original cost | 61,533 | 61,953 |
| Surplus from revaluation | 1,289,066 | 1,327,346 |
| Revalued amount | 1,350,599 | 1,389,299 |
| Less: Allowance for impairment loss | (5,340) | (5,340) |
| Net book value | <u>1,345,259</u> | <u>1,383,959</u> |

During 2012, the Company 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 in the consolidated statement of comprehensive income and the separate statement of comprehensive income for the year ended 31 December 2012 as follows.

| | (Unit: Thousand Baht) |
|-------------------------------------|---|
| | Consolidated / Separate financial statements |
| Other comprehensive income: | |
| Gains on revaluations of land | 220,353 |
| Less: Effect of deferred tax | (44,071) |
| Gains on revaluations of land - net | <u>176,282</u> |

As at 31 December 2013, 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 to approximately Baht 2,522 million (2012: Baht 2,479 million) (Separate financial statements: Baht 2,428 million (2012: Baht 2,390 million)).

14. Income tax

14.1 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.

14.2 Income tax expenses of the Company and its subsidiaries for the years ended 31 December 2013 and 2012 are as follows:

| | (Unit: Thousand Baht) | | | |
|---|-----------------------|---------------|----------------------|--------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | <u>2013</u> | <u>2012</u> | <u>2013</u> | <u>2012</u> |
| | | (Restated) | | (Restated) |
| Current income tax: | | | | |
| Current income tax charge | 14,954 | 1,800 | - | - |
| Under recorded of last year income tax | 95 | - | - | - |
| Write-off of non-refundable withholding tax deducted at source/overpaid tax/(overpaid tax received) | - | 7 | - | - |
| Total | <u>15,049</u> | <u>1,807</u> | <u>-</u> | <u>-</u> |
| Deferred tax: | | | | |
| Relating to origination and reversal of temporary differences | (16,262) | 18,508 | (15,989) | 1,686 |
| Effect of changes in the applicable tax rates | - | (1,450) | - | (210) |
| Total | <u>(16,262)</u> | <u>17,058</u> | <u>(15,989)</u> | <u>1,476</u> |
| Income tax expenses as included in profit or loss | <u>(1,213)</u> | <u>18,865</u> | <u>(15,989)</u> | <u>1,476</u> |

14.3 The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2013 and 2012 are as follows:

| | (Unit: Thousand Baht) | | | |
|--|-----------------------|---------------|----------------------|---------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | <u>2013</u> | <u>2012</u> | <u>2013</u> | <u>2012</u> |
| Surplus revaluation of land | | | | |
| Deferred tax relating to gain on revaluation of land | - | 44,071 | - | 44,071 |
| | <u>-</u> | <u>44,071</u> | <u>-</u> | <u>44,071</u> |

14.4 Reconciliation between income tax expense and the product of accounting profit (loss) multiplied by the applicable tax rate for the years ended 31 December 2013 and 2012 is as follows:

| | (Unit: Thousand Baht) | | | |
|---|-----------------------|---------------|----------------------|--------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | <u>2013</u> | <u>2012</u> | <u>2013</u> | <u>2012</u> |
| | | (Restated) | | (Restated) |
| Accounting profit (loss) before tax | 162,975 | 62,019 | 89,363 | (19,003) |
| Applicable tax rate | 20% | 23% | 20% | 23% |
| Accounting profit (loss) before tax multiply with applicable tax rate | 32,595 | 14,223 | 17,872 | (4,382) |
| Deferred taxes assets which were not recognised during the year | | | | |
| - Tax losses | (10,211) | 27,130 | (10,209) | 27,126 |
| Utilisation of previously unrecognised deferred tax assets | | | | |
| - Allowance for diminution in value of inventories | (2,463) | (1,209) | (2,463) | (1,209) |
| - Allowance for impairment of assets | (15,297) | (18,977) | (15,297) | (18,977) |
| Previous year tax losses which were recognised as deferred tax assets during the year | (6,696) | - | (6,696) | - |
| Tax effect of non-deductible expenses | 8,420 | (859) | 8,460 | (872) |
| Tax effect of reversal surplus revaluation of land | (7,656) | - | (7,656) | - |
| Write-off of non-refundable withholding tax deducted at source / overpaid tax/(overpaid tax received) | - | 7 | - | - |
| Under recorded of last year income tax | 95 | - | - | - |
| Effect of changes in the applicable tax rates | - | (1,450) | - | (210) |
| Income tax expense reported in profit or loss | <u>(1,213)</u> | <u>18,865</u> | <u>(15,989)</u> | <u>1,476</u> |

14.5 The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

| | Consolidated | | | Separate | | |
|---|------------------------------|--|----------------------------|------------------------------|--|----------------------------|
| | financial statements | | | financial statements | | |
| | As at 31 December 2013 | As at 31 December 2012 (Restated) | As at 1 January 2012 | As at 31 December 2013 | As at 31 December 2012 (Restated) | As at 1 January 2012 |
| Deferred tax assets | | | | | | |
| Allowance for doubtful accounts | 8,678 | 8,246 | 41,910 | 5,173 | 5,183 | 5,554 |
| Allowance for diminution in value of inventories | 99,264 | 90,731 | 91,254 | 99,264 | 90,731 | 91,254 |
| Allowance for impairment loss of other long-term investments | - | - | 16,240 | - | - | 5,840 |
| Allowance for impairment loss of assets | 4,255 | 4,255 | 4,255 | 4,255 | 4,255 | 4,255 |
| Provision for quarry restoration costs | 3,062 | 2,833 | 2,944 | 3,062 | 2,833 | 2,944 |
| Provision for long-term employee benefits | 42,738 | 42,567 | 50,593 | 22,398 | 21,889 | 24,949 |
| Tax losses | 33,482 | - | 30,925 | 33,482 | - | - |
| | <u>191,479</u> | <u>148,632</u> | <u>238,121</u> | <u>167,634</u> | <u>124,891</u> | <u>134,796</u> |
| Application tax rates | 20% | 20% | 20-23% | 20% | 20% | 20% |
| Deferred tax assets | <u>38,296</u> | <u>29,726</u> | <u>48,552</u> | <u>33,527</u> | <u>24,978</u> | <u>26,959</u> |
| Deferred tax liabilities | | | | | | |
| Depreciation from changing useful lives of assets | (6,661) | (4,440) | (2,653) | (6,661) | (4,440) | (2,653) |
| Surplus from revaluation of land | <u>(1,289,066)</u> | <u>(1,327,346)</u> | <u>(1,106,993)</u> | <u>(1,289,066)</u> | <u>(1,327,346)</u> | <u>(1,106,993)</u> |
| | <u>(1,295,727)</u> | <u>(1,331,786)</u> | <u>(1,109,646)</u> | <u>(1,295,727)</u> | <u>(1,331,786)</u> | <u>(1,109,646)</u> |
| Applicable tax rates | 20% | 20% | 20% | 20% | 20% | 20% |
| Deferred tax liabilities | <u>(259,145)</u> | <u>(266,357)</u> | <u>(221,929)</u> | <u>(259,145)</u> | <u>(266,357)</u> | <u>(221,929)</u> |

14.6 As at 31 December 2013, the Company and its subsidiaries have deductible temporary differences and unused tax losses of approximately Baht 1,497 million (2012: Baht 1,670 million), on which deferred tax assets have not been recognised as the Company and its subsidiaries believe that future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

15. Short-term loans from financial institution

As at 31 December 2013, the Company has unsecured loan from a local commercial bank, related financial institution, amounting to Baht 350 million (2012: Baht 250 million), bearing interest at a rate of 3.26-3.45 percent per annum (2012: 3.70 percent per annum).

16. Trade and other payables

| | (Unit: Thousand Baht) | | | |
|---------------------------------------|-----------------------|----------------|----------------------|----------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | <u>2013</u> | <u>2012</u> | <u>2013</u> | <u>2012</u> |
| Trade payables - related parties | 173,387 | 417,549 | 103,992 | 282,337 |
| Trade payables - unrelated parties | 178,200 | 171,002 | 119,336 | 124,301 |
| Other payables - related parties | 147,180 | 75,516 | 115,821 | 60,753 |
| Other payables - unrelated parties | 110,838 | 78,491 | 100,983 | 75,306 |
| Account payable from factoring | 1,666 | - | - | - |
| Accrued expenses | 38,954 | 33,690 | 28,200 | 25,919 |
| Total trade and other payables | 650,225 | 776,248 | 468,332 | 568,616 |

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

17. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensation on employees' retirement, was as follows:

| | (Unit: Thousand Baht) | | | | | |
|--|-----------------------|---------------|---------------|----------------------|---------------|---------------|
| | Consolidated | | | Separate | | |
| | financial statements | | | financial statements | | |
| | As at | As at | As at | As at | As at | As at |
| | 31 December | 31 December | 1 January | 31 December | 31 December | 1 January |
| | 2013 | 2012 | 2012 | 2013 | 2012 | 2012 |
| | (Restated) | | | (Restated) | | |
| Defined benefits obligation | | | | | | |
| at beginning of year | 42,568 | 50,592 | 32,958 | 21,889 | 24,949 | 17,263 |
| Current service cost | 1,938 | 2,136 | 1,648 | 937 | 975 | 817 |
| Interest cost | 1,592 | 1,771 | 1,318 | 817 | 873 | 690 |
| Benefits paid during the year | (956) | (1,303) | (1,248) | (102) | (596) | (487) |
| Actuarial (gains) losses | (2,404) | (10,628) | 15,916 | (1,143) | (4,312) | 6,666 |
| Provisions for long-term employee benefits at end of year | 42,738 | 42,568 | 50,592 | 22,398 | 21,889 | 24,949 |

Long-term employee benefit expenses included in the profit or loss was as follows:

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|---|----------------------|--------------|----------------------|--------------|
| | financial statements | | financial statements | |
| | 2013 | 2012 | 2013 | 2012 |
| Current service cost | 1,938 | 2,136 | 937 | 975 |
| Interest cost | 1,592 | 1,771 | 817 | 873 |
| Total expenses recognised in profit or loss | 3,530 | 3,907 | 1,754 | 1,848 |
| Line items under which such expenses are included in profit or loss | | | | |
| Cost of sales | 1,754 | 1,848 | 1,754 | 1,848 |
| Selling and administrative expenses | 1,776 | 2,059 | - | - |

Total actuarial gains recognised in the other comprehensive income of the Company and its subsidiaries as at 31 December 2013 amounted to Baht 2 million (2012: Baht 9 million) (The Company only: Baht 1 million (2012: Baht 3 million)).

Principal actuarial assumptions at the valuation date were as follows:

| | Consolidated | | Separate | |
|-----------------------------|----------------------|---------------|----------------------|---------------|
| | financial statements | | financial statements | |
| | 2013 | 2012 | 2013 | 2012 |
| | (% per annum) | (% per annum) | (% per annum) | (% per annum) |
| Discount rate | 4.25 | 3.75 | 4.25 | 3.75 |
| Future salary increase rate | 5.0 | 5.0 | 5.0 | 5.0 |
| Staff turnover rate | 2.0 | 2.0 | 2.0 | 2.0 |

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 | Experience | Defined | Experience |
| | benefits obligation | adjustments | benefits obligation | adjustments |
| 2013 | 42,738 | - | 22,398 | - |
| 2012 | 42,568 | (9,363) | 21,889 | (3,704) |
| 2011 | 50,592 | 12,438 | 24,949 | 4,556 |
| 2010 | 32,958 | 2,155 | 17,263 | - |
| 2009 | 58,512 | (3,766) | 46,294 | (3,766) |

18. 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.

19. Other reserve

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

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 subsidiary received compensation claims from an insurer for the business interruption caused by the floods from October to November 2011 amounting to Baht 17 million (The Company only: Baht 12 million).

22. Expenses by nature

Significant expenses by nature are as follows:

| | (Unit: Thousand Baht) | | | |
|--|-----------------------|-------------|----------------------|-------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | <u>2013</u> | <u>2012</u> | <u>2013</u> | <u>2012</u> |
| | | (Restated) | | (Restated) |
| Salary and wages and other employee benefits | 129,265 | 105,833 | 101,492 | 81,957 |
| Depreciation | 154,984 | 147,129 | 145,633 | 136,801 |
| Allowance for doubtful accounts (reversal) | 786 | (28,759) | 179 | - |
| Rental expenses from operating lease | | | | |
| agreements | 24,932 | 22,450 | 2,925 | 2,641 |
| Transportation expenses | 88,491 | 71,041 | - | - |
| Management fee | 117,243 | 109,744 | 93,904 | 92,237 |
| Repair and maintenance expenses | 121,724 | 93,667 | 121,720 | 93,655 |
| Raw materials and consumables used | 1,388,542 | 1,258,197 | 925,693 | 946,373 |
| Changes in inventories of finished goods, | | | | |
| work in process and clinker | 364,742 | 631,469 | 364,742 | 631,469 |

23. Basic earnings per share

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

24. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and have three reportable segments as follows: (1) Manufacturing of cement (2) Manufacturing of ready-mixed concrete and (3) Office building rental. No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The Company and its subsidiaries are operated in Thailand only. As a result, all of the revenues and assets as reflected in these financial statements pertain to the aforementioned geographical reportable.

For the years 2013 and 2012, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

The following tables present revenue, profit and total assets information regarding the Company and its subsidiaries' operating segments for the years ended 31 December 2013 and 2012.

(Unit: Million Baht)

Consolidated financial statements

| | Cement segment | | Ready-mixed concrete segment | | Office building rental segment | | Elimination of inter-segment revenues | | Total | |
|--|---------------------------------|--------------|------------------------------|------------|--------------------------------|----------|---------------------------------------|-------------|--------------|--------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| | Revenue from external customers | 2,320 | 2,000 | 797 | 545 | - | - | - | - | 3,117 |
| Inter-segment revenues | 46 | 30 | - | 11 | - | - | (46) | (30) | - | 11 |
| Interest income | 1 | 1 | 12 | 9 | - | - | (11) | (7) | 2 | 3 |
| Other income | 13 | 22 | 2 | 7 | - | - | (1) | (1) | 14 | 28 |
| Total revenues | 2,380 | 2,053 | 811 | 572 | - | - | (58) | (38) | 3,133 | 2,587 |
| Cost of sales | 1,954 | 1,745 | 698 | 486 | - | - | (46) | (31) | 2,606 | 2,200 |
| Selling expenses | 2 | 8 | - | - | - | - | - | - | 2 | 8 |
| Administrative expenses | 122 | 104 | 27 | 21 | - | - | - | - | 149 | 125 |
| Depreciation | 146 | 137 | 9 | 10 | - | - | - | - | 155 | 147 |
| Reversal allowance for doubtful accounts | - | - | 1 | (29) | - | - | - | - | 1 | (29) |
| Total expenses | 2,224 | 1,994 | 735 | 488 | - | - | (46) | (31) | 2,913 | 2,451 |
| Profit before finance cost and income tax expenses | 156 | 59 | 76 | 84 | - | - | - | - | 220 | 136 |
| Finance cost | (67) | (79) | (2) | (2) | - | - | 12 | 7 | (57) | (74) |
| Income tax income (expenses) | 16 | (1) | (15) | (18) | - | - | - | - | 1 | (19) |
| Non-controlling interests of the subsidiaries | - | - | - | - | - | - | - | - | - | - |
| Profit (loss) for the year | 105 | (21) | 59 | 64 | - | - | - | - | 164 | 43 |

(Unit: Million Baht)

Consolidated financial statements

| | Cement segment | | Ready-mixed concrete segment | | Office building rental segment | | Elimination of inter-segment revenues | | Total | |
|---------------------|-------------------------------|--------------|------------------------------|------------|--------------------------------|----------|---------------------------------------|--------------|--------------|--------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| | Property, plant and equipment | 2,402 | 2,453 | 32 | 32 | - | - | - | - | 2,434 |
| Other assets | 1,386 | 1,273 | 524 | 467 | 6 | 6 | (540) | (580) | 1,376 | 1,166 |
| Total assets | 3,788 | 3,726 | 556 | 499 | 6 | 6 | (540) | (580) | 3,810 | 3,651 |

25. 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 its employees contributed to the fund monthly at the rate of 3 - 9 percent of basic salaries. The fund, which is managed by UOB Asset Management (Thai) Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2013, the Company contributed Baht 4 million (2012: Baht 2 million) to the fund.

26. Commitments and contingent liabilities

26.1 Operating lease commitments

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

As at 31 December 2013 and 2012, 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>2013</u> | <u>2012</u> | <u>2013</u> | <u>2012</u> |
| Payable: | | | | |
| In up to 1 year | 8 | 12 | 3 | 3 |
| In over 1 and up to 5 year | 15 | 9 | 3 | 4 |
| In over 5 years | 1 | - | - | - |

26.2 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 subsidiary has entered into services agreement relation to service of manage batching plants, quality control, marketing and sales. The subsidiary is committed to pay service fees charged at a rate of yearly turnover as specified in the agreement. Such agreement holds for a period of ten years effective from 1 January 2005.
- c) The subsidiary has entered into service agreement relation to computer advisory and training services. The subsidiary is committed to pay service fees at the rate specified in the agreement.
- d) The subsidiary has entered into service agreement relation to the management and technical services. The subsidiary is committed to pay service fees charged at a rate of revenues as specified in the agreement. Such agreement holds for a period of ten years effective from 14 December 1999 and if no notice from party of the contract the agreement will automatically be extended by successive period of one year.

- e) The Company and its subsidiaries have entered into others services agreements, mostly relating to the provision of repair and maintenance of machines and equipment. As at 31 December 2013 and 2012, there were commitments to be payable under those agreements as follows:

| | (Unit: Million Baht) | | | |
|----------------------------|----------------------|-------------|----------------------|-------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | <u>2013</u> | <u>2012</u> | <u>2013</u> | <u>2012</u> |
| Payable: | | | | |
| In up to 1 year | 43 | 16 | 38 | 9 |
| In over 1 and up to 5 year | 5 | 3 | 5 | 3 |

26.3 Purchase of raw material commitment

As at 31 December 2013, the Company has entered into an agreement amounting to Baht 16 million (2012: Baht 15 million) regarding to purchase of raw material in the future. In addition, the Company and its subsidiaries have commitment regarding to purchase of raw material in the future which commitment value will be based on the purchase volume and price specified in the agreement.

26.4 Bank guarantees

The Company and its subsidiaries have outstanding bank guarantees as follows:

| | (Unit: Million Baht) | | | |
|---------------------------|----------------------|---------------------|----------------------|---------------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 31 December 2013 | 31 December 2012 | 31 December 2013 | 31 December 2012 |
| Guarantee electricity use | 45 | 46 | 43 | 44 |
| Other guarantees | 1 | 3 | 1 | 3 |

27. Financial instruments

27.1 Financial risk management policies

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, 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. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables 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 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 2013 and 2012 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) | | | | |
|---|-----------------------------------|---------------|--------------|--------------|-------------|
| | As at 31 December 2013 | | | | |
| | Consolidated financial statements | | | | |
| | Fixed | Floating | Non-interest | Total | Effective |
| | interest rates | interest rate | bearing | | interest |
| | within 1 year | | | | rate |
| | | | | | (% p.a.) |
| Financial assets | | | | | |
| Cash and cash equivalent | - | 128 | 14 | 142 | 0.50 - 0.63 |
| Trade and other receivables | 18 | - | 635 | 653 | 2.00 |
| | <u>18</u> | <u>128</u> | <u>649</u> | <u>795</u> | |
| Financial liabilities | | | | | |
| Short-term loans from financial institution | 350 | - | - | 350 | 3.26 - 3.45 |
| Trade and other payables | - | - | 650 | 650 | - |
| Long-term loans from related parties | - | 813 | - | 813 | 0.72 - 5.96 |
| | <u>350</u> | <u>813</u> | <u>650</u> | <u>1,813</u> | |

(Unit: Million Baht)

As at 31 December 2012

| Consolidated financial statements | | | | | |
|---|----------------|---------------|----------|-------|---------------|
| | Fixed | Floating | Non- | | Effective |
| | interest rates | interest rate | interest | Total | interest rate |
| | within 1 year | | bearing | | (% p.a.) |
| Financial assets | | | | | |
| Cash and cash equivalent | - | 63 | 17 | 80 | 0.63 |
| Trade and other receivables | 1 | - | 538 | 539 | 2.00 |
| | 1 | 63 | 555 | 619 | |
| Financial liabilities | | | | | |
| Short-term loans from financial institution | 250 | - | - | 250 | 3.70 |
| Trade and other payables | - | - | 776 | 776 | - |
| Long-term loans from related parties | - | 801 | - | 801 | 0.68 - 6.13 |
| | 250 | 801 | 776 | 1,827 | |

(Unit: Million Baht)

As at 31 December 2013

| Separate financial statements | | | | | |
|---|----------------|---------------|----------|-------|---------------|
| | Fixed | Floating | Non- | | Effective |
| | interest rates | interest rate | interest | Total | interest rate |
| | within 1 year | | bearing | | (% p.a.) |
| Financial assets | | | | | |
| Cash and cash equivalent | - | 76 | 13 | 89 | 0.50 - 0.63 |
| Trade and other receivables | - | - | 447 | 447 | - |
| Investments in subsidiaries | - | - | 286 | 286 | - |
| | - | 76 | 746 | 822 | |
| Financial liabilities | | | | | |
| Short-term loans from financial institution | 350 | - | - | 350 | 3.26 - 3.45 |
| Trade and other payables | - | - | 468 | 468 | - |
| Long-term loans from related parties | - | 1,038 | - | 1,038 | 0.72 - 5.96 |
| | 350 | 1,038 | 468 | 1,856 | |

(Unit: Million Baht)

As at 31 December 2012

| | Separate financial statements | | | | Effective interest rate (% p.a.) |
|---|--|---------------------------|-----------------------------|-------|--|
| | Fixed interest rates within 1 year | Floating interest rate | Non- interest bearing | Total | |
| Financial assets | | | | | |
| Cash and cash equivalent | - | 45 | 17 | 62 | 0.63 |
| Trade and other receivables | - | - | 395 | 395 | - |
| Investments in subsidiaries | - | - | 286 | 286 | - |
| | - | 45 | 698 | 743 | |
| Financial liabilities | | | | | |
| Short-term loans from financial institution | | | | | |
| | 250 | - | - | 250 | 3.70 |
| Trade and other payables | - | - | 569 | 569 | - |
| Long-term loans from related parties | - | 1,076 | - | 1,076 | 0.68 - 6.13 |
| | 250 | 1,076 | 569 | 1,895 | |

Foreign currency risk

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

The balances of financial liabilities denominated in foreign currencies are summarised below.

| Foreign currency | Financial liabilities as at 31 December | | Selling exchange rate as at 31 December | |
|------------------|--|-------------------|--|---------|
| | 2013 (Million) | 2012 (Million) | 2013 (Baht per 1 foreign currency unit) | 2012 |
| Euro | 3 | 3 | 45.3223 | 40.8603 |

27.2 Fair value of financial instruments

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

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

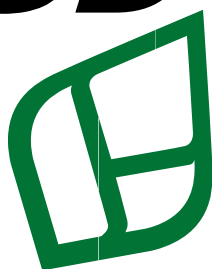
28. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate capital structure in order to support its business and maximise shareholders value. As at 31 December 2013, the Group's debt-to-equity ratio was 1.29:1 (2012: 1.44:1) and the Company's was 1.32:1 (2012: 1.44:1).

29. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2014.

ปูนดอกบัว



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