



บริษัท ปูนซีเมนต์เอเชีย จำกัด (มหาชน)

**Asia Cement**

รายงานประจำปี 2550

2007 ANNUAL REPORT

ASIA CEMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS  
31 DECEMBER 2007

## **Report of Independent Auditor**

To the Shareholders of Asia Cement Public Company Limited

I have audited the accompanying consolidated balance sheet of Asia Cement Public Company Limited and its subsidiaries as at 31 December 2007, the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, and the separate financial statements of Asia 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 Asia Cement Public Company Limited and its subsidiaries, and the separate financial statements of Asia Cement Public Company Limited for the year ended 31 December 2006, as presented herein for comparative purposes, were audited by another auditor who expressed an unqualified opinion on those statements, under his report dated 2 March 2007.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audits 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 Asia Cement Public Company Limited and its subsidiaries and of Asia Cement Public Company Limited as at 31 December 2007, the results of their operations, and cash flows for the year then ended, in accordance with generally accepted accounting principles.

Without qualifying my opinion on the above financial statements, I draw attention to the matter as discussed in Note 4 to the financial statements whereby, effective 1 January 2007, the Company changed its accounting policy for recording investment in subsidiaries in the separate financial statements from the equity method to the cost method. In addition, as discussed in Note 5 to the financial statements, the Company corrected a past error for recording in subsidiary's revaluation surplus on land, recording in deferred tax liabilities of the Company and its subsidiary and recording in adjustment of property, plant and equipment. The Company has thus restated the consolidated financial statements and the separate financial statements as at 31 December 2006 and for the year then ended to reflect these changes in accounting policy and error adjustment. In my opinion, the adjustments made for the preparation of consolidated and separate financial statements are appropriate and have been properly applied.

Narong Puntawong

Certified Public Accountant (Thailand) No. 3315

Ernst & Young Office Limited

Bangkok: 26 February 2008

ASIA CEMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

**1. GENERAL INFORMATION**

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

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

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

**2. BASIS OF PREPARATION**

2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547, except for the early adoption of Accounting Standard No. 56 “Accounting for income tax”, which is in line with International Accounting Standard (IAS) No. 12 “Income Taxes” (revised 1996).

The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 14 September 2001, issued under the Accounting Act B.E. 2543.

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Asia Cement Public Company Limited and its subsidiaries except 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.

All subsidiaries which included in the consolidated financial statements 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	
		2007	2006	2007	2006	2007	2006
		Percent	Percent	Percent	Percent	Percent	Percent
<u>Held by the Company</u>							
Asia Cement Products Co., Ltd.	Manufacturing of ready-mixed concrete	99.99	99.99	1.98	2.21	9.33	9.45
Jalaprathan Cement Plc.	Manufacturing of cement	31.43	31.42	28.64	27.86	20.73	21.25
<u>Held by the subsidiary</u>							
Jalaprathan Concrete Co., Ltd. (Wholly owned by Jalaprathan Cement Plc.)	Manufacturing of ready-mixed concrete	99.99	99.99	1.93	1.87	6.65	6.80
Naga Property Co., Ltd. (Wholly owned by Jalaprathan Cement Plc.)	Office building rental	100.00	100.00	2.42	2.42	0.07	0.06

- b) The financial statements of Jalaprathan Cement Plc., are included in the consolidated financial statements even though the Company's shareholding is 31.43 percent. This is because the Company has control over that company.
- c) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- d) Investments in the subsidiaries as recorded in the Company's books of account are eliminated against the equity of the subsidiaries. The resultant differences are amortised over a period of 4 years, in proportion of investments' repayment schedule of long-term loan from financial institution of the subsidiary commencing from the date of controlling in the subsidiary.
- 2.3 The separate financial statements, which present investment in subsidiaries presented under the cost method, have been prepared solely for the benefit of the public.

### 3. ADOPTION OF NEW ACCOUNTING STANDARDS

The Federation of Accounting Professions (FAP) has issued Notifications No. 9/2550, 38/2550 and 62/2550 regarding Accounting Standards. The notifications mandate the use of the following new Accounting Standards.

#### a) Thai Accounting Standards which are effective for the current year

TAS 44 (revised 2007)	Consolidated Financial Statements and Separate Financial Statements
TAS 45 (revised 2007)	Investments in Associates
TAS 46 (revised 2007)	Interests in Joint Ventures

These accounting standards become effective for the financial statements for fiscal years beginning on or after 1 January 2007. During the current year, the Company changed its accounting policy for recording investment in subsidiaries in the separate financial statements in order to comply with the revised Thai Accounting Standards No. 44 as discussed in Note 4.

Thai Accounting standards No. 45 and 46 are not relevant to the business of the Company.

#### b) Thai Accounting Standards which are not effective for the current year

TAS 25 (revised 2007)	Cash Flow Statements
TAS 29 (revised 2007)	Leases
TAS 31 (revised 2007)	Inventories
TAS 33 (revised 2007)	Borrowing Costs
TAS 35 (revised 2007)	Presentation of Financial Statements
TAS 39 (revised 2007)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 41 (revised 2007)	Interim Financial Reporting
TAS 43 (revised 2007)	Business Combinations
TAS 49 (revised 2007)	Construction Contracts
TAS 51	Intangible Assets

These accounting standards will become effective for the financial statements for fiscal years beginning on or after 1 January 2008. The management has assessed the effect of these revised accounting standards and believes that they will not have any significant impact on the financial statements for the year in which they are initially applied.

Thai Accounting standards No. 49 is not relevant to the business of the Company.

#### **4. CHANGE IN ACCOUNTING POLICY FOR RECORDING INVESTMENTS IN SUBSIDIARIES IN THE SEPARATE FINANCIAL STATEMENTS**

During the current year, the Company changed its accounting policy for recording investments in subsidiaries in the separate financial statements from the equity method to the cost method, in compliance with Accounting Standard No. 44 (Revised 2007) regarding “Consolidated Financial Statements and Separate Financial Statements”, under which investments in subsidiaries, jointly controlled entities and associates are to be presented in the separate financial statements under the cost method.

In this regard, the Company has restated the previous period’s separate financial statements as though the investments in the subsidiaries had originally been recorded using the cost method. The cumulative effect of the change in accounting policy has been presented under the heading of “Cumulative effect of the change in accounting policy for investments in subsidiaries” in the separate statements of changes in shareholders’ equity.

Such change in accounting policy affects only the accounts related to investment in subsidiaries in the Company’s separate financial statements, with no effect to the consolidated financial statements.

The change has the effect to net income and earnings per shares of the Company in the separate income statements for the year ended 31 December 2007 and 2006 as follows:

	Separate financial statements	
	<u>2007</u>	<u>2006</u>
	Increase (decrease)	Increase (decrease)
Effect to net income (Million Baht)	<u>(27.14)</u>	<u>(0.06)</u>
Effect to earnings per shares (Baht)	<u>(0.04)</u>	<u>(0.0001)</u>

#### **5. PRIOR YEAR ERROR ADJUSTMENTS**

During the current year, the Company and its subsidiary has corrected errors concerning in the following subjects.

- The recording of incorrect elimination of the subsidiary’s revaluation surplus on land.
- The recording of deferred tax liabilities on the revaluation surplus on land effected in increasing of corporate income tax expense in the consolidated and separate income statements.
- The recording of adjustment in property, plant and equipment in equity taking from subsidiary.



The Company and its subsidiary restated the prior year's financial statement, adjusting the errors against the brought forward balance of retained earnings. The cumulative effect of the adjustment has been presented under the heading of "Cumulative effect of the adjustments of errors in recordings of elimination in subsidiary's revaluation surplus on land, the Company and subsidiary's deferred tax liabilities and adjustment in property, plant and equipment" in the statements of changes in shareholders' equity.

The adjustment have the effect to net income and earnings per share of the Company for the year ended 31 December 2006, as follows:

	For the year ended 31 December 2006	
	Consolidated financial statements	Separate financial statements
	Increase (decrease)	Increase (decrease)
Effect to net income (Million Baht)	(71.80)	(102.42)
Effect to earnings per shares (Baht)	(0.09)	(0.13)

## 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.

#### *Rendering of services*

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

#### *Interest income*

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

#### *Dividends*

Dividends are recognised when the right to receive the dividends is established.

## **6.2 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand, cash 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 debtor aging.

## **6.4 Inventories**

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

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

## **6.5 Investments**

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

## **6.6 Property, plant and equipment/Depreciation**

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

Land is initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values, by using Market 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 of the Company and its subsidiaries 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 of assets" to the extent that the decrease does not exceed the amount held in the "Revaluation surplus of 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, leasehold improvement and structures	-	5 - 30 years
Machinery, tool and equipment	-	5 - 20 years
Furniture and office equipment	-	3 - 5 years
Motor vehicles	-	5 - 10 years

Depreciation is included in determining income.

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

In certain cases the Company and its subsidiary 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, which is estimated by Department of Mining Engineering, Chulalongkorn University.

#### **6.7 Leasehold right on building**

Leasehold right on building is stated at cost and being amortised over a period of 25 years according to the lease terms.

## **6.8 Mining concessions**

Mining concessions represent cost of mining concession, plus if applicable any other concession fees, are stated at cost and being depleted using by the ratio of the actual units of limestone extracted for the year and total number of extractable limestone units, which is estimated by Department of Mining Engineering, Chulalongkorn University.

## **6.9 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.

## **6.10 Negative goodwill**

Negative goodwill presented as negative assets in the consolidated financial statements is recognised as income in the statements of income by the straight-line basis over the period of repayment of long-term loan from banks of the subsidiary within 4 years.

## **6.11 Foreign currencies**

Foreign currency transactions are translated into Baht at the exchange rates ruling on the transaction dates. Assets and liabilities denominated in foreign currencies outstanding at the balance sheet date are translated into Baht at the exchange rates ruling on the balance sheet date.

Gains and losses on exchange are included in determining income.

## **6.12 Impairment of assets**

The Company and its subsidiaries assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Company and its subsidiaries make an estimate of the asset's recoverable amount. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the income statement. An asset's recoverable amount is the higher of fair value less costs to sell and value in use.

### **6.13 Employee benefits**

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

Employee compensation and pension expenses are provided in the accounts by reference to the provisions of the labour laws. The provision for these expenses is determined based on the report of an independent actuarial company, which is calculated based on the latest salary, length of services and the chance of employee working until retirement.

### **6.14 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.

### **6.15 Treasury shares**

Treasury shares are stated at cost and presented as a deduction from shareholders' equity. Gains on disposal of treasury shares are determined by reference to the carrying amount and are presented as premium on treasury shares. Losses on disposal of treasury shares are determined by reference to the carrying amount and are presented in premium on treasury shares and retained earnings, consecutively.

If the Company does not or cannot distribute all treasury shares within the specified period, the Company will apply the capital reduction by cancel the treasury shares. The different between selling price and average price are determined by reference to premium on treasury shares (if any) and retained earnings, consecutively.

### **6.16 Income Tax**

#### **6.16.1 Current tax**

The Company and its subsidiaries calculate corporate income tax in accordance with the basis regulated in the Revenue Code.

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

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.

#### 6.17 Use of accounting estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions in certain circumstances, affecting amounts reported in these financial statements and related notes. Actual results could differ from these estimates.

### 7. CASH AND CASH EQUIVALENTS

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Cash on hand	20,000	311,835	-	174,997
Current and saving deposits	131,564,569	667,784,289	44,124,040	378,951,152
Bills of exchange	1,686,700,233	1,030,000,000	1,606,700,233	1,030,000,000
Total	<u>1,818,284,802</u>	<u>1,698,096,124</u>	<u>1,650,824,273</u>	<u>1,409,126,149</u>

## 8. RELATED PARTY TRANSACTIONS

During the years, the Company and its subsidiaries had significant business transactions with related parties, which have been concluded on commercial items and bases agreed upon in the ordinary course of business between the Company, subsidiaries and those companies. Below is a summary of those transactions.

	(Unit: Million Baht)				Pricing Policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	
<b><u>Transactions with subsidiaries</u></b>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	744.6	690.5	With reference to the terms and prices offered to manufacturing customers
Management fee income	-	-	73.9	71.5	Contract price
Interest income	-	-	52.7	54.4	Interest rate as stipulated in the contract
Rental income	-	-	1.5	1.4	Contract price
Trademark license fee income	-	-	2.0	2.0	Contract price
Purchases of raw materials	-	-	9.5	15.4	Market price
Trademark license fee expense	-	-	2.0	2.0	Contract price
<b><u>Transactions with related companies</u></b>					
Sales of goods	1,632.1	1,467.9	1,536.1	1,311.8	With reference to the terms and prices offered to manufacturing customers/Contract price
Interest income	1.2	1.4	1.0	1.1	Interest rate as market rate
Rental income	0.4	0.4	0.4	0.4	Contract price
Other income	0.4	0.8	0.4	0.4	Contract price
Purchases of raw materials	1,074.0	870.3	1,038.5	817.4	Market price
Management fee expenses	35.9	44.6	-	0.7	Contract price
Technical fee	25.6	24.1	12.2	10.4	Contract price
Interest expenses	9.9	13.8	-	-	Interest rate as stipulated in the contract
Software license fee	5.5	8.5	5.5	8.5	Contract price
Training fee	1.4	6.4	1.4	6.4	Actual price
Other expenses	-	14.5	-	0.6	Contract price

The balances of accounts as at 31 December 2007 and 2006 between the Company and those related parties are as follows:

	Consolidated financial statements		Separate financial statements	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
(Unit: Baht)				
<b><u>Cash and cash equivalents</u></b>				
<b>Related company</b>				
Bangkok Bank Plc.	20,336,195	248,806,176	8,114,836	205,559,950
Total cash and cash equivalents - related company	<u>20,336,195</u>	<u>248,806,176</u>	<u>8,114,836</u>	<u>205,559,950</u>
<b><u>Trade accounts and notes receivable - related parties</u></b>				
<b>Subsidiaries</b>				
Asia Cement Products Co., Ltd.	-	-	99,766,803	106,462,364
Jalaprathan Cement Plc.	-	-	188,664,370	79,075,070
Jalaprathan Concrete Co., Ltd.	-	-	6,658,057	4,536,018
Total trade accounts and notes receivable - subsidiaries	<u>-</u>	<u>-</u>	<u>295,089,230</u>	<u>190,073,452</u>
<b>Related companies</b>				
Interbulk Trading S.A.	182,787,536	147,577,846	182,787,536	147,577,846
Peerakit Construction Materials (1993) Co., Ltd.	129,780,835	128,475,746	129,780,835	128,475,746
Krung Thep Cement Co., Ltd.	2,222,173	2,482,616	2,222,173	2,482,616
Total trade accounts and notes receivable - related companies	<u>314,790,544</u>	<u>278,536,208</u>	<u>314,790,544</u>	<u>278,536,208</u>
Total trade accounts and notes receivable - related parties	<u>314,790,544</u>	<u>278,536,208</u>	<u>609,879,774</u>	<u>468,609,660</u>
<b><u>Other accounts receivable - related parties</u></b>				
<b>Subsidiaries</b>				
Asia Cement Products Co., Ltd.	-	-	673,237	291,803
Jalaprathan Cement Plc.	-	-	11,107,617	5,813,108
Jalaprathan Concrete Co., Ltd.	-	-	396,490	4,875
Total other accounts receivable - subsidiaries	<u>-</u>	<u>-</u>	<u>12,177,344</u>	<u>6,109,786</u>
<b>Related company</b>				
Ciments Francais S.A., France	-	2,450,767	-	2,450,767
Interbulk Trading S.A.	1,391,980	1,878	1,303,998	1,878
Total other accounts receivable - related company	<u>1,391,980</u>	<u>2,452,645</u>	<u>1,303,998</u>	<u>2,452,645</u>
Total other accounts receivable - related parties	<u>1,391,980</u>	<u>2,452,645</u>	<u>13,481,342</u>	<u>8,562,431</u>
<b><u>Long-term loan to subsidiary</u></b>				
Jalaprathan Cement Plc.	-	-	920,000,000	920,000,000
Less: Current portion	-	-	(120,000,000)	-
Long-term loan to subsidiary - net of current portion	<u>-</u>	<u>-</u>	<u>800,000,000</u>	<u>920,000,000</u>



(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
<b><u>Trade accounts payable - related parties</u></b>				
<b>Subsidiary</b>				
Asia Cement Products Co., Ltd.	-	-	-	194,319
Total trade account payable - subsidiary	-	-	-	194,319
<b>Related companies</b>				
Interbulk Trading S.A.	177,108,836	-	177,108,836	-
Ear Peng Chiang (1993) Co., Ltd.	924,942	1,129,659	924,942	1,129,659
Total trade accounts payable - related companies	178,033,778	1,129,659	178,033,778	1,129,659
Total trade accounts payable - related parties	178,033,778	1,129,659	178,033,778	1,323,978
<b><u>Other accounts payable - related parties</u></b>				
<b>Subsidiary</b>				
Jalaprathan Cement Plc.	-	-	499,998	499,998
Total other accounts payable - subsidiary	-	-	499,998	499,998
<b>Related companies</b>				
Ciments Francais S.A., France	332,034,435	305,795,266	5,031,587	10,622,735
Italcementi S.p.A., Italy	1,183,195	1,248,280	629,395	694,530
CTG Dafcg Bergamo, Italy	10,301,896	16,731,593	4,241,936	6,051,663
Interbulk Trading S.A.	71,230	76,161	71,230	76,161
Bangkok Bank Plc.	-	631,242	-	-
Siam Refractory Industry Co., Ltd.	5,709,166	21,658,119	2,483,299	19,860,840
Siam Cement (Keng Khoi) Co., Ltd.	2,734,920	5,439,024	2,734,920	2,958,336
Ear Peng Chiang (1993) Co., Ltd.	1,459,299	1,586,247	1,459,299	1,586,247
Total other accounts payable - related companies	353,494,141	353,165,932	16,651,666	41,850,512
Total other accounts payable - related parties	353,494,141	353,165,932	17,151,664	42,350,510
<b><u>Long-term loans from related parties</u></b>				
<b>Related company</b>				
Ciments Francais S.A., France	139,234,014	134,042,643	-	-
Bangkok Bank Plc.	-	110,000,000	-	-
Total long-term loans from related parties	139,234,014	244,042,643	-	-
Less: Current portion	-	(110,000,000)	-	-
Long-term loans from related parties - net of current portion	139,234,014	134,042,643	-	-

#### **Long-term loan to Jalapathan Cement Plc.**

The outstanding balance as at 31 December 2007 represented as outstanding unsecured loan amounted to Baht 920 million (2006: Baht 920 million) with a fixed interest rate of 4.5 percent per annum for the first two years from 28 November 2002 and floating interest rate at an average of three-months fixed deposit of three local banks plus 2.5 percent per annum during December 2004 to December 2009. The interest is repayable on quarterly basis. The loan is due for repayable annually from 2005 to 2009.

During 2006, the Board of Directors of the Company approved to postpone the repayment of the loan to the subsidiary amounted to Baht 120 million from December 2005 to December 2008, which subject to the interest at the floating rate of average MLR of three local banks minus 1 percent per annum for the delayed portion. In addition, the repayment schedule of the outstanding loans other than Baht 120 million were also revised to repayment annually from 2009 to 2012 with the interest rate as agreed in the original contract.

#### **Long-term loan from Ciments Francais S.A., France**

The outstanding balance as at 31 December 2007 represented an outstanding unsecured loan of a subsidiary of Euro 2.8 million (2006: Euro 2.8 million) for settlement of unpaid technical fee from CTG Dafcg Bergamo, Italy. 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.

#### **Long-term loan from Bangkok Bank Plc.**

The outstanding balance as at 31 December 2006 represented a subsidiary's loan amounting to Baht 110 million. The loan is secured by the subsidiary's land, building and machinery at its Cha-Am plant as mentioned in Note 13.

During 2007, the subsidiary made full settlement of such loan.

#### **Directors remuneration**

In 2007, the Company and its subsidiaries paid meeting allowances and gratuities to their directors totaling Baht 11.74 million (The Company only: Baht 9.18 million) (2006: Baht 11.62 million and Baht 9.06 million, respectively).

## 9. TRADE ACCOUNTS AND NOTES RECEIVABLE

The outstanding balances of trade accounts and notes receivable as at 31 December 2007 and 2006 are aged, based on due date, as follows:

	Consolidated financial statements		Separate financial statements	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
(Unit: Baht)				
<b><u>Related parties</u></b>				
Age of receivables				
Not yet due	137,320,577	230,653,636	432,871,651	420,727,088
Past due up to 3 months	177,469,967	47,882,572	177,008,123	47,882,572
Total	<u>314,790,544</u>	<u>278,536,208</u>	<u>609,879,774</u>	<u>468,609,660</u>
<b><u>Unrelated parties</u></b>				
Age of receivables				
Not yet due	928,520,079	1,038,009,923	430,945,187	505,324,361
Past due:				
Up to 3 months	271,549,871	297,286,668	102,108,156	117,147,687
3 - 6 months	89,182,449	46,789,278	36,573,311	20,272,174
6 - 12 months	46,300,337	27,204,858	31,370,055	18,646,002
Over 12 months	49,977,323	47,497,526	21,513,980	16,728,662
Total	<u>1,385,530,059</u>	<u>1,456,788,253</u>	<u>622,510,689</u>	<u>678,118,886</u>
Less: Allowance for doubtful accounts	<u>(100,635,749)</u>	<u>(51,277,158)</u>	<u>(28,048,046)</u>	<u>(15,048,046)</u>
	<u>1,284,894,310</u>	<u>1,405,511,095</u>	<u>594,462,643</u>	<u>663,070,840</u>
Trade accounts and notes receivable - net	<u><u>1,599,684,854</u></u>	<u><u>1,684,047,303</u></u>	<u><u>1,204,342,417</u></u>	<u><u>1,131,680,500</u></u>

## 10. INVENTORIES

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
Finished products	121,685,924	100,808,313	83,671,009	57,768,687
Work in process	388,241,129	318,774,535	192,571,412	218,684,740
Raw materials	647,294,669	475,866,572	316,570,389	217,578,239
Spare parts and supplies	920,463,194	852,625,133	650,686,191	627,576,945
<b>Total</b>	<b>2,077,684,916</b>	<b>1,748,074,553</b>	<b>1,243,499,001</b>	<b>1,121,608,611</b>
Less: Allowance for slow moving				
spare parts and supplies	(318,027,107)	(289,191,871)	(232,953,935)	(215,428,134)
Allowance for defective				
raw materials	(6,500,000)	(6,500,000)	(4,500,000)	(4,500,000)
Allowance for net realisable				
value lower than cost	(5,212,500)	(5,212,500)	-	-
<b>Inventories - net</b>	<b>1,747,945,309</b>	<b>1,447,170,182</b>	<b>1,006,045,066</b>	<b>901,680,477</b>

## 11. INVESTMENTS IN SUBSIDIARIES

(Unit: Thousand Baht)

Company's name	Separate financial statements							
	Paid-up capital		Shareholding		Cost		Dividend received for the	
	2007	2006	2007	2006	2007	2006	2007	2006
			(%)	(%)				
Asia Cement Products	10,000	10,000	99.99	99.99	10,000	10,000	-	-
Co., Ltd.								
Jalaprathan Cement Plc.	1,200,000	1,200,000	31.43	31.42	571,088	570,877	-	-
<b>Total</b>					<b>581,088</b>	<b>580,877</b>	<b>-</b>	<b>-</b>

During the current year, the Company purchased 14,086 ordinary shares of Jalaprathan Cement Plc. from the minority shareholders at a price of Baht 15 per share, total of Baht 211,290. As a result, the Company's shareholding percentage in that company increased from 31.42% to 31.43%.

## 12. OTHER LONG-TERM INVESTMENTS

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Bangkok Bank of Commerce Plc.	5,723,846	5,723,846	-	-
Stang Dang II Mutual Fund	70,000,000	70,000,000	-	-
Jalaprathan Transport Co., Ltd.	12,999,300	12,999,300	-	-
Others	1,116,300	1,116,300	1,000,000	1,000,000
Total	89,839,446	89,839,446	1,000,000	1,000,000
Less: Allowance for impairment of investments	(62,253,446)	(69,298,946)	-	-
Other long-term investments - net	27,586,000	20,540,500	1,000,000	1,000,000

### 13. PROPERTY, PLANT AND EQUIPMENT

(Unit: Baht)

	Consolidated financial statements								
	Revaluation basis			Cost basis					
	Land	Quarries cost	Lease assets	Buildings, leasehold improvement and structures	Machinery, tool and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Total
<b>Cost/Revalued amount:</b>									
31 December 2006 - as previously reported	1,555,313,908	541,294,419	507,929,737	4,223,552,659	14,407,154,473	248,928,331	924,281,442	557,354,941	22,965,809,910
Adjustment (Note 5)	197,097,505	-	-	-	(3,219,017)	-	(27,717,004)	-	166,161,484
31 December 2006 - as restated	1,752,411,413	541,294,419	507,929,737	4,223,552,659	14,403,935,456	248,928,331	896,564,438	557,354,941	23,131,971,394
Additions	-	50,000	-	5,000	8,164,138	1,860,702	1,270,940	542,056,917	553,407,697
Disposals	(225,000)	-	-	(3,160,712)	(60,650,180)	(2,630,722)	(19,037,028)	(664,050)	(86,367,692)
Transfer between accounts	(5,093,648)	25,460,756	-	104,821,629	246,039,010	22,539,189	14,317,932	(417,127,352)	(9,042,484)
31 December 2007	1,747,092,765	566,805,175	507,929,737	4,325,218,576	14,597,488,424	270,697,500	893,116,282	681,620,456	23,589,968,915
<b>Accumulated depreciation:</b>									
31 December 2006 - as previously reported	-	57,554,091	23,668,271	2,444,517,540	7,914,063,004	229,212,985	875,627,247	-	11,544,643,138
Adjustment (Note 5)	-	-	-	-	(3,219,017)	-	(27,717,004)	-	(30,936,021)
31 December 2006 - as restated	-	57,554,091	23,668,271	2,444,517,540	7,910,843,987	229,212,985	847,910,243	-	11,513,707,117
Depreciation for the year	-	7,886,662	1,640,000	198,978,458	721,949,578	13,941,304	12,934,001	-	957,330,003
Depreciation on disposals	-	-	-	(2,542,863)	(38,104,041)	(2,578,880)	(18,855,608)	-	(62,081,392)
Transfer between accounts	-	-	-	(7,412)	(9,042,484)	7,412	-	-	(9,042,484)
31 December 2007	-	65,440,753	25,308,271	2,640,945,723	8,585,647,040	240,582,821	841,988,636	-	12,399,913,244

(Unit: Baht)

## Consolidated financial statements

	Revaluation basis			Cost basis					Total
	Land	Quarries cost	Lease assets	Buildings, leasehold improvement and structures	Machinery, tool and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	
<b>Allowance for impairment loss:</b>									
31 December 2006 - as previously reported	5,339,847	54,758,241	-	-	-	-	-	-	60,098,088
Adjustment (Note 5)	197,097,505	-	89,454,799	-	-	-	-	-	286,552,304
31 December 2006 - as restated	202,437,352	54,758,241	89,454,799	-	-	-	-	-	346,650,392
31 December 2007	202,437,352	54,758,241	89,454,799	-	-	-	-	-	346,650,392
<b>Net book value:</b>									
31 December 2006 - as restated	1,549,974,061	428,982,087	394,806,667	1,779,035,119	6,493,091,469	19,715,346	48,654,195	557,354,941	11,271,613,885
31 December 2007	1,544,655,413	446,606,181	393,166,667	1,684,272,853	6,011,841,384	30,114,679	51,127,646	681,620,456	10,843,405,279
<b>Depreciation for the year:</b>									
2006 (Baht 692.3 million included in manufacturing cost, and the balance in selling and administrative expenses)									1,000,466,427
2007 (Baht 937.9 million included in manufacturing cost, and the balance in selling and administrative expenses)									957,330,003

(Unit: Baht)

## Separate financial statements

	Revaluation basis		Cost basis					Total
	Land	Quarries cost	Buildings, leasehold improvement and structures	Machinery, tool and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	
<b>Cost/Revalued amount:</b>								
31 December 2006 - as previously reported	365,831,140	536,438,059	3,134,959,828	10,032,741,472	218,535,244	587,351,117	364,520,191	15,240,377,051
Adjustment (Note 5)	-	-	-	-	588,065	1,031,765	-	1,619,830
31 December 2006 - as restated	365,831,140	536,438,059	3,134,959,828	10,032,741,472	219,123,309	588,382,882	364,520,191	15,241,996,881
Additions	-	50,000	-	2,837,553	1,402,575	1,270,939	252,103,607	257,664,674
Disposals	-	-	-	(47,184,986)	(1,565,602)	(6,348,472)	-	(55,099,060)
Transfer between accounts	-	-	55,416,005	119,942,415	21,300,653	6,768,896	(212,470,453)	(9,042,484)
31 December 2007	365,831,140	536,488,059	3,190,375,833	10,108,336,454	240,260,935	590,074,245	404,153,345	15,435,520,011
<b>Accumulated depreciation:</b>								
31 December 2006 - as previously reported	-	57,532,961	1,706,716,208	5,286,488,119	201,892,937	564,322,882	-	7,816,953,107
Adjustment (Note 5)	-	-	-	-	382,242	670,647	-	1,052,889
31 December 2006 - as restated	-	57,532,961	1,706,716,208	5,286,488,119	202,275,179	564,993,529	-	7,818,005,996
Depreciation for the year	-	5,438,394	159,044,989	535,113,103	12,954,494	6,105,522	-	718,656,502
Depreciation on disposals	-	-	-	(24,681,728)	(1,514,992)	(6,235,742)	-	(32,432,462)
Transfer between accounts	-	-	-	(9,042,484)	-	-	-	(9,042,484)
31 December 2007	-	62,971,355	1,865,761,197	5,787,877,010	213,714,681	564,863,309	-	8,495,187,552
<b>Allowance for impairment loss:</b>								
31 December 2006	-	54,758,241	-	-	-	-	-	54,758,241
31 December 2007	-	54,758,241	-	-	-	-	-	54,758,241
<b>Net book value:</b>								
31 December 2006 - restated	365,831,140	424,146,857	1,428,243,620	4,746,253,353	16,848,130	23,389,353	364,520,191	7,369,232,644
31 December 2007	365,831,140	418,758,463	1,324,614,636	4,320,459,444	26,546,254	25,210,936	404,153,345	6,885,574,218
<b>Depreciation for the year:</b>								
2006 (Baht 695.0 million included in manufacturing cost, and the balance in selling and administrative expenses)								727,369,545
2007 (Baht 701.6 million included in manufacturing cost, and the balance in selling and administrative expenses)								718,656,502



Breakdown of land, quarries cost and lease assets carried on the revaluation basis and their accumulated depreciation is as follows:

(Unit: Baht)

	Consolidated financial statements					
	Land		Quarries cost		Lease assets	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
		(Restated)				(Restated)
Original cost	1,703,856,947	1,709,175,595	566,805,175	541,294,419	507,929,737	507,929,737
Surplus from revaluation	43,235,818	43,235,818	-	-	-	-
Revalued amount	1,747,092,765	1,752,411,413	566,805,175	541,294,419	507,929,737	507,929,737
Accumulated depreciation	-	-	(65,440,753)	(57,554,091)	(25,308,271)	(23,668,271)
Allowance for impairment loss	(202,437,352)	(202,437,352)	(54,758,241)	(54,758,241)	(89,454,799)	(89,454,799)
Net book value	1,544,655,413	1,549,974,061	446,606,181	428,982,087	393,166,667	394,806,667

(Unit: Baht)

	Separate financial statements			
	Land		Quarries cost	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
		(Restated)		
Original cost	322,595,322	322,595,322	536,488,059	536,438,059
Surplus from revaluation	43,235,818	43,235,818	-	-
Revalued amount	365,831,140	365,831,140	536,488,059	536,438,059
Accumulated depreciation	-	-	(62,971,355)	(57,532,961)
Allowance for impairment loss	-	-	(54,758,241)	(54,758,241)
Net book value	365,831,140	365,831,140	418,758,463	424,146,857

In July 2006, Jalaprathan Cement Plc. (a subsidiary) engaged an independent professional valuer to reappraise the value of land, using the Market Approach. As the result of the appraisal, the Company recorded the Company's portion of a revaluation decrease under the "Provision for impairment loss on assets" in the consolidated income statement for the year 2006.

In September 2006, Naga Property Co., Ltd. (a subsidiary) engaged an independent professional valuer to reappraise the value of leases assets, using the Income and Cost Approach. However, the subsidiary did not record a revaluation decrease since the amount was insignificant.

In November 2006, the Company engaged an independent professional valuer to reappraise the value of land using the Market Approach. As the result of the appraisal, a revaluation increase is to be charged directly against the “Revaluation surplus of land” in shareholders’ equity. In addition, the Company also engaged an independent professional valuer to reappraise the value of a quarry asset-laterite using the Income Approach. The fair value was determined in increasing the net book value of Baht 9.5 million. However, the Company did not record a revaluation increase since the amount was insignificant.

As at 31 December 2007, certain plant and equipment items of the Company and its subsidiaries have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets amounted to approximately Baht 3,303.2 million (The Company only: Baht 908.5 million) (2006: Baht 2,354.5 million and Baht 883.1 million, respectively).

A subsidiary has pledged its land, plant and machinery at Cha-Am plant which have net book value as at 31 December 2007 amounting to approximately Baht 1,025 million as collateral against credit facilities received from a commercial bank. However, the subsidiary is in the process of releasing this collateral since it made full settlement of the loan from the commercial bank in November 2007.

#### 14. LEASEHOLD OFFICE BUILDING

	(Unit: Baht)	
	Consolidated / Separate financial statements	
	<u>2007</u>	<u>2006</u>
Cost	185,875,000	185,875,000
Less: Accumulated amortisation	<u>(89,679,257)</u>	<u>(82,231,845)</u>
Net book value	<u>96,195,743</u>	<u>103,643,155</u>
Amortisation included in the income statement for the year	<u>7,447,412</u>	<u>7,447,413</u>

#### 15. MINING CONCESSION

	(Unit: Baht)	
	Consolidated / Separate financial statements	
	<u>2007</u>	<u>2006</u>
Cost	24,400,040	24,400,040
Less: Accumulated amortisation	<u>(6,383,829)</u>	<u>(5,005,390)</u>
Net book value	<u>18,016,211</u>	<u>19,394,650</u>
Amortisation included in the income statement for the year	<u>1,378,439</u>	<u>1,347,776</u>

## 16. NEGATIVE GOODWILL

	(Unit: Baht)	
	Consolidated financial statements	
	<u>2007</u>	<u>2006</u>
Cost	(115,451,466)	(115,451,466)
Less: Accumulated amortisation	<u>115,451,466</u>	<u>90,052,143</u>
Net book value	<u><u>-</u></u>	<u><u>(25,399,323)</u></u>
Amortisation included in the income statement for the year	<u><u>25,399,323</u></u>	<u><u>20,011,587</u></u>

## 17. INCOME TAX

The income tax expenses for the years ended 31 December 2007 and 2006 are as follows:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
		(Restated)		(Restated)
Income tax payable on taxable profit for the year	293,720,447	442,564,154	263,867,512	378,323,222
Under tax expense for previous year	1,489,029	213,009	25,087	213,009
Decrease in deferred income tax from temporary differences	<u>(22,251,429)</u>	<u>(33,113,116)</u>	<u>(10,787,000)</u>	<u>(6,785,673)</u>
Income tax included in income statements	<u><u>272,958,047</u></u>	<u><u>409,664,047</u></u>	<u><u>253,105,599</u></u>	<u><u>371,750,558</u></u>

As at 31 December 2007 and 2006 the aggregate current and deferred tax relating to items that are charged or credited to shareholders' equity were as follows:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Deferred tax relating to revalued land	<u><u>345,068,731</u></u>	<u><u>345,068,731</u></u>	<u><u>12,970,745</u></u>	<u><u>12,970,745</u></u>

Reconciliations between tax expenses and the products of accounting profit multiplied by the applicable tax rate for the years ended 31 December 2007 and 2006 are as follows:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2007	2006 (Restated)	2007	2006 (Restated)
Accounting profit	925,811,429	1,375,274,816	839,788,881	1,232,332,486
Applicable tax rate of 30%	277,743,429	412,582,445	251,936,664	369,699,746
Income tax benefit on tax loss which was not recognised during the year	409,037	409,005	-	-
Effect of elimination entry on the consolidated financial statements	(7,765,673)	12,425,971	-	-
Tax effect of non-deductible expenses	1,082,225	(15,966,383)	1,143,848	1,837,803
Under tax expense for previous year	1,489,029	213,009	25,087	213,009
Income tax as included in income statements	<u>272,958,047</u>	<u>409,664,047</u>	<u>253,105,599</u>	<u>371,750,558</u>

As at 31 December 2007 and 2006 the components of deferred tax assets and deferred tax liabilities can be summarised as follows:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	100,635,749	51,277,158	28,048,046	15,048,046
Allowance for slow moving / defective / diminution in value of inventories	329,739,607	300,904,371	237,453,935	219,928,134
Allowance for diminution in value of long-term investments	62,253,446	69,298,946	-	-
Allowance for impairment of assets	54,758,241	54,758,241	54,758,241	54,758,241
Provision for quarry restoration costs	8,061,500	8,886,789	5,306,669	5,949,649
Provision for payment on claims	-	21,000,000	-	-
Provision for sales promotion	17,460,000	17,730,000	17,460,000	17,730,000
Provision for employee benefits	208,455,623	183,337,233	44,739,172	38,395,324
	<u>781,364,166</u>	<u>707,192,738</u>	<u>387,766,063</u>	<u>351,809,394</u>
Deferred tax assets as tax rate of 30%	<u>234,409,250</u>	<u>212,157,821</u>	<u>116,329,819</u>	<u>105,542,818</u>
<b>Deferred tax liabilities</b>				
Surplus on land revaluation	(1,150,229,106)	(1,150,229,106)	(43,235,818)	(43,235,818)
	<u>(1,105,229,106)</u>	<u>(1,105,229,106)</u>	<u>(43,235,818)</u>	<u>(43,235,818)</u>
Deferred tax liabilities as tax rate of 30%	<u>(345,068,731)</u>	<u>(345,068,731)</u>	<u>(12,970,745)</u>	<u>(12,970,745)</u>
<b>Deferred tax assets (liabilities) - net</b>	<u>(110,659,481)</u>	<u>(132,910,910)</u>	<u>103,359,074</u>	<u>92,572,073</u>

As at 31 December 2007, a subsidiary has unused tax losses of Baht 6,413,124. Deferred tax assets have not been recognised in respect of those losses as it is felt that it is no longer probable that sufficient future taxable profit will be available to allow the deferred tax assets to be utilised.

#### 18. BANK OVERDRAFTS AND SHORT-TERM LOAN FROM FINANCIAL INSTITUTIONS

	Interest rate (percent per annum)	(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
		<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Bank overdrafts	7.12	9,836,857	-	9,836,857	-
Short-term loan from financial institution	3.70	300,000,000	-	-	-
Total		<u>309,836,857</u>	<u>-</u>	<u>9,836,857</u>	<u>-</u>

The above credit facilities are unsecured.

#### 19. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS

The outstanding balance as at 31 December 2006 represented a subsidiary's loans from two local banks amounted to Baht 220 million. The loans are secured by the subsidiary's land, building and machinery at its Cha-Am plant as mentioned in Note 13.

During 2007, the subsidiary made full settlement of such loan.

#### 20. PROVISION FOR EMPLOYEE BENEFITS

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Balance - beginning of year	183,337,233	175,671,478	38,395,324	32,353,684
Payment during the year	(249,967)	(16,023,561)	-	(567,540)
Adjustment arising from an independent actuary's calculation	25,368,357	23,689,316	6,343,848	6,609,180
Balance - end of year	<u>208,455,623</u>	<u>183,337,233</u>	<u>44,739,172</u>	<u>38,395,324</u>

## 21. TREASURY SHARES

In 2004, the Company bought 1,579,488 ordinary shares back from shareholders at a price of Baht 27 per share or a total of Baht 42,646,176.

On 29 October 2007, the Company's board of director meeting no.3/2007 announced the cancellation of its treasury shares and reduction of its capital in accordance with the Ministerial Regulations prescribing rules "Governing purchase, sell and cut off of treasury stock of a company". Under this regulation, a company is to dispose of all shares that it buys back within 3 years from completion of the share buy back scheme. Because the Company was unable to dispose of all treasury shares within the period specified above, the Company is to cancel the shares by deducting its registered capital from Baht 4,680,000,000 (780,000,000 ordinary shares of Baht 6 each) to Baht 4,670,523,072 (778,420,512 ordinary shares of Baht 6 each). The Company registered the reduction in share capital with the Ministry of Commerce on 17 December 2007. In addition, the Company reduce retained earnings by remaining of treasury shares amounting Baht 33,169,248 that it buys back.

## 22. STATUTORY RESERVE

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

## 23. NUMBER OF EMPLOYEES AND RELATED COSTS

	Consolidated financial statements		Separate financial statements	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Number of employees at end of year (Persons)	1,170	1,166	633	620
Employee costs for the year (Thousand Baht)	593,939	561,615	361,039	330,455

## 24. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net profit for the year by the weighted average number of ordinary shares in issue during the year netting from treasury shares.

## 25. 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 2007 and 2006 of the Company and its subsidiaries by segment.

(Unit: Million Baht)

### Consolidated financial statements

	Cement		Ready-mixed concrete		Office building rental		Elimination of inter-segment revenues		Consolidation	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
										(Restated)
Revenue from external customer	7,384	7,905	1,405	1,534	6	6	-	-	8,795	9,445
Inter segment revenues	389	442	5	4	-	-	(394)	(446)	-	-
Total revenues	<u>7,773</u>	<u>8,347</u>	<u>1,410</u>	<u>1,538</u>	<u>6</u>	<u>6</u>	<u>(394)</u>	<u>(446)</u>	<u>8,795</u>	<u>9,445</u>
Segment operating income (loss)	757	1,232	(33)	55	4	4			827	1,321
Unallocated income and expenses:										
Interest income									55	40
Other income									66	47
Interest expense									(22)	(33)
Corporate income tax									(273)	(410)
Minority interest									(39)	(74)
Net income									<u>614</u>	<u>891</u>
Property, plant and equipment	10,339	10,773	112	104	393	395	-	-	10,844	11,272
Other assets	7,450	6,951	549	597	2	1	(2,617)	(2,531)	5,384	5,018
Total assets	<u>17,789</u>	<u>17,724</u>	<u>661</u>	<u>701</u>	<u>395</u>	<u>396</u>	<u>(2,617)</u>	<u>(2,531)</u>	<u>16,228</u>	<u>16,290</u>

## 26. PROVIDENT FUND

The Company, its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Employees, the Company and its subsidiaries contributed to the fund monthly at the rate of 3 - 9 percent of basic salaries. The fund, which is managed by Bualuang Securities Public Company Limited and UOB asset management (Thai) Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2007, the Company and its subsidiaries contributed Baht 21.7 million (the Company only: Baht 17.4 million) to the fund (2006: Baht 18.8 million and Baht 13.8 million, respectively).

## 27. DIVIDENDS

(Unit: Baht)			
Dividends	Approved by	Total dividends	Dividend per share
Final dividends for 2005	Annual General Meeting of the shareholders on 27 April 2006	622,736,410	0.80
Total for 2006		622,736,410	0.80
Final dividends for 2006	Annual General Meeting of the shareholders on 27 April 2007	622,736,410	0.80
Total for 2007		622,736,410	0.80

## 28. COMMITMENTS AND CONTINGENT LIABILITIES

### 28.1 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of land, office building and vehicles. As at 31 December 2007, there were commitments to be payable under those agreements as follows:

(Unit: Million Baht)		
	Consolidated	Separate
Payable within:	<u>financial statements</u>	<u>financial statements</u>
1 year	35.1	13.0
2 - 5 years	36.5	17.5
Thereafter 5 years	24.6	19.8



## 28.2 Long-term service agreements commitments

- a) The Company and its subsidiaries have entered into agreements relation to the concrete transportation, packing cement and other services. The Company and its subsidiaries are committed to pay service fees calculated from quantities and distance multiplied by the rate specified in the agreements.
- b) The Company and its subsidiaries have entered into others services agreements, mostly related to the provision of repair and maintenance of machines and equipments and the provision of concrete production. As at 31 December 2007, there were commitments to be payable under those agreements as follows:

(Unit: Million Baht)

	Consolidated	Separate
Payable within:	<u>financial statements</u>	<u>financial statements</u>
1 year	127.9	67.9
2 - 5 years	164.8	138.7

Besides the above commitments, a subsidiary has entered into agreements regarding to the provision of repair and maintenance of machines and equipments which it is committed to pay the service fees calculated from production quantities multiplied by rate specified in the agreements.

## 28.3 Purchase of raw material commitments

As at 31 December 2007, the Company and its subsidiaries have entered into agreements to purchase of raw materials in the future of approximately Baht 684 million (the Company only: Baht 654 million).

In addition, the subsidiaries have entered into another agreements regarding to purchase of raw materials in the future. Commitment value will be based on the purchase volume multiplied by contract prices.

#### **28.4 Bank guarantees**

As at 31 December 2007, there were outstanding bank guarantees of Baht 494 million (the Company only: Baht 437 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. The guarantees were composed of asking for the right in mine stone developed for cement industry and establish Baht 300 million cement factory, collateral security using electricity Baht 180 million amounts and Baht 14 million in others.

#### **28.5 Litigation**

As at 31 December 2006, Jalaprathan Cement Plc., a subsidiary, recorded provision for claims of Baht 21 million for the court case which had been sentenced by the First Court on 8 June 2006, the subsidiary was a defendant in the civil lawsuit filed against the subsidiary by a director of a company in which the subsidiary had previously invested. The investment had been disposed of at the time when Ciments Francais S.A. took over the subsidiary's operation. The subsidiary appealed to the Appeals Court on 19 October 2006. On 12 July 2007, the subsidiary entered into a compromise agreement, agreeing to pay Baht 2.5 million to the plaintiff's creditors. On 3 August 2007, the plaintiff filed a petition with the court seeking to surrender its rights under the order issued by the Court of First Instance, and the case is considered to be settled because the subsidiary withdrew its appeal on 14 August 2007.

### **29. FINANCIAL INSTRUMENTS**

#### **29.1 Financial risk management policies**

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 48 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts and notes receivable, borrowing, investments, bank overdrafts, trade accounts payable, and short-term 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 exposed to credit risk primarily with respect to trade accounts and notes receivable, borrowing, and other receivable. 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 they have large customer bases. The maximum exposure to credit risk is limited to the carrying amounts of receivables, borrowing, other receivables and notes receivable 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, investments, bank overdrafts, and short-term and long-term loans. However, since most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

### **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 2007 are summarised below.

Foreign currency	Financial assets	Financial liabilities	Average exchange rate as at 31 December 2007
	(Million)	(Million)	(Baht per 1 foreign currency unit)
US dollar	5.51	5.25	33.7673
Euro	0.12	3.52	49.3305
Crone Denmark	-	1.11	6.6167

## **29.2 Fair value of financial instruments**

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

### **30. RECLASSIFICATION**

In addition to the change in accounting policy and the prior year adjustments as mentioned in Note 4 and 5, which affects the previously reported net income and shareholder's equity, certain other amounts in the financial statements for the year ended 31 December 2006 have been reclassified to conform to the current year's classification but with no effect to previously reported net income or shareholders' equity other than from the change in accounting policy and prior year adjustments.

### **31. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were authorised for issue by the Company's board of directors on 26 February 2008.



## **บริษัท ปูนซีเมนต์เอเชีย จำกัด (มหาชน)**

23/124-128 ซอยศูนย์วิจัย ถนนพระรามที่ 9 แขวงบางกะปิ เขตห้วยขวาง กรุงเทพฯ 10320  
โทรศัพท์ 0-2641-5600, 0-2641-5620 โทรสาร 0-2641-5680

## **ASIA CEMENT PUBLIC COMPANY LIMITED**

23/124-128 Soi Soonvijai, Rama 9 Road, Bangkok, Huaykwang, Bangkok 10320 Thailand  
Tel. (66 2) 641-5600, 641-5620 Fax. (66 2) 641-5680