

Jalaprathan Cement Co., Ltd.

Annual Report

2009



บริษัท ชลประทานซีเมนต์ จำกัด (มหาชน)
Jalaprathan Cement
Public Company Limited

Jalaprathan Cement Co., Ltd.

Annual Report

2009

CONTENTS

Message from the Chairman	04
Board of Directors	05
Auditor's Report	06
2009 Financial Statements	07-45





Message from the Chairman

The year 2009 saw the continuation of the economic crisis started in 2008 and the permanence of the slowdown in the construction sector in Thailand.

The domestic cement market in 2009 continued to decline heavily in the first part of the year and started to show some signs of improvement only in the second half of 2009.

Overall the cement domestic market in 2009 was 24.2 million tons, a slight decrease from the total sales volume of 24.8 million tons in 2008. The reduced demand and the high competition in the market also caused a drop on domestic price of about 11% compared to the prior year.

Total sales of Jalapraphan Cement Public Company Limited in 2009, were down 15.5% at Baht 1,619 million, while net loss of Baht 1,556 million was heavily impacted by impairment of assets and restructuring costs.

In such a challenging environment the company put in place several programs aimed to improve profitability, efficiency and significant reduce operating costs and operating working capital. The company completed an important restructuring program in both Takli and Cha-am plant and the company had held the “Mutual Separation Program” in which about 200 persons voluntarily joined. Afterwards, the company initiated the Vocational Training Program from which several vocational training courses were held to support the company’s former personnel and their families to be self-sufficient and it was closely monitored and evaluated to eventually attain the purpose as expected by the participants. Despite the difficult times the company did not reduce its efforts in the sustainable development programs.

In 2009, Takli Plant at Nakhon Sawan Province was granted an award of “The Distinguished Workplace on Labor Relations and Welfare” from the Ministry of Labor and an award of “The Workplace of Good Environmental Governance” from the Ministry of Industry. Furthermore, both Takli Plant at Nakhon Sawan Province and Cha-am Plant at Petchburi Province have continually undertaken various social contribution activities such as the grant of “Golden Naga” scholarship and the “Lunch for Students” project to the students in the schools situated nearby the plants, the “Medical Mobile Unit” to provide free of charge medical services to the people living in the villages nearby the plants, the “Youth Camp for Environment” which is a joint project with local communities and the forestation to quarry rehabilitation after mining, and so on. These activities are voluntarily and intentionally undertaken in line with the company’s sustainable development policy.

With a very good support from customers, shareholders, the management and all employees of Jalapraphan Cement Public Company Limited, our company has been able to maintain a solid position in the market throughout one of the worst economic crisis of all times and has continued to pave the way to attain better results in the future.

On behalf of the company’s Board of Directors, I would like to take the opportunity to express our sincere thanks to all of you.

A handwritten signature in blue ink, appearing to read "W. A. Karnasuta".

(Gen. Ayupoon Karnasuta)
Chairman of the Board of Directors



บริษัท ชลประทานซีเมนต์ จำกัด (มหาชน)
Jalapraphan Cement
Public Company Limited

Board of Directors

Board of Directors

As of 31 December 2009

Chairman

Gen. Ayupoon Karnasuta

Directors

Mr.Giovanni Maggiora

Pol.Gen.Suthep Dhamaraks

Mr.Goran Leopold Seifert

Mr.Mario Bracci

Mr.Nopadol Ramyarupa

Director and Secretary to the Board of Directors

Mr.Rapee Sukhyanga

Report of Independent Auditor

To the Shareholders of Jalapraphan Cement Public Company Limited

I have audited the accompanying consolidated balance sheet of Jalapraphan Cement Public Company Limited and its subsidiaries as at 31 December 2009, the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, and the separate financial statements of Jalapraphan Cement Public Company Limited for the same year. These financial statements are the responsibility of the management of the Company and its subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audit. The consolidated financial statements of Jalapraphan Cement Public Company Limited and its subsidiaries, and the separate financial statements of Jalapraphan Cement Public Company Limited for the year ended 31 December 2008, as presented herein for comparative purposes, were audited in accordance with generally accepted auditing standards by another auditor of our firm who expressed an unqualified opinion on those financial statements, under his report dated 26 February 2009.

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

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



Termphong Opanaphan
Certified Public Accountant (Thailand) No. 4501

Ernst & Young Office Limited
Bangkok: 23 February 2010

Jalaprathan Cement Public Company Limited and its subsidiaries

Balance sheets

As at 31 December 2009 and 2008

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Assets					
Current assets					
Cash and cash equivalents	6, 7	179,757,233	132,930,997	129,767,451	49,667,097
Trade accounts receivable					
Related parties	7	270,125	272,196	2,994,425	2,826,699
Unrelated parties		441,120,636	442,857,747	321,582,072	304,796,052
Less: Allowance for doubtful accounts		(50,225,048)	(52,539,340)	(13,377,620)	(15,394,631)
Trade accounts receivable - net	8	391,165,713	390,590,603	311,198,877	292,228,120
Other accounts receivable-related parties	7	9,022,610	500,197	32,774,340	14,726,295
Loan to related party	7	-	-	300,000,000	300,000,000
Inventories - net	9	357,039,776	712,180,125	350,988,232	703,766,038
Other current assets					
Other accounts receivable		1,647,038	907,992	942,716	453,034
Input tax refundable		2,383,780	5,110,136	1,970,336	4,496,849
Others		3,182,348	5,058,793	426,473	2,195,670
Total current assets		944,198,498	1,247,278,843	1,128,068,425	1,367,533,103
Non-current assets					
Investments in subsidiaries	10	-	-	379,981,000	379,981,000
Other long term investments - net	11	15,554,700	15,554,700	15,554,700	15,554,700
Property, plant and equipment - net	12	2,556,344,799	3,876,360,946	2,105,360,679	3,418,125,861
Other non-current assets					
Advance payment for purchase of assets		2,932,680	5,894,669	2,932,680	5,894,669
Deposits		2,341,760	3,029,160	239,400	326,800
Total non-current assets		2,577,173,939	3,900,839,475	2,504,068,459	3,819,883,030
Total assets		3,521,372,437	5,148,118,318	3,632,136,884	5,187,416,133

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

Jalaprathan Cement Public Company Limited and its subsidiaries

Balance sheets (continued)

As at 31 December 2009 and 2008

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institution	7, 13	250,000,000	300,000,000	250,000,000	300,000,000
Trade accounts payable					
Related parties	7	232,907,591	237,692,090	220,657,627	229,403,822
Unrelated parties		105,953,430	80,589,928	70,935,279	47,254,917
Total trade accounts payable		338,861,021	318,282,018	291,592,906	276,658,739
Other accounts payable-related parties	7	357,390,223	372,453,837	331,541,758	343,853,583
Current portion of long-term loans from related parties	7	305,048,031	259,321,841	315,048,031	259,321,841
Short-term employee benefits obligation	15	-	94,392,431	-	94,392,431
Other current liabilities					
Other accounts payable		46,023,602	72,950,716	44,295,011	69,804,134
Account payable from bill discount		1,131,314	-	-	-
Accrued expenses		73,278,102	55,904,939	55,945,396	42,204,142
Others		9,091,586	7,727,747	7,517,115	5,102,221
Total current liabilities		1,380,823,879	1,481,033,529	1,295,940,217	1,391,337,091
Non-current liabilities					
Long-term loans from related parties - net					
of current portion	7	830,000,000	800,000,000	870,000,000	800,000,000
Long-term employee benefits obligation	15	54,840,948	53,151,067	46,293,716	47,459,200
Long-term provisions		2,753,926	2,753,591	2,753,926	2,753,591
Deferred tax liabilities - net	14	252,964,250	226,053,617	269,702,480	242,024,422
Other non-current liabilities - deposits from customers		1,500,000	1,500,000	-	-
Total non-current liabilities		1,142,059,124	1,083,458,275	1,188,750,122	1,092,237,213
Total liabilities		2,522,883,003	2,564,491,804	2,484,690,339	2,483,574,304

Jalaprathan Cement Public Company Limited and its subsidiaries

Balance sheets (continued)

As at 31 December 2009 and 2008

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Shareholders' equity					
Share capital					
Registered					
120,000,000 ordinary shares of Baht 10 each		<u>1,200,000,000</u>	<u>1,200,000,000</u>	<u>1,200,000,000</u>	<u>1,200,000,000</u>
Issued and fully paid					
120,000,000 ordinary shares of Baht 10 each		1,200,000,000	1,200,000,000	1,200,000,000	1,200,000,000
Share premium		973,768,690	973,768,690	973,768,690	973,768,690
Unrealised gain					
Revaluation surplus on assets	16				
Land		774,895,302	774,895,302	774,895,302	774,895,302
Lease assets		389,479,201	389,479,201	-	-
Retained earnings					
Appropriated					
Statutory reserve	17	54,026,280	54,026,280	54,026,280	54,026,280
Other reserve	18	122,000,000	122,000,000	122,000,000	122,000,000
Unappropriated (deficit)		<u>(2,515,691,124)</u>	<u>(930,555,305)</u>	<u>(1,977,243,727)</u>	<u>(420,848,443)</u>
Equity attributable to the Company's shareholders		998,478,349	2,583,614,168	1,147,446,545	2,703,841,829
Minority interest - equity attributable					
to minority shareholders of subsidiaries		<u>11,085</u>	<u>12,346</u>	<u>-</u>	<u>-</u>
Total shareholders' equity		<u>998,489,434</u>	<u>2,583,626,514</u>	<u>1,147,446,545</u>	<u>2,703,841,829</u>
Total liabilities and shareholders' equity		<u>3,521,372,437</u>	<u>5,148,118,318</u>	<u>3,632,136,884</u>	<u>5,187,416,133</u>
		-	-	-	-

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

Directors

Jalprathan Cement Public Company Limited and its subsidiaries

Income statements

For the years ended 31 December 2009 and 2008

(Unit: Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenues					
Sales		1,940,767,864	2,387,452,458	1,618,962,257	1,915,195,079
Rental income		6,000,000	6,000,000	-	-
Other income					
Interest income		1,242,027	3,354,479	16,054,809	19,734,200
Others		13,738,469	10,840,882	12,457,800	7,957,516
Total revenues		<u>1,961,748,360</u>	<u>2,407,647,819</u>	<u>1,647,474,866</u>	<u>1,942,886,795</u>
Expenses					
Cost of sales and rental		1,806,783,365	2,245,513,060	1,484,028,599	1,758,895,071
Selling expenses		27,155,337	49,869,495	27,152,945	49,785,516
Administrative expenses		230,013,323	126,803,431	210,710,265	89,864,898
Management benefit expenses	7	2,556,000	2,548,000	2,556,000	2,548,000
Loss on impairment of unused assets	9, 12	1,269,103,128	-	1,269,103,128	-
Other expenses					
Depreciation of unused assets	12	115,748,276	-	115,748,276	-
Loss on revaluation of investment		-	11,031,300	-	11,031,300
Total expenses		<u>3,451,359,429</u>	<u>2,435,765,286</u>	<u>3,109,299,213</u>	<u>1,912,124,785</u>
Income (loss) before finance cost and corporate income tax					
corporate income tax		(1,489,611,069)	(28,117,467)	(1,461,824,347)	30,762,010
Finance cost		(67,954,115)	(79,397,656)	(66,605,007)	(77,343,967)
Loss before corporate income tax		<u>(1,557,565,184)</u>	<u>(107,515,123)</u>	<u>(1,528,429,354)</u>	<u>(46,581,957)</u>
Corporate income tax	14	(27,571,896)	(20,959,215)	(27,965,930)	(22,886,406)
Net loss for the year		<u>(1,585,137,080)</u>	<u>(128,474,338)</u>	<u>(1,556,395,284)</u>	<u>(69,468,363)</u>
Net loss attributable to:					
Equity holders of the parent		(1,585,135,819)	(128,471,316)	<u>(1,556,395,284)</u>	<u>(69,468,363)</u>
Minority interests of the subsidiaries		(1,261)	(3,022)		
		<u>(1,585,137,080)</u>	<u>(128,474,338)</u>		
Basic loss per share					
Net loss attributable to equity holders of the parent	20	<u>(13.21)</u>	<u>(1.07)</u>	<u>(12.97)</u>	<u>(0.58)</u>

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

Jalaprathan Cement Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the years ended 31 December 2009 and 2008

(Unit: Baht)

	Consolidated financial statements												
	Equity attributable to the parent's shareholders							Minority interest -		Total			
	Issued and fully paid-up share capital	Share premium	Land	Revaluation surplus on assets	Lease assets	Appropriated - statutory reserve	Retained earnings	Unappropriated other reserve	Unappropriated (deficit)		Total equity attributable to the parent's shareholders	Minority interest - equity attributable to minority shareholders of subsidiaries	
Balance as at 31 December 2007	1,200,000,000	973,768,690	774,895,302	389,479,201	389,479,201	54,026,280	122,000,000	(802,083,989)	(128,471,316)	2,712,085,484	15,368	2,712,100,852	
Net loss for the year	-	-	-	-	-	-	-	-	(128,471,316)	(128,471,316)	-	-	(128,471,316)
Decrease in minority interest - equity attributable to minority shareholders	-	-	-	-	-	-	-	-	-	-	(3,022)	(3,022)	(3,022)
Balance as at 31 December 2008	1,200,000,000	973,768,690	774,895,302	389,479,201	389,479,201	54,026,280	122,000,000	(930,555,305)	(930,555,305)	2,583,614,168	12,346	2,583,626,514	
Balance as at 31 December 2008	1,200,000,000	973,768,690	774,895,302	389,479,201	389,479,201	54,026,280	122,000,000	(930,555,305)	(930,555,305)	2,583,614,168	12,346	2,583,626,514	
Net loss for the year	-	-	-	-	-	-	-	-	(1,585,135,819)	(1,585,135,819)	-	-	(1,585,135,819)
Decrease in minority interest - equity attributable to minority shareholders	-	-	-	-	-	-	-	-	-	-	(1,261)	(1,261)	(1,261)
Balance as at 31 December 2009	1,200,000,000	973,768,690	774,895,302	389,479,201	389,479,201	54,026,280	122,000,000	(2,515,691,124)	(2,515,691,124)	998,478,349	11,085	998,489,434	

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

Jalprathan Cement Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the years ended 31 December 2009 and 2008

(Unit: Baht)

	Separate financial statements						
	Issued and fully paid-up share capital	Share premium	Revaluation surplus on land	Retained earnings			Total
				Appropriated - statutory reserve	Appropriated - other reserve	Unappropriated (deficit)	
Balance as at 31 December 2007	1,200,000,000	973,768,690	774,895,302	54,026,280	122,000,000	(351,380,080)	2,773,310,192
Net loss for the year	-	-	-	-	-	(69,468,363)	(69,468,363)
Balance as at 31 December 2008	1,200,000,000	973,768,690	774,895,302	54,026,280	122,000,000	(420,848,443)	2,703,841,829
Balance as at 31 December 2008	1,200,000,000	973,768,690	774,895,302	54,026,280	122,000,000	(420,848,443)	-
Net loss for the year	-	-	-	-	-	(1,556,395,284)	(1,556,395,284)
Balance as at 31 December 2009	1,200,000,000	973,768,690	774,895,302	54,026,280	122,000,000	(1,977,243,727)	1,147,446,545

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

Jalaprathan Cement Public Company Limited and its subsidiaries

Cash flow statements

For the years ended 31 December 2009 and 2008

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Cash flows from operating activities				
Loss before tax	(1,557,565,184)	(107,515,123)	(1,528,429,354)	(46,581,957)
Adjustments to reconcile loss before tax to net cash provided by (paid from) operating activities				
Depreciation	242,451,129	234,540,544	230,232,381	220,875,090
Allowance for doubtful accounts	40,202	13,125,167	-	-
Allowance for diminution in value of inventories (reversal)	98,294,472	(14,553,433)	98,294,472	(14,553,433)
Allowance for impairment of assets	1,176,123,055	2,227,675	1,176,123,055	2,227,675
Employee benefits obligation	74,252,592	17,348,378	65,262,717	15,739,405
Provision for quarry restoration costs	28,000	-	28,000	-
Written off assets	-	594,793	-	45,589
Gain on sales of plant and equipment	(950,348)	(6,440,018)	(877,608)	(3,094,411)
Unrealised (gains) losses on exchange	(4,148,651)	1,607,110	(4,148,651)	1,607,110
Loss on impairment of long-term investment	-	8,431,440	-	11,031,300
Interest income	(498,024)	(1,873,708)	(15,573,945)	(18,450,033)
Interest expenses	59,450,769	70,147,438	59,666,906	70,147,438
Income from operating activities before changes in operating assets and liabilities	87,478,012	217,640,263	80,577,973	238,993,773
Operating assets (increase) decrease				
Trade accounts receivable	(615,312)	33,910,591	(18,970,757)	27,600,034
Other accounts receivable-related parties	(8,522,413)	103,193	(8,634,933)	316,578
Inventories	254,460,022	15,686,283	252,191,132	11,577,606
Other current assets	3,851,249	9,068,593	3,806,028	(296,680,197)
Other non-current assets	3,649,389	17,992,998	3,049,389	318,177,278
Operating liabilities increase (decrease)				
Trade accounts payable	20,579,003	1,297,216	14,934,167	7,739,441
Other accounts payable-related parties	(3,550,936)	14,341,391	(935,887)	13,254,988
Other current liabilities	(35,256,407)	(52,845,111)	(34,857,899)	(54,232,049)
Employee benefits obligation	(166,955,142)	(30,436,338)	(160,820,632)	(26,644,808)
Provision for quarry restoration costs	(27,665)	(1,240)	(27,665)	(1,240)
Cash from operating activities	155,089,800	226,757,839	130,310,916	240,101,404
Cash paid for corporate income tax	(661,263)	(32,851,340)	(287,872)	(30,623,774)
Net cash from operating activities	<u>154,428,537</u>	<u>193,906,499</u>	<u>130,023,044</u>	<u>209,477,630</u>

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

Jalaprathan Cement Public Company Limited and its subsidiaries

Cash flow statements (continued)

For the years ended 31 December 2009 and 2008

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Cash flows from investing activities				
Acquisition of plant and equipment	(69,262,294)	(166,223,703)	(65,930,687)	(159,373,103)
Cash received from sales of equipment	969,255	7,121,013	877,667	3,558,381
Cash received from capital return from other long-term investment	-	2,599,860	-	-
Interest income	510,530	1,858,297	6,160,833	4,902,296
Net cash used in investing activities	<u>(67,782,509)</u>	<u>(154,644,533)</u>	<u>(58,892,187)</u>	<u>(150,912,426)</u>
Cash flows from financing activities				
Decrease in short-term loans from financial institution	(50,000,000)	-	(50,000,000)	-
Cash received from bill discount	1,131,314	-	-	-
Cash received from long-term loans from related parties	250,000,000	-	300,000,000	-
Repayment of long-term loans from related parties	(170,000,000)	-	(170,000,000)	-
Interest expenses	(70,951,106)	(63,852,758)	(71,030,503)	(63,852,758)
Net cash from (used in) financing activities	<u>(39,819,792)</u>	<u>(63,852,758)</u>	<u>8,969,497</u>	<u>(63,852,758)</u>
Net increase (decrease) in cash and cash equivalents	<u>46,826,236</u>	<u>(24,590,792)</u>	<u>80,100,354</u>	<u>(5,287,554)</u>
Cash and cash equivalents at beginning of year	<u>132,930,997</u>	<u>157,521,789</u>	<u>49,667,097</u>	<u>54,954,651</u>
Cash and cash equivalents at end of year	<u>179,757,233</u>	<u>132,930,997</u>	<u>129,767,451</u>	<u>49,667,097</u>
	-	-	-	-
Supplemental cash flows information				
Non-cash transactions				
An outstanding payable arising from purchase of assets as at 31 December	26,928,795	36,721,137	25,367,424	35,806,731
Transferred cement and spare parts to construction in progress during the year	2,385,855	17,555,176	2,292,202	17,278,863

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

Jalaprathan Cement Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the years ended 31 December 2009 and 2008

1. General information

1.1 Corporate information

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

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

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

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

In January 2009, the Board of Directors’ Meeting No.1/2009 passed a resolution to suspend clinker production and approved the Mutual Separation Program. The Company paid additional financial assistance, compensation and benefits to 192 employees who joined the program, as described in Note 15.

As at 31 December 2009, clinker production remained suspended and it was uncertain whether the production would be resumed in the near future. In addition, the management considered the impairment of buildings, machines, equipment and spare parts which are related to clinker production. The impairment loss was recorded in the current year’s income statement as described in Note 9 and Note 12.

1.2 Economic crisis

The financial crisis experienced by the United States of America over the past two years has had a far reaching adverse effect on the global economy. At present, the economic crisis has eased. However, it continues to affect the business and financial plans of Thailand enterprises and asset values, and there remains uncertainty as to when the global economy will return to normalcy. These financial statements have been prepared on the basis of facts currently known to the Company, and on estimates and assumptions currently considered appropriate. However, they could be adversely affected by an array of future events.

1.3 Fundamental accounting assumptions

As at 31 December 2009, the Company's current liabilities exceeded its current assets by Baht 168 million, and it had losses from its core business in year 2009 and 2008. These conditions raise substantial doubt about the Company's ability to continue as a going concern. However, the Company continues to receive financial support from its related parties. In addition, the Company's management had reoriented the company by reduce the organization size and change the production plan in order to obtain the production costs which can be compete in the market. For these reasons, the financial statements have been prepared on the going concern basis and hence do not include any of the adjustments that might result should the Company be unable to continue as a going concern.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Professions Act B.E. 2547, except that the following International Accounting Standards (IAS) have been adopted because no related Thai Accounting Standards have yet been announced.

- IAS No.12 Income Taxes, and
- IAS No.19 Employee Benefits

The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 30 January 2009, issued under the Accounting Act B.E. 2543.

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

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

2.2 Basis of consolidation

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

Company's name	Nature of business	Percentage of shareholding		Assets as a percentage to the consolidated total assets as at 31 December		Revenues as a percentage to the consolidated total revenues for the years ended 31 December	
		<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
		%	%	%	%	%	%
Jalaprathan Concrete Co., Ltd.	Manufacturing of ready-mixed concrete	99.99	99.99	5.77	5.13	17.64	22.33
Naga Property Co., Ltd.	Office building rental	100.00	100.00	11.16	7.64	0.31	0.25

- b) Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The consolidated financial statements exclude the financial statements of Jalaprathan Transport Co., Ltd., a subsidiary of Jalaprathan Concrete Co., Ltd. as that company has ceased its operation. There is no material effect on the consolidated financial statements as a result of such exclusion.
- d) The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent significant accounting policies.
- e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- f) Minority interests represent the portion of net income or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.

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

3. Adoption of new accounting standards

In June 2009, the Federation of Accounting Professions issued Notification No. 12/2552, assigning new numbers to Thai Accounting Standards that match the corresponding International Accounting Standards. The numbers of Thai Accounting Standards as referred to in these financial statements reflect such change.

The Federation of Accounting Professions has issued Notification No. 86/2551 and 16/2552, mandating the use of new accounting standards, financial reporting standard and accounting treatment guidance as follows.

3.1 Accounting standards, financial reporting standard and accounting treatment guidance which are effective for the current year

Framework for Preparation and Presentation of Financial Statements (revised 2007)

TAS 36 (revised 2007) Impairment of Assets

TFRS 5 (revised 2007) Non-current Assets Held for Sale and Discontinued
Operations

Accounting Treatment Guidance for Leasehold Right

Accounting Treatment Guidance for Business Combination under Common Control

These accounting standards, financial reporting standard and accounting treatment guidance became effective for the financial statements for fiscal years beginning on or after 1 January 2009. The management has assessed the effect of these standards and believes that TFRS 5 (revised 2007) and Accounting Treatment Guidance for Business Combination under Common Control are not relevant to the business of the Company and its subsidiaries, while Framework for Preparation and Presentation of Financial Statements (revised 2007), TAS 36 (revised 2007) and Accounting Treatment Guidance for Leasehold Right do not have any significant impact on the financial statements for the current year.

3.2 Accounting standards which are not effective for the current year

		<u>Effective date</u>
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2012
TAS 24 (revised 2007)	Related Party Disclosures	1 January 2011
TAS 40	Investment Property	1 January 2011

However, TAS 24 (revised 2007) and TAS 40 allows early adoption by the entity before the effective date.

The management of the Company has assessed the effect of these standards and believes that TAS 20 are not relevant to the business of the Company, while TAS 24 (revised 2007) and TAS 40 will not have any significant impact on the financial statements for the year in which it is initially applied.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

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

Interest income

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

4.2 Cash and cash equivalents

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

4.3 Trade accounts receivable

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

4.4 Inventories

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

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

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

4.5 Investments

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

4.6 Property, plant and equipment/Depreciation

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

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

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

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

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

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

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

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

Lease assets (Building)	-	20 years
Buildings and structures	-	5 - 30 years
Machinery, Tools and equipment	-	5 - 25 years
Furniture, fixtures and office equipment	-	3 - 10 years
Motor vehicles	-	5 - 10 years

Depreciation is included in determining income.

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

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

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

4.7 Related party transactions

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

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

4.8 Foreign currencies

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

Gains and losses on exchange are included in determining income.

4.9 Impairment of assets

At each reporting date, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets 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 and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

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

4.10 Employee benefits

Employee benefits - Defined contribution plans

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

Employee benefits - Defined benefit plans

The Company and its subsidiaries have provided a retirement benefit plan which includes legal severance payment plan without fault or retirement.

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

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

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

4.11 Provisions

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

4.12 Income tax

Current tax

Income tax is provided in the accounts based on taxable profits determined in accordance with tax legislation.

Deferred Tax

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

The Company and its subsidiaries recognise deferred tax liabilities for taxable temporary differences and recognises deferred tax assets for deductible temporary differences. The Company and its subsidiaries recognises deferred tax assets to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences can be utilised.

At each balance sheet date, the Company and its subsidiaries review and reduce 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 and its subsidiaries record deferred tax directly to equity if the tax relates to items that are recorded directly to equity.

5. Significant accounting judgments and estimates

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

Leases

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

Allowance for doubtful accounts

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

Allowance for diminution in value of inventory

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

Fair value of financial instruments

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

Impairment of equity investments

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

Property plant and equipment/Depreciation

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

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

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

Deferred tax assets

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

Post retirement benefits

Post-retirement benefit costs are based on actuarial calculations. Inherent within these calculations are assumptions as to salary increases, staff turnover rate, retirement ages, mortality rate, length of service and discount rate, among others.

6. Cash and cash equivalents

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Current and saving deposits	104,757,233	132,930,997	79,767,451	49,667,097
Bills of exchange	75,000,000	-	50,000,000	-
Total	<u>179,757,233</u>	<u>132,930,997</u>	<u>129,767,451</u>	<u>49,667,097</u>

(Unit: Baht)

7. Related party transactions

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

(Unit: Million Baht)

	Consolidated		Separate		Pricing policy
	financial statements		financial statements		
	2009	2008	2009	2008	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	21.8	60.4	With reference to the terms and prices offered to manufacturing customers
Interest income	-	-	15.6	18.4	Interest rate as stipulated in the contract
Rental income	-	-	0.4	0.5	Contract price
Purchase of goods	-	-	-	0.3	Market price
Interest expense	-	-	0.2	-	Interest rate as stipulated in the contract
<u>Transactions with related companies</u>					
Sales of goods and raw materials	131.1	112.1	130.3	100.9	With reference to the terms and prices offered to manufacturing customers
Trademark license fee income	2.0	2.0	2.0	2.0	Contract price
Interest income	0.1	-	0.1	-	Interest rate as market rate
Sales of assets	1.5	2.7	1.5	-	Market price
Purchases of goods	693.5	519.8	623.6	406.8	Market price
Technical fee	5.4	10.3	5.4	10.3	Contract price
Trademark license fee	2.0	2.0	2.0	2.0	Contract price
Management fee	62.0	93.9	50.9	76.1	Contract price
Interest expense	59.4	65.9	59.4	65.9	Interest rate as stipulated in the contract

The balances of accounts as at 31 December 2009 and 2008 between the Company and its subsidiaries and those related parties are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<u>Cash and cash equivalents</u>				
Related company				
Bangkok Bank Plc.	8,046,554	8,230,783	6,626,197	5,707,078
Total cash and cash equivalents - related company	<u>8,046,554</u>	<u>8,230,783</u>	<u>6,626,197</u>	<u>5,707,078</u>
<u>Trade accounts receivable - related parties</u>				
Subsidiary				
Jalaprathan Concrete Co., Ltd.	-	-	2,994,425	2,826,699
Total trade account receivable - subsidiary	<u>-</u>	<u>-</u>	<u>2,994,425</u>	<u>2,826,699</u>
Related company				
Asia Cement Products Co., Ltd.	270,125	272,196	-	-
Total trade account receivable - related company	<u>270,125</u>	<u>272,196</u>	<u>-</u>	<u>-</u>
Total trade accounts receivable - related parties	<u>270,125</u>	<u>272,196</u>	<u>2,994,425</u>	<u>2,826,699</u>
<u>Other accounts receivable - related parties</u>				
Subsidiaries				
Jalaprathan Concrete Co., Ltd.	-	-	127,724	107,073
Naga Property Co., Ltd.	-	-	23,624,006	14,119,224
Total other accounts receivable - subsidiaries	<u>-</u>	<u>-</u>	<u>23,751,730</u>	<u>14,226,297</u>
Related companies				
Asia Cement Plc.	9,022,610	499,998	9,022,610	499,998
Asia Cement Products Co., Ltd.	-	199	-	-
Total other accounts receivable - related companies	<u>9,022,610</u>	<u>500,197</u>	<u>9,022,610</u>	<u>499,998</u>
Total other accounts receivable - related parties	<u>9,022,610</u>	<u>500,197</u>	<u>32,774,340</u>	<u>14,726,295</u>
<u>Loan to related party</u>				
Subsidiary				
Naga Property Co., Ltd.	-	-	300,000,000	300,000,000
Total loan to related party	<u>-</u>	<u>-</u>	<u>300,000,000</u>	<u>300,000,000</u>

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<u>Short-term loans from financial institution</u>				
Related company				
Bangkok Bank Plc.	250,000,000	300,000,000	250,000,000	300,000,000
Total short-term loans from financial institution - related company	<u>250,000,000</u>	<u>300,000,000</u>	<u>250,000,000</u>	<u>300,000,000</u>
<u>Trade accounts payable - related parties</u>				
Subsidiary				
Jalaprathan Concrete Co., Ltd.	-	-	-	92,338
Total trade account payable - subsidiary	-	-	-	92,338
Related companies				
Asia Cement Plc.	232,477,256	237,523,833	220,657,627	229,143,227
Asia Cement Products Co., Ltd.	430,335	-	-	-
The Siam Refractory Industry Co., Ltd	-	168,257	-	168,257
Total trade accounts payable - related companies	<u>232,907,591</u>	<u>237,692,090</u>	<u>220,657,627</u>	<u>229,311,484</u>
Total trade accounts payable - related parties	<u>232,907,591</u>	<u>237,692,090</u>	<u>220,657,627</u>	<u>229,403,822</u>
<u>Other accounts payable - related parties</u>				
Subsidiary				
Jalaprathan Concrete Co., Ltd.	-	-	136,740	-
Total other account payable - subsidiary	-	-	136,740	-
Related companies				
Ciments Francais S.A., France	347,013,658	358,701,366	323,966,396	335,654,104
Italcementi S.p.A., Italy	336,899	68,019	336,899	68,019
Asia Cement Plc.	5,355,853	12,543,849	5,346,500	7,695,666
Asia Cement Products Co., Ltd.	2,928,590	704,809	-	-
CTG S.p.A., Italy	1,755,223	435,794	1,755,223	435,794
Total other accounts payable - related companies	<u>357,390,223</u>	<u>372,453,837</u>	<u>331,405,018</u>	<u>343,853,583</u>
Total other accounts payable - related parties	<u>357,390,223</u>	<u>372,453,837</u>	<u>331,541,758</u>	<u>343,853,583</u>

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<u>Long-term loans from related parties</u>				
Subsidiary				
Jalaprathan Concrete Co., Ltd.	-	-	50,000,000	-
Less: Current portion	-	-	(10,000,000)	-
Long-term loans from subsidiary - net of current portion	-	-	40,000,000	-
Related companies				
Ciments Francais S.A., France	135,048,031	139,321,841	135,048,031	139,321,841
Asia Cement Plc.	1,000,000,000	920,000,000	1,000,000,000	920,000,000
Total long-term loans from related companies	1,135,048,031	1,059,321,841	1,135,048,031	1,059,321,841
Less: Current portion	(305,048,031)	(259,321,841)	(305,048,031)	(259,321,841)
Long-term loans from related companies - net of current portion	830,000,000	800,000,000	830,000,000	800,000,000
Total long-term loans from related parties - net of current portion	830,000,000	800,000,000	870,000,000	800,000,000

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

The outstanding balance as at 31 December 2009 represented an outstanding unsecured promissory note amounting to Baht 300 million (2008: Baht 300 million) with a fixed interest rate of MLR-1% per annum. The loan and interest are repayable on 31 December 2009.

In January 2010, Naga Property Co., Ltd. issued a new unsecured promissory note dated 1 January 2010 amounting to Baht 300 million replacing the old one. The interest is MLR-1% per annum and principal and interest payment were postponed to 31 December 2010.

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

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

	(Unit: Million Baht)
<u>Repayment schedule</u>	<u>Principal of loan</u>
December 2010	10
December 2011	20
December 2012	20
Total	<u>50</u>

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

The outstanding balance as at 31 December 2009 represented an outstanding unsecured loan of Euro 2.8 million (2008: Euro 2.8 million) for settlement of unpaid technical fee from CTG S.p.A., Italy, fellow subsidiaries. The loan bears interest at EURIBOR three months plus 0.5% per annum. The interest is repayable on quarterly basis. The loan is due for re-payable within 15 December 2009.

During the year 2009, the Company and Ciments Francais S.A., France, have entered into an amendment to the loan agreement to reschedule repayment for 15 December 2010, provided that both parties may agree to extend the repayment schedule for another 1 year after this repayment period expires.

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

The outstanding balance as at 31 December 2009 secured by Ciments Francais S.A., France, represented an outstanding loan amount Baht 1,000 million (2008: Baht 920 million)

First loan amounting to Baht 920 million with a fixed interest rate of 4.5% per annum for the first two years from 28 November 2002 and floating interest rate at the average of three-months fixed deposit of three local banks plus 2.5% per annum during December 2004 to December 2009. The interest is repayable on quarterly basis. The loan is due for re-payable annually from 2005 to 2009. For the delayed portion will charge the interest at the floating rate of average MLR of three local banks minus 1% per annum.

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

The Board of Directors of Asia Cement Plc., approved to reschedule the repayment of the loan to the Company outstanding as at 31 December 2009 as follows:

	(Unit: Million Baht)
<u>Repayment schedule</u>	<u>Principal of loan</u>
December 2010	170
December 2011 - December 2012	530
December 2013	300
Total	<u>1,000</u>

Directors and management benefit expenses

In 2009, the Company and its subsidiaries paid meeting allowances and gratuities to their directors and management totaling Baht 2.6 million (The Company only: Baht 2.6 million) (2008: Baht 2.5 million and Baht 2.5 million respectively).

8. Trade accounts receivable

The balances of trade accounts receivable as at 31 December 2009 and 2008, aged on the basis of due dates, are summarised below.

	(Unit: Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<u>Related parties</u>				
Age of receivables				
Not yet due	262,190	272,196	2,994,425	2,826,699
Past due up to 3 months	7,935	-	-	-
Total	<u>270,125</u>	<u>272,196</u>	<u>2,994,425</u>	<u>2,826,699</u>
<u>Unrelated parties</u>				
Age of receivables				
Not yet due	304,062,569	292,592,990	243,559,024	212,147,547
Past due				
Up to 3 months	80,255,901	89,876,044	60,249,038	70,826,331
3 - 6 months	4,798,974	4,304,851	3,760,430	2,856,889
6 - 12 months	3,588,178	12,462,824	1,443,030	4,806,344
Over 12 months	48,415,014	43,621,038	12,570,550	14,158,941
Total	<u>441,120,636</u>	<u>442,857,747</u>	<u>321,582,072</u>	<u>304,796,052</u>
Less: Allowance for doubtful accounts	<u>(50,225,048)</u>	<u>(52,539,340)</u>	<u>(13,377,620)</u>	<u>(15,394,631)</u>
Trade accounts receivable - net	<u>390,895,588</u>	<u>390,318,407</u>	<u>308,204,452</u>	<u>289,401,421</u>
	<u>391,165,713</u>	<u>390,590,603</u>	<u>311,198,877</u>	<u>292,228,120</u>

9. Inventories

(Unit: Baht)

Consolidated financial statements						
Allowance of diminution in value of inventories - stock obsolescence and impairment						
	Cost		impairment		Inventories-net	
	2009	2008	2009	2008	2009	2008
Finished products	35,967,815	47,711,569	-	-	35,967,815	47,711,569
Work in process	73,040,744	136,037,674	(2,000,000)	(2,000,000)	71,040,744	134,037,674
Raw materials	158,961,547	332,248,187	(5,212,500)	(5,212,500)	153,749,047	327,035,687
Spare parts and supplies	265,096,381	273,914,934	(168,814,211)	(70,519,739)	96,282,170	203,395,195
Total	533,066,487	789,912,364	(176,026,711)	(77,732,239)	357,039,776	712,180,125

(Unit: Baht)

Separate financial statements						
Allowance of diminution in value of inventories - stock obsolescence and impairment						
	Cost		impairment		Inventories-net	
	2009	2008	2009	2008	2009	2008
Finished products	35,967,815	47,711,569	-	-	35,967,815	47,711,569
Work in process	73,040,744	136,037,674	(2,000,000)	(2,000,000)	71,040,744	134,037,674
Raw materials	156,812,924	328,890,962	(5,212,500)	(5,212,500)	151,600,424	323,678,462
Spare parts and supplies	261,193,460	268,858,072	(168,814,211)	(70,519,739)	92,379,249	198,338,333
Total	527,014,943	781,498,277	(176,026,711)	(77,732,239)	350,988,232	703,766,038

As described in Note 1.1, the Company had shut down clinker production since January 2009 and it was uncertain whether the production would be resumed shortly. The management determined the impairment of spare parts of machines related to clinker production. The impairment loss of such spare parts was recorded in the current year's income statement at the amount of Baht 93 million.

10. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Separate financial statements							
	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
			(%)	(%)				
Jalaprathan Concrete Co., Ltd.	280,000	280,000	99.99	99.99	279,981	279,981	-	-
Naga Property Co., Ltd.	100,000	100,000	100.00	100.00	100,000	100,000	-	-
Total					<u>379,981</u>	<u>379,981</u>	<u>-</u>	<u>-</u>

11. Other long-term investments

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Bangkok Bank of Commerce Public Co., Ltd.	5,723,846	5,723,846	5,723,846	5,723,846
Stang Dang II Mutual Fund	70,000,000	70,000,000	70,000,000	70,000,000
Jalaprathan Transport Co., Ltd.	10,399,440	10,399,440	-	-
Others	116,300	116,300	116,300	116,300
Total	<u>86,239,586</u>	<u>86,239,586</u>	<u>75,840,146</u>	<u>75,840,146</u>
Less: Allowance for impairment loss of investments	<u>(70,684,886)</u>	<u>(70,684,886)</u>	<u>(60,285,446)</u>	<u>(60,285,446)</u>
Other long-term investments - net	<u>15,554,700</u>	<u>15,554,700</u>	<u>15,554,700</u>	<u>15,554,700</u>

In May 2008, Extraordinary Meeting of shareholders no. 1/2551 and no. 2/2551 of Jalaprathan Transport Co.,Ltd. passed a special resolution approving a capital reduction by means of reducing the par value from Baht 100 per share to Baht 80 per share, and approved the return of the reduced capital to its shareholders. The subsidiary of the Company, which is the shareholder of that company, received the return of such capital and the investment account has been adjusted, while the allowance for impairment loss on investment account has been reversed in proportion to the amount of capital returned.

12. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements												
	Assets used in the operations					Unued assets but not classified as held for sale							
	Revaluation basis					Cost basis					Cost basis		
	Land	Lease assets	Quarries	Buildings, leaseholds improvement and structures	Machinery, tools and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Buildings, leaseholds improvement and structures	Machinery, tools and equipment	Motor vehicles	Construction in progress	Total
Cost/revalued amount:													
31 December 2008	1,169,121	400,000	45,445	1,116,425	4,662,823	29,707	298,015	179,532	-	-	-	-	7,901,068
Transfer to unused assets	-	-	-	(547,924)	(2,981,851)	-	(255,646)	(92,492)	547,924	2,981,851	255,646	92,492	-
Additions	-	-	-	-	970	89	-	58,235	144	-	-	39,139	98,577
Disposals/write-off	-	-	-	-	(9,756)	(3,333)	(4,689)	-	-	-	(874)	-	(18,652)
Transfer between accounts	-	-	-	26,576	36,362	126	-	(63,064)	1,873	13,536	-	(15,409)	-
31 December 2009	1,169,121	400,000	45,445	595,077	1,708,548	26,589	37,680	82,211	549,941	2,995,387	254,772	116,222	7,980,993
Accumulated depreciation:													
31 December 2008	-	8,473	4,329	761,747	2,937,784	25,927	278,879	-	-	-	-	-	4,017,139
Transfer to unused assets	-	-	-	(310,543)	(2,047,107)	-	(241,498)	-	310,543	2,047,107	241,498	-	-
Depreciation for the year	-	-	-	15,613	84,884	1,065	833	-	28,497	105,971	5,588	-	242,451
Depreciation on disposals/write-off	-	-	-	-	(9,741)	(3,329)	(4,689)	-	-	-	(874)	-	(18,633)
31 December 2009	-	8,473	4,329	466,817	965,820	23,663	33,525	-	339,040	2,153,078	246,212	-	4,240,957
Allowance for impairment loss:													
31 December 2008	5,340	-	-	-	-	-	-	2,228	-	-	-	-	7,568
Transfer to unused assets	-	-	-	-	-	-	-	(1,869)	-	-	-	1,869	-
Increasing during the year	-	-	-	-	-	-	-	-	210,901	842,309	8,560	114,353	1,176,123
31 December 2009	5,340	-	-	-	-	-	-	359	210,901	842,309	8,560	116,222	1,183,691
Net book value:													
31 December 2008	1,163,781	391,527	41,116	354,678	1,725,039	3,780	19,136	177,304	-	-	-	-	3,876,361
31 December 2009	1,163,781	391,527	41,116	128,260	742,728	2,926	4,155	81,852	-	-	-	-	2,556,345
Depreciation for the year													
2008 (Baht 232.7 million included in manufacturing cost, and the balance in administrative expenses)													234,541
2009 (Baht 126.7 million included in manufacturing cost, Baht 115.7 million included in other expenses, and the balance in administrative expenses)													242,451

(Unit: Thousand Baht)

Revaluation basis	Separate financial statements										
	Assets used in the operations					Unused assets but not classified as held for sale					
	Cost basis					Cost basis					
Land	Quarries	Buildings, leaseholds improvement and structures	Machinery, tools and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Buildings, leaseholds improvement and structures	Machinery, tools and equipment	Motor vehicles	Construction in progress	Total
Cost/revalued amount:											
31 December 2008	1,169,121	45,445	1,084,016	4,474,215	24,406	293,232	178,708	-	-	-	7,269,143
Transfer to unused assets	-	-	(547,924)	(2,981,851)	-	(255,646)	(92,492)	547,924	2,981,851	92,492	-
Additions	-	-	-	970	89	-	53,248	144	-	39,139	93,590
Disposals/write-off	-	-	-	(80)	(1,019)	(4,324)	-	-	(874)	-	(6,297)
Transfer between accounts	-	-	25,601	33,754	126	-	(59,481)	1,873	-	(15,409)	-
31 December 2009	1,169,121	45,445	561,693	1,527,008	23,602	33,262	79,983	549,941	2,995,387	116,222	7,356,436
Accumulated depreciation:											
31 December 2008	-	4,329	750,013	2,794,040	20,971	274,096	-	-	-	-	3,843,449
Transfer to unused assets	-	-	(310,543)	(2,047,107)	-	(241,498)	-	310,543	2,047,107	-	-
Depreciation for the year	-	-	11,482	76,939	922	833	-	28,497	105,971	-	230,232
Depreciation on disposals/write-off	-	-	-	(80)	(1,019)	(4,324)	-	-	(874)	-	(6,297)
31 December 2009	-	4,329	450,952	823,792	20,874	29,107	-	339,040	2,153,078	-	4,067,384
Allowance for impairment loss:											
31 December 2008	5,340	-	-	-	-	-	2,228	-	-	-	7,568
Transfer to unused assets	-	-	-	-	-	-	(1,869)	-	-	1,869	-
Increasing during the year	-	-	-	-	-	-	-	210,901	842,309	114,353	1,176,123
31 December 2009	5,340	-	-	-	-	-	359	210,901	842,309	116,222	1,183,691
Net book value:											
31 December 2008	1,163,781	41,116	334,003	1,680,175	3,435	19,136	176,480	-	-	-	3,418,126
31 December 2009	1,163,781	41,116	110,741	703,216	2,728	4,155	79,624	-	-	-	2,105,361
Depreciation for the year											
2008 (Baht 220.8 million included in manufacturing cost, and the balance in administrative expenses)											220,875
2009 (Baht 114.5 million included in manufacturing cost, Baht 115.7 million included in other expenses, and the balance in administrative expenses)											230,232

As described in Note 1.1, the Company had shut down clinker production since January 2009 and it was uncertain whether the production would be resumed shortly. The management determined the impairment of buildings, machines and equipment which are related to clinker production. The impairment loss of such assets was recorded in the current year's income statement at the amount of Baht 1,176 million.

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

(Unit: Thousand Baht)

	Consolidated financial statements				Separate financial statements	
	Land		Lease assets		Land	
	2009	2008	2009	2008	2009	2008
Original cost	62,128	62,128	10,521	10,521	62,128	62,128
Surplus from revaluation	1,106,993	1,106,993	389,479	389,479	1,106,993	1,106,993
Revalued amount	1,169,121	1,169,121	400,000	400,000	1,169,121	1,169,121
Accumulated depreciation	-	-	(8,473)	(8,473)	-	-
Allowance for impairment loss	(5,340)	(5,340)	-	-	(5,340)	(5,340)
Net book value	1,163,781	1,163,781	391,527	391,527	1,163,781	1,163,781

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

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

As at 31 December 2009, certain plant and equipment items have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets amounted to approximately Baht 2,450 million (The Company only: Baht 2,373 million) (2008: Baht 2,359 million and Baht 2,282 million, respectively).

13. Short-term loans from financial institution

As at 31 December 2009, the Company has unsecured loan from a local commercial bank, related company, amounting to Baht 250 million (2008: Baht 300 million), bearing interest at a rate of 2.30 % per annum (2008: 4.53% per annum).

14. Income tax

Income tax expenses of the Company and its subsidiaries for the year ended 31 December 2009 and 2008 are as follows:

	(Unit: Baht)			
	Consolidated financial statement		Separate financial statement	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Income tax payable on taxable profit for the year	-	-	-	-
Write-off non-refundable withholding tax deducted at source/overpaid tax	661,263	10,902,596	287,872	10,559,653
Under tax expense for previous year	-	8,539,537	-	8,666,423
Net increase in deferred tax on temporary differences	<u>26,910,633</u>	<u>1,517,082</u>	<u>27,678,058</u>	<u>3,660,330</u>
Income tax expenses as included in income statements	<u>27,571,896</u>	<u>20,959,215</u>	<u>27,965,930</u>	<u>22,886,406</u>

As at 31 December 2009 and 2008, the deferred tax relating to items that are charged or credited to shareholders' equity were as follows:

	(Unit: Baht)			
	Consolidated financial statement		Separate financial statement	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Deferred tax relating to revalued land	<u>332,097,986</u>	<u>332,097,986</u>	<u>332,097,986</u>	<u>332,097,986</u>

Reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate for the years ended 31 December 2009 and 2008 is as follows:

	(Unit: Baht)			
	Consolidated financial statement		Separate financial statement	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Accounting loss	<u>(1,557,565,184)</u>	<u>(107,515,123)</u>	<u>(1,528,429,354)</u>	<u>(46,581,957)</u>
Applicable tax rate at 30%	(467,269,555)	(32,254,537)	(458,528,806)	(13,974,587)
Income tax benefit on tax loss which was not recognised during the year	113,567,650	33,181,304	105,131,942	17,242,390
Effect of elimination entry on the consolidated financial statements	(492,150)	(5,379)	-	-
Income tax benefit on impairment loss of assets and spare parts which were not recognised during the year	380,730,938	-	380,730,938	-
Tax effect of non-deductible expenses	373,750	468,808	343,984	392,527
Write-off non-refundable withholding tax deducted at source/overpaid tax	661,263	10,902,596	287,872	10,559,653
Under tax expense for previous year	-	8,666,423	-	8,666,423
Income tax expense as included in income statements	<u>27,571,896</u>	<u>20,959,215</u>	<u>27,965,930</u>	<u>22,886,406</u>

As at 31 December 2009 and 2008, the components of deferred tax assets and deferred tax liabilities can be summarised as follows:

	Consolidated financial statement		Separate financial statement	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
(Unit: Baht)				
Deferred tax assets				
Allowance for doubtful accounts	50,225,048	52,539,340	13,377,620	15,394,631
Allowance for slow moving /defective inventories	83,046,638	77,732,239	83,046,638	77,732,239
Allowance for impairment loss of assets	2,227,675	2,227,675	2,227,675	2,227,675
Allowance for impairment loss of other investments	70,684,886	70,684,886	60,285,446	60,285,446
Provision for quarry restoration costs	2,753,926	2,753,591	2,753,926	2,753,591
Employee benefits obligation	54,840,948	147,543,498	46,293,716	141,851,631
	<u>263,779,121</u>	<u>353,481,229</u>	<u>207,985,021</u>	<u>300,245,213</u>
Deferred tax assets (30%)	<u>79,133,736</u>	<u>106,044,369</u>	<u>62,395,506</u>	<u>90,073,564</u>
Deferred tax liabilities				
Surplus from revalued land	1,106,993,288	1,106,993,288	1,106,993,288	1,106,993,288
	<u>1,106,993,288</u>	<u>1,106,993,288</u>	<u>1,106,993,288</u>	<u>1,106,993,288</u>
Deferred tax liabilities (30%)	<u>(332,097,986)</u>	<u>(332,097,986)</u>	<u>(332,097,986)</u>	<u>(332,097,986)</u>
Deferred tax liabilities-Net	<u>(252,964,250)</u>	<u>(226,053,617)</u>	<u>(269,702,480)</u>	<u>(242,024,422)</u>

As at 31 December 2009, the Company and its subsidiaries had unused tax losses of Baht 492 million and as described in Note 9 and Note 12, the Company recorded allowance for impairment of buildings, machinery, equipment and spare parts related to clinker production in the income statement totaling Baht 1,269 million. Deferred tax assets had not been recognised in respect of those tax losses and such impairment loss of those assets as the management views that it is no longer probable that sufficient future taxable profit will be available to allow the deferred tax assets to be utilised.

15. Employee benefits obligation

Movements in the defined benefit obligation for the years ended 31 December 2009 and 2008 are summarised below.

	฿		฿	
	2009	2008	2009	2008
Defined benefit obligation at the beginning of year	147,543,498	160,631,458	141,851,631	152,757,034
Benefit expenses recognised in the income statements for the year	74,252,592	17,348,378	65,262,717	15,739,405
Benefits paid	(166,955,142)	(30,436,338)	(160,820,632)	(26,644,808)
Defined benefit obligation at the end of year	54,840,948	147,543,498	46,293,716	141,851,631

The balance of employee benefits obligation are presented in the balance sheets as follow:

Short-term employee benefits obligation	-	94,392,431	-	94,392,431
Long-term employee benefits obligation	54,840,948	53,151,067	46,293,716	47,459,200

The amounts recognised in the income statements for the years ended 31 December 2009 and 2008 are as follows:

	฿		฿	
	2009	2008	2009	2008
Current service cost	4,195,510	7,235,578	3,338,720	6,491,371
Interest cost	5,032,723	9,535,621	4,405,604	8,887,211
Actuarial loss	1,179,969	577,179	855,796	360,823
Curtailment loss	63,844,390	-	56,662,597	-
Total benefit expenses	74,252,592	17,348,378	65,262,717	15,739,405
Benefit expenses included in manufacturing cost	8,600,120	15,739,405	8,600,120	15,739,405
Benefit expenses included in administrative expenses	65,652,472	1,608,973	56,662,597	-

Principal actuarial assumptions at the valuation date were as follows:

	2009	2008
	(% per annum)	(% per annum)
Discount rate	5.00	5.35
Future salary increase rate	5.00	5.10
Inflation rate	3.50	1.00

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

16. Revaluation surplus on assets

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

17. Statutory reserve

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

18. Other reserve

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

19. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Salary and wages and other employee benefits	259,675,248	197,667,227	224,752,310	166,770,338
Depreciation	242,451,129	234,540,544	230,232,381	220,875,090
Loss on impairment of assets	1,176,123,055	-	1,176,123,055	-
Loss on obsolescence and impairment of spare parts and supplies (reversal)	98,294,472	(14,553,433)	98,294,472	(14,553,433)
Rental expenses	17,194,223	16,016,155	2,747,819	2,418,842
Freight expenses	67,748,577	125,965,700	17,843,253	41,325,133
Management fee	62,042,499	93,898,336	50,936,899	76,112,044
Raw materials and consumables used	1,025,011,645	1,001,519,904	802,550,086	616,903,397
Changes in inventories of finished goods and work in process	74,740,684	48,798,727	74,740,684	48,798,727

20. Basic loss per share

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

21. Segment information

The Company and its subsidiaries' business operations involve three principal segments: (1) Manufacturing of cement (2) Manufacturing of ready-mixed concrete and (3) Office building rental. These operations are mainly carried on in Thailand. Below is the consolidated financial information for the years ended 31 December 2009 and 2008 of the Company and its subsidiaries by segment.

(Unit: Million Baht)

Consolidated financial statements										
	Cement segment		Ready-mixed concrete segment		Office building rental segment		Elimination of inter-segment revenues		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Revenue from external customers	1,597	1,855	344	532	6	6	-	-	1,947	2,393
Intersegment revenues	22	60	-	-	-	-	(22)	(60)	-	-
Total revenues	1,619	1,915	344	532	6	6	(22)	(60)	1,947	2,393
Segment operating income (loss)	(1,374)	14	(20)	(52)	4	4			(1,390)	(34)
Unallocated income and expenses:										
Interest income									1	3
Other income									15	14
Other expenses									(116)	(11)
Finance cost									(68)	(79)
Corporate income tax									(27)	(21)
Minority interest									-	-
Net loss									(1,585)	(128)

Consolidated financial statements										
	Cement segment		Ready-mixed concrete segment		Office building rental segment		Elimination of inter-segment revenues		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Property, plant and equipment	2,105	3,418	59	67	390	391	2	-	2,556	3,876
Other assets	1,527	1,769	194	198	1	2	(757)	(697)	965	1,272
Total assets	3,632	5,187	253	265	391	393	(755)	(697)	3,521	5,148

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

22. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both the Company and employees contributed to the fund monthly at the rate of 5% and 3%, respectively, of basic salaries. The fund, which is managed by UOB Asset Management (Thai) Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2009, the Company contributed Baht 0.8 million (2008: Baht 1.5 million) to the fund.

23. Commitments and contingent liabilities

23.1 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of land and motor vehicle. The terms of the agreements are generally between 2 and 15 years.

As at 31 December 2009, future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

	Consolidated financial statements	(Unit: Million Baht) Separate financial statements
Payable within:		
1 year	9.88	2.25
2 - 5 years	13.21	4.39
More than 5 years	2.82	-

23.2 Long-term service agreements commitments

- a) The Company and its subsidiaries have entered into agreements relation to the concrete transportation, packing cement and other related services. The Company and its subsidiaries are committed to pay service fees calculated from quantities and distance multiplied by the rate specified in the agreements.
- b) The Company and its subsidiaries have entered into others services agreements, mostly relating to the provision of repair and maintenance of machines and equipments. As at 31 December 2009, there were commitments to be payable under those agreements as follows:

	Consolidated financial statements	(Unit: Million Baht) Separate financial statements
Payable within:		
1 year	6.49	5.03
2 years	0.28	0.28

23.3 Purchase of raw material commitments

As at 31 December 2009, the Company has entered into agreements to purchase of raw materials in the future of approximately Baht 13.75 million.

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

23.4 Bank guarantees

As at 31 December 2009, there were outstanding bank guarantees of approximately Baht 49.9 million (The Company only: Baht 47.8 million) issued by banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 45.9 million to guarantee electricity use and Baht 4.0 million for other guarantee.

24. Financial instruments

24.1 Financial risk management policies

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 32 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, other accounts receivable, borrowing, investments, trade accounts payable, other accounts payable, short-term loans and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

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

Interest rate risk

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

Significant financial assets and liabilities as at 31 December 2009 classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

	Consolidated financial statements				Effective interest rate (% p.a.)
	Fixed interest rates Within 1 year	Floating interest rate	Non-interest bearing	Total	
		(Million Baht)			
Financial assets					
Cash and cash equivalent	75.0	74.7	30.1	179.8	0.25 - 1.06
Trade accounts receivable	-	-	391.2	391.2	-
Other accounts receivable – related parties	-	-	9.0	9.0	-
Other long-term investments	-	-	15.6	15.6	-
	<u>75.0</u>	<u>74.7</u>	<u>445.9</u>	<u>595.6</u>	
Financial liabilities					
Short-term loans from financial institution	250.0	-	-	250.0	2.30 - 4.53
Trade accounts payable	-	-	338.9	338.9	-
Other accounts payable	-	-	404.6	404.6	-
Long-term loans from related parties	-	1,135.0	-	1,135.0	1.23 - 5.83
	<u>250.0</u>	<u>1,135.0</u>	<u>743.5</u>	<u>2,128.5</u>	

	Separate financial statements				Effective interest rate (% p.a.)
	Fixed interest rates Within 1 year	Floating interest rate	Non-interest bearing	Total	
	(Million Baht)				
Financial assets					
Cash and cash equivalent	50.0	50.1	29.7	129.8	0.25 - 1.06
Trade accounts receivable	-	-	311.2	311.2	-
Other accounts receivable-related parties	-	-	32.8	32.8	-
Loan to related party	-	300.0	-	300.0	4.99 - 5.83
Investments in subsidiaries	-	-	380.0	380.0	-
Other long-term investments	-	-	15.6	15.6	-
	<u>50.0</u>	<u>350.1</u>	<u>769.3</u>	<u>1,169.4</u>	
Financial liabilities					
Short-term loans from financial institution	250.0	-	-	250.0	2.30 - 4.53
Trade accounts payable	-	-	291.6	291.6	-
Other accounts payable	-	-	375.8	375.8	-
Long-term loans from related parties	-	1,185.0	-	1,185.0	1.23 - 5.83
	<u>250.0</u>	<u>1,185.0</u>	<u>667.4</u>	<u>2,102.4</u>	

Foreign currency risk

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

The balances of financial assets and liabilities denominated in foreign currencies as at 31 December 2009 are summarised below.

Foreign currency	Financial Assets (Million)	Financial liabilities (Million)	Average exchange rate as at 31 December 2009 (Baht per 1 foreign currency unit)
US dollar	0.02	0.05	33.3688
Euro	-	2.90	47.7934
Danish Krone	-	0.03	6.4218

24.2 Fair value of financial instruments

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

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

25. Capital management

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

According to the balance sheet as at 31 December 2009, the Group's debt-to-equity ratio was 2.53:1 (2008: 0.99:1) and the Company's was 2.17:1 (2008: 0.92:1).

26. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2010.



บริษัท ชลประทานซีเมนต์ จำกัด (มหาชน)
Jalapraphan Cement
Public Company Limited

