



บริษัท ชลประทานซีเมนต์ จำกัด (มหาชน)
Jalapraphan Cement

2007 ANNUAL REPORT

รายงานประจำปี 2550



บริษัท ชลประทานซีเมนต์ จำกัด (มหาชน)

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

JALAPRATHAN CEMENT PUBLIC COMPANY LIMITED

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

Report of Independent Auditor

To the Shareholders of Jalapathan Cement Public Company Limited

I have audited the accompanying consolidated balance sheet of Jalapathan 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 Jalapathan Cement Public Company Limited for the same period. 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 Jalapathan Cement Public Company Limited and its subsidiaries, and the separate financial statements of Jalapathan Cement Public Company Limited for the year ended 31 December 2006 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 Jalapathan Cement Public Company Limited and its subsidiaries and of Jalapathan 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 matters as discussed in Note 4 to the financial statements whereby, effective 1 January 2007, the Company changed its accounting policy for recording investments in subsidiaries in the separate financial statements from the equity method to the cost method and its accounting policy for deferred income tax in consolidated financial statements and separate financial statements; and the matter discussed in Note 5 to the financial statements, whereby the Company corrected an error in recording of revaluation surplus on land in a prior year in the consolidated financial statements. The Company restated the consolidated financial statements and the separate financial statements as at 31 December 2006 and for the year then ended to reflect these accounting changes and error adjustment. In my opinion, the adjustments made for the preparation of such 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

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

1. GENERAL 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 address are as follows:

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

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 taxes”, 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 Jalaprathan Cement Public Company Limited and subsidiaries except the financial statements of Jalaprathan Transport Co., Ltd., a subsidiary of Jalaprathan Concrete Co., Ltd. as the company has ceased its operation. There is no material effect on the consolidated financial statements as a result of such exclusion.

The 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	
		<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
		Percent	Percent	Percent	Percent	Percent	Percent
Jalaprathan Concrete Co., Ltd.	Manufacturing of ready-mixed concrete	99.99	99.99	5.97	6.43	24.21	24.06
Naga Property Co., Ltd.	Office building rental	100.00	100.00	9.00	9.21	0.25	0.23

b) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

c) Investments in the subsidiaries as recorded in the Company's books of account are eliminated against the equity of the subsidiaries.

2.3 The separate financial statements, which present investments 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 investments 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 POLICIES

During the current year, the Company changed the following accounting policies:

Recording investments in subsidiaries in the separate financial statements

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 investments in subsidiaries in the Company’s separate financial statements, with no effect to the consolidated financial statements.

Recording in deferred income tax

The Company and its subsidiaries changed its accounting policy for deferred income tax. The amended policy now recognises deferred income tax assets/liabilities relating to temporary differences in accordance with the Thai Accounting Standard No. 56 “Accounting for income taxes”. The Company and subsidiaries recorded the effect of the accounting change against the beginning balance of retained earnings of 2007 as though deferred tax were originally recorded. The cumulative effect of the accounting change has been presented under the heading of “Cumulative effect of the change in accounting policy for recording in deferred income tax” in the consolidated and the separate statements of changes in shareholders’ equity.

These changes in accounting policies as mentioned above has the effect net income and earning per share in the consolidated income statements and the separated income statements for the years ended 31 December 2007 and 2006, as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	Increase (decrease)	Increase (decrease)	Increase (decrease)	Increase (decrease)
Effect to Net income				
- Recording investments in subsidiaries	-	-	(8.04)	(38.26)
- Recording in deferred income tax	2.89	7.62	(0.08)	9.61
Total	<u>2.89</u>	<u>7.62</u>	<u>(8.12)</u>	<u>(28.65)</u>
Effect to earning per share (Baht)	<u>0.02</u>	<u>0.06</u>	<u>(0.07)</u>	<u>(0.24)</u>

5. PRIOR YEAR ERROR ADJUSTMENT

During the current year, the Company adjusted an error in relation to its recording of revaluation surplus on land in the consolidated financial statements since the Company recognised the revaluation surplus as a gain on sale of land to its subsidiary in the consolidated financial statements. The company recorded the effect of the error adjustment against the beginning balance of retained earnings of 2007 and restated the financial statements presented herein for comparative purposes. This error adjustment has no effect to net income in the consolidated financial statements for the year 2006. The cumulative effect of the error adjustment has been presented under the heading of “Cumulative effect of the adjustment of error in recording of revaluation surplus on land” in the consolidated statements of changes in shareholders’ equity.

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 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.

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 as follows:

- When an asset's carrying amount is increased as a result of a revaluation of the Company's assets, the increase is credited directly to 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's 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 and structures	-	5 - 25 years
Machinery, Tools and equipment	-	5 - 20 years
Furniture, fixtures and office equipment	-	3 - 5 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.

6.7 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.

6.8 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.

6.9 Impairment of assets

The Company and its subsidiaries assesses 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 makes 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.

6.10 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 and length of services and the chance of employee working until retirement.

6.11 Provisions

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

6.12 Income tax

6.12.1 Current tax

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

6.12.2 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 recognises 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 reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

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

6.13 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 financial statements		Separate financial statements	
	2007	2006	2007	2006
Cash on hand	-	100,000	-	-
Current and saving deposits	77,521,789	250,688,200	54,954,651	150,462,395
Bills of exchange	80,000,000	-	-	-
Total	157,521,789	250,788,200	54,954,651	150,462,395

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 terms and bases agreed upon in the ordinary course of business between the Company and those companies. Below is a summary of those transactions.

(Unit : Million Baht)

	Consolidated financial statements		Separate financial statements		Pricing policy
	2007	2006	2007	2006	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	51.7	173.4	With reference to the terms and prices offered to manufacturing customers
Interest incomes	-	-	5.3	5.3	Fixed interest rate
Other income	-	0.4	4.5	3.0	Contract price
Other expenses	-	13.8	-	-	Contract price

(Unit : Million Baht)

	Consolidated		Separate		Pricing policy
	financial statements		financial statements		
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	
<u>Transactions with related companies</u>					
Sales of goods	106.7	171.7	104.4	171.2	With reference to the terms and prices offered to manufacturing customers
Trademark license fee income	2.0	2.0	2.0	2.0	Contract price
Purchases of goods	595.1	537.1	468.2	519.7	With reference to market price
Technical fee expense	13.4	13.8	13.4	13.8	Contract price
Trademark license fee expense	2.0	2.0	2.0	2.0	Contract price
Management fee expense	117.3	117.6	98.4	104.4	Contract price
Interest expenses	62.6	68.2	62.6	68.2	Interest rate as stipulated in the contract

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

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<u>Cash and cash equivalents</u>				
<u>Related company</u>				
Bangkok Bank Plc.	2,832,786	7,944,915	2,344,827	4,037,162
Total cash and cash equivalents - related company	<u>2,832,786</u>	<u>7,944,915</u>	<u>2,344,827</u>	<u>4,037,162</u>
<u>Trade accounts and notes receivable-related party</u>				
<u>Subsidiary</u>				
Jalaprathan Concrete Co., Ltd.	-	-	6,107,167	32,085,598
Total trade accounts and notes receivable - related party	<u>-</u>	<u>-</u>	<u>6,107,167</u>	<u>32,085,598</u>

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
<u>Other accounts receivable-related parties</u>				
Subsidiaries				
Jalaprathan Concrete Co., Ltd.	-	-	327,373	229,260
Naga Property Co., Ltd.	-	-	579,784	598,127
Total other accounts receivable - subsidiaries	-	-	907,157	827,387
Related companies				
Asia Cement Plc.	499,998	499,998	499,998	499,998
Interbulk Trading S.A.	87,981	-	87,981	-
Total other accounts receivable - related companies	587,979	499,998	587,979	499,998
Total other account receivable-related parties	587,979	499,998	1,495,136	1,327,385
<u>Long-term loan to related party</u>				
Subsidiary				
Naga Property Co., Ltd.	-	-	300,000,000	300,000,000
Total long-term loans to related party	-	-	300,000,000	300,000,000
<u>Trade accounts payable-related parties</u>				
Subsidiary				
Jalaprathan Concrete Co., Ltd.	-	-	23,494	-
Total trade payable-subsidiary	-	-	23,494	-
Related companies				
Asia Cement Plc.	195,322,427	83,611,088	188,664,370	79,075,070
Asia Cement Products Co., Ltd.	689,125	197,989	689,125	-
Total trade payable-related companies	196,011,552	83,809,077	189,353,495	79,075,070
Total trade payable-related parties	196,011,552	83,809,077	189,376,989	79,075,070

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
<u>Other accounts payable - related parties</u>				
Related companies				
Ciments Francais S.A., France	327,002,848	295,172,531	306,562,928	277,656,026
Italcementi S.p.A., Italy	553,800	553,750	553,800	553,750
Asia Cement Plc.	11,504,106	5,817,983	11,107,617	5,813,108
Asia Cement Products Co., Ltd.	6,677,442	-	-	-
CTG Dafcg Bergamo, Italy	6,059,960	10,679,930	6,059,960	10,679,930
Bangkok Bank Plc.	-	631,242	-	631,242
The Siam Refractory Industry Co., Ltd	3,225,867	1,797,279	3,225,867	1,797,279
The Siam Cement (Kaeng Khoi) Co., Ltd.	-	2,480,688	-	2,480,688
Total other accounts payable - related parties	<u>355,024,023</u>	<u>317,133,403</u>	<u>327,510,172</u>	<u>299,612,023</u>
<u>Long-term loans from related parties</u>				
Related companies				
Ciments Francais S.A., France	139,234,014	134,042,643	139,234,014	134,042,643
Bangkok Bank Plc.	-	110,000,000	-	110,000,000
Asia Cement Plc.	920,000,000	920,000,000	920,000,000	920,000,000
Total long-term loans from related parties	<u>1,059,234,014</u>	<u>1,164,042,643</u>	<u>1,059,234,014</u>	<u>1,164,042,643</u>
Less: Current portion	<u>(120,000,000)</u>	<u>(110,000,000)</u>	<u>(120,000,000)</u>	<u>(110,000,000)</u>
Long-term loans from related parties - net of current portion	<u>939,234,014</u>	<u>1,054,042,643</u>	<u>939,234,014</u>	<u>1,054,042,643</u>

Long-term loan to Naga Property Co., Ltd.

The outstanding balance as at 31 December 2007 represented an outstanding unsecured promissory note amounting to Baht 300 million (2006: Baht 300 million) with a fixed interest rate of 1.75 percent per annum. The loan and interest are repayable on 22 October 2009.

Long-term loan from Bangkok Bank Plc.

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

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

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

The outstanding balance as at 31 December 2007 represented an outstanding unsecured loan 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 Asia Cement Plc.

The outstanding balance as at 31 December 2007 represented as outstanding unsecured loan amount 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 and 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 re-payable annually from 2005 to 2009.

During 2006, the Board of Directors of Asia Cement Public Co., Ltd., approved to postpone the repayment of the loan to the Company amount 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.

Directors and management's remuneration

In 2007, the Company paid meeting allowances and gratuities to their directors totaling Baht 2.56 million (2006: Baht 2.56 million).

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:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
<u>Related parties</u>				
Age of receivables				
Not yet due	-	-	6,107,167	32,085,598
Total	-	-	6,107,167	32,085,598
<u>Unrelated parties</u>				
Age of receivables				
Not yet due	332,826,394	371,857,484	237,489,371	269,606,078
Past due				
Up to 3 months	94,103,295	81,865,321	62,478,175	57,470,020
3 - 6 months	15,600,631	12,658,951	6,639,421	7,076,521
6 - 12 months	8,928,056	4,441,570	8,879,896	3,723,627
Over 12 months	26,780,750	29,086,570	13,628,755	13,509,820
Total	478,239,126	499,909,896	329,115,618	351,386,066
Less: Allowance for doubtful accounts	(40,612,765)	(32,254,174)	(15,394,631)	(15,394,631)
	437,626,361	467,655,722	313,720,987	335,991,435
Trade accounts and notes receivable - net	437,626,361	467,655,722	319,828,154	368,077,033

10. INVENTORIES

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
Finished products	36,878,253	41,264,233	36,878,253	41,264,233
Work in process	195,669,717	100,089,795	195,669,717	100,089,795
Raw materials	320,828,851	249,650,923	314,768,198	243,361,317
Spare parts and supplies	269,777,002	225,048,190	263,038,578	217,477,799
Total	823,153,823	616,053,141	810,354,746	602,193,144
<u>Less</u> Allowance for slow moving spare parts and supplies	(85,073,172)	(73,763,737)	(85,073,172)	(73,763,737)
Allowance for defective raw materials	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
Allowance for net realisable value lower than cost	(5,212,500)	(5,212,500)	(5,212,500)	(5,212,500)
Inventories - net	730,868,151	535,076,904	718,069,074	521,216,907

11. INVESTMENTS IN SUBSIDIARIES

(Unit: Thousand Baht)

Company's name	Separate financial statements							
	Paid-up capital		Shareholding percentage		Cost		Dividend received for the year ended 31 December	
	2007	2006	2007	2006	2007	2006	2007	2006
Jalaprathan Concrete Co., Ltd.	280,000	280,000	99.99	99.99	279,981	279,981	-	-
Naga Property Co., Ltd.	100,000	100,000	100.00	100.00	100,000	100,000	-	-
Total					379,981	379,981	-	-

12. OTHER LONG-TERM INVESTMENTS

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
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.	12,999,300	12,999,300	-	-
Others	116,300	116,300	116,300	116,300
Total	88,839,446	88,839,446	75,840,146	75,840,146
Less: Allowance for impairment loss of investments	(62,253,446)	(69,298,946)	(49,254,146)	(56,299,646)
Other long-term investments - net	26,586,000	19,540,500	26,586,000	19,540,500

13. PROPERTY, PLANT AND EQUIPMENT

(Unit : Baht)

Consolidated financial statements									
	Revaluation basis			Cost basis					
	Land	Lease assets	Quarries	Buildings, leasehold improvement and structures	Machinery, tool and equipment	Furniture, fixtures and Office equipment	Vehicles	Construction in progress	Total
Cost/revalued amount:									
31 December 2006 - as previously reported	1,187,853,422	507,929,737	-	1,042,101,901	4,365,862,027	27,655,957	334,502,706	190,930,235	7,656,835,985
Adjustment (Note 5)	-	(107,929,737)	-	-	(3,219,017)	-	(27,717,002)	-	(138,865,756)
31 December 2006 - as restated	1,187,853,422	400,000,000	-	1,042,101,901	4,362,643,010	27,655,957	306,785,704	190,930,235	7,517,970,229
Additions	-	-	-	5,000	5,326,585	458,126	-	272,327,429	278,117,140
Disposals	-	-	-	(2,959,879)	(13,225,082)	(868,959)	(12,688,554)	(664,050)	(30,406,524)
Transfers between accounts	(5,093,648)	-	16,100,345	40,567,591	125,135,121	1,158,160	7,259,035	(185,126,604)	-
31 December 2007	1,182,759,774	400,000,000	16,100,345	1,079,714,613	4,479,879,634	28,403,284	301,356,185	277,467,010	7,765,680,845
Accumulated depreciation:									
31 December 2006 - as previously reported	-	23,668,271	-	705,503,489	2,623,373,510	25,291,634	309,495,301	-	3,687,332,205
Adjustment (Note 5)	-	(18,474,938)	-	-	(3,219,017)	-	(27,717,002)	-	(49,410,957)
31 December 2006 - as restated	-	5,193,333	-	705,503,489	2,620,154,493	25,291,634	281,778,299	-	3,637,921,248
Depreciation for the year	-	1,640,000	2,227,442	36,177,206	185,614,198	870,636	6,875,423	-	233,404,905
Depreciation on disposals	-	-	-	(2,355,762)	(13,188,946)	(868,763)	(12,619,865)	-	(29,033,336)
31 December 2007	-	6,833,333	2,227,442	739,324,933	2,792,579,745	25,293,507	276,033,857	-	3,842,292,817
Allowance for impairment loss:									
31 December 2006	5,339,847	-	-	-	-	-	-	-	5,339,847
31 December 2007	5,339,847	-	-	-	-	-	-	-	5,339,847
Net book value:									
31 December 2006 - as restated	1,182,513,575	394,806,667	-	336,598,412	1,742,488,517	2,364,323	25,007,405	190,930,235	3,874,709,134
31 December 2007	1,177,419,927	393,166,667	13,872,903	340,389,680	1,687,299,889	3,109,777	25,322,328	277,467,010	3,918,048,181
Depreciation for the year									
2006 (Baht 260.5 million included in manufacturing cost, and the balance in selling and administrative expenses)									268,370,394
2007 (Baht 230.8 million included in manufacturing cost, and the balance in selling and administrative expenses)									233,404,905

(Unit : Baht)

Separate financial statements

	Revaluation basis		Cost basis					Total
	Land	Quarries	Buildings, leasehold improvement and structures	Machinery, tool and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	
Cost/revalued amount:								
31 December 2006	1,187,853,422	-	1,013,524,380	4,159,633,341	22,125,037	294,891,705	190,852,221	6,868,880,106
Additions	-	-	5,000	5,297,885	413,126	-	263,984,637	269,700,648
Disposals	-	-	(2,439,520)	(4,204,130)	(733,744)	(5,609,654)	(664,050)	(13,651,098)
Transfers between accounts	(5,093,648)	16,100,345	39,323,147	124,690,571	1,115,145	7,259,035	(183,394,595)	-
31 December 2007	1,182,759,774	16,100,345	1,050,413,007	4,285,417,667	22,919,564	296,541,086	270,778,213	7,124,929,656
Accumulated depreciation:								
31 December 2006	-	-	701,117,812	2,468,093,599	20,212,749	270,068,897	-	3,459,493,057
Depreciation for the year	-	2,227,442	32,708,576	176,940,677	720,198	6,790,296	-	219,387,189
Depreciation on disposals	-	-	(2,249,552)	(4,170,882)	(733,694)	(5,559,041)	-	(12,713,169)
31 December 2007	-	2,227,442	731,576,836	2,640,863,394	20,199,253	271,300,152	-	3,666,167,077
Allowance for impairment loss:								
31 December 2006	5,339,847	-	-	-	-	-	-	5,339,847
31 December 2007	5,339,847	-	-	-	-	-	-	5,339,847
Net book value:								
31 December 2006	1,182,513,575	-	312,406,568	1,691,539,742	1,912,288	24,822,808	190,852,221	3,404,047,202
31 December 2007	1,177,419,927	13,872,903	318,836,171	1,644,554,273	2,720,311	25,240,934	270,778,213	3,453,422,732
Depreciation for the year								
2006 (Baht 249.4 million included in manufacturing cost, and the balance in selling and administrative expenses)								250,100,437
2007 (Baht 219.1 million included in manufacturing cost, and the balance in selling and administrative expenses)								219,387,189

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

(Unit: Baht)

	Consolidated financial statements				Separated financial statements	
	Land		Lease assets		Land	
	2007	2006	2007	2006	2007	2006
Original cost	75,766,486	80,860,134	10,520,799	10,520,799	75,766,486	80,860,134
Surplus from revaluation	1,106,993,288	1,106,993,288	389,479,201	389,479,201	1,106,993,288	1,106,993,288
Revalued amount	1,182,759,774	1,187,853,422	400,000,000	400,000,000	1,182,759,774	1,187,853,422
Accumulated depreciation	-	-	(6,833,333)	(5,193,333)	-	-
Allowance for impairment loss	(5,339,847)	(5,339,847)	-	-	(5,339,847)	(5,339,847)
Net book value	1,177,419,927	1,182,513,575	393,166,667	394,806,667	1,177,419,927	1,182,513,575

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 of land” in shareholders’ equity.

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

As at 31 December 2007, 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 2,360 million (The Company only: Baht 2,270 million) (2006: Baht 1,437 million and Baht 1,359 million, respectively).

The Company has pledged its land, plant and equipment at its 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 Company is in the process of releasing this collateral since it made full settlement of the loan from the commercial bank in November 2007.

14. SHORT-TERM LOAN FROM FINANCIAL INSTITUTION

As at 31 December 2007, the Company has unsecured loan from a local commercial bank amounting to Baht 300 million (2006: Nil), bearing interest at a rate of 3.7% per annum.

15. LONG-TERM LOANS FROM FINANCAIL INSTITUTIONS

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

During 2007, the Company made full settlement of the long-term loans from financial institutions.

16. INCOME TAX

Income tax expenses of the Company and its subsidiaries for the year ended 31 December 2007 and 2006 are as follows:

	(Unit: Baht)			
	Consolidated financial statement		Separate financial statement	
	2007	2006	2007	2006
		(restated)		(restated)
Income tax payable on taxable profit for the year	27,852,057	55,517,673	20,814,687	41,265,445
Under tax expense for previous year	1,444,492	-	1,438,043	-
Net decrease (increase) in deferred tax on temporary differences	(2,887,840)	(7,616,272)	77,328	(9,612,086)
Income tax expenses as included in income statements	<u>26,408,709</u>	<u>47,901,401</u>	<u>22,330,058</u>	<u>31,653,359</u>

As at 31 December 2007 and 2006, 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	
	2007	2006	2007	2006
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 2007 and 2006 is as follows:

	(Unit : Baht)			
	Consolidated financial statement		Separate financial statement	
	2007	2006	2007	2006
		(restated)		(restated)
Accounting profit	83,323,965	156,305,489	71,198,223	103,789,753
Applicable tax rate at 30%	24,997,190	46,891,647	21,359,467	31,136,926
Income tax benefit on tax loss which was not recognised during the year	409,037	409,004	-	-
Effect of elimination entry on the consolidated financial statements	(14,938)	(14,938)	-	-
Tax effect of non-deductible expenses	(427,072)	615,688	(467,452)	516,433
Under tax expense for previous year	1,444,492	-	1,438,043	-
Income tax expense as included in income statements	<u>26,408,709</u>	<u>47,901,401</u>	<u>22,330,058</u>	<u>31,653,359</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 statement		Separate financial statement	
	2007	2006	2007	2006
Deferred tax assets				
Allowance for doubtful accounts	40,612,765	32,254,174	15,394,631	15,394,631
Allowance for slow moving spare parts and supplies/defective raw materials/net realisable value lower than cost	92,285,672	80,976,237	92,285,672	80,976,237
Allowance for impairment loss of other investments	62,253,446	69,298,946	49,254,146	56,299,646
Provision for quarry restoration costs	2,754,831	2,937,139	2,754,831	2,937,139
Provision for employee benefits	160,631,458	142,445,541	152,757,034	136,096,422
Provision for payment on claims	-	21,000,000	-	21,000,000
	<u>358,538,172</u>	<u>348,912,037</u>	<u>312,446,314</u>	<u>312,704,075</u>
Deferred tax assets (30%)	<u>107,561,451</u>	<u>104,673,611</u>	<u>93,733,894</u>	<u>93,811,222</u>

(Unit : Baht)

	Consolidated financial statement		Separate financial statement	
	2007	2006	2007	2006
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%)	(332,097,986)	(332,097,986)	(332,097,986)	(332,097,986)
Deferred tax liabilities-Net	<u>(224,536,535)</u>	<u>(227,424,375)</u>	<u>(238,364,092)</u>	<u>(238,286,764)</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.

17. PROVISION FOR EMPLOYEE BENEFITS

(Unit : Baht)

	Consolidated financial statements		Separated financial statements	
	2007	2006	2007	2006
Balance – beginning of year	142,445,541	141,267,899	136,096,422	135,666,066
Payment during the year	(249,967)	(15,456,021)	(249,967)	(15,227,821)
Adjustment arising from an independent actuary's calculation	18,435,884	16,633,663	16,910,579	15,658,177
Balance – end of year	<u>160,631,458</u>	<u>142,445,541</u>	<u>152,757,034</u>	<u>136,096,422</u>

18. STATUTORY RESERVE

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net 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.

19. OTHER RESERVE

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

20. NUMBER OF EMPLOYEES AND RELATED COSTS

	Consolidated		Separated	
	financial statements		financial statements	
	2007	2006	2007	2006
Number of employees at end of year (persons)	441	450	353	363
Employee costs for the year (Thousand Baht)	190,345	192,290	163,422	166,041

21. EARNINGS PER SHARE

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

22. 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		Total		
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	
											(Restated)
Revenue from external customers	1,831	2,023	587	642	6	6	-	-	2,424	2,671	
Intersegment revenues	52	173	-	-	-	-	(52)	(173)	-	-	
Total revenues	<u>1,883</u>	<u>2,196</u>	<u>587</u>	<u>642</u>	<u>6</u>	<u>6</u>	<u>(52)</u>	<u>(173)</u>	<u>2,424</u>	<u>2,671</u>	
Segment operating income	105	172	3	35	4	4			116	213	
Unallocated income and expenses:											
Interest income									3	4	
Other income									39	26	
Interest expenses									(75)	(87)	
Corporate income tax									(26)	(48)	
Minority interest									-	-	
Net income									<u>57</u>	<u>108</u>	

(Unit: Million Baht)

	Consolidated financial statements									
	Cement		Ready-mixed concrete		Office building rental		Elimination of inter-segment revenues		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
										(restated)
Property, plant and equipment	3,453	3,404	72	76	393	395	-	-	3,918	3,875
Other assets	1,812	1,752	250	263	1	1	(687)	(713)	1,376	1,303
Total assets	<u>5,265</u>	<u>5,156</u>	<u>322</u>	<u>339</u>	<u>394</u>	<u>396</u>	<u>(687)</u>	<u>(713)</u>	<u>5,294</u>	<u>5,178</u>

23. 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 percent, 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 2007, the Company contributed Baht 2.5 million (2006: Baht 3.5 million) to the fund.

24. COMMITMENTS AND CONTINGENT LIABILITIES

24.1 Operating lease commitments

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

Payable within:	(Unit: Million Baht)	
	Consolidated financial statements	Separate financial statements
1 year	13.3	1.4
2 - 5 years	13.2	1.0
Thereafter	4.7	-

24.2 Long-term service agreements commitments

- 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 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	28.1	26.4
2 - 5 years	4.0	1.6

24.3 Purchase of raw material commitments

As at 31 December 2007, a subsidiary have entered into agreements to purchase of raw materials in the future of approximately Baht 6.9 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.

24.4 Bank guarantees

As at 31 December 2007, there were outstanding bank guarantees of approximately Baht 52.6 million (The Company only: Baht 49.3 million) issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 45.8 million to guarantee electricity use and Baht 6.8 million for other guarantee.

24.5 Litigation

As at 31 December 2006, the Company 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 Company was a defendant in the civil lawsuit filed by a director of a company in which the Company had previously invested. The investment has been disposed of at the time when Ciments Francais S.A. took over the Company's operation. The Company appealed to the Appeals Court on 19 October 2006. On 12 July 2007, the Company 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 Company withdrew its appeal on 14 August 2007.

25. FINANCIAL INSTRUMENTS

25.1 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, trade accounts payable, short-term loan 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 is exposed to credit risk primarily with respect to trade accounts and notes receivable, borrowing and other receivables. The Company and its subsidiaries manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company and its subsidiaries does 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 and notes 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, investments, short-term loan 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. Except for long-term loan to related party, it bears fixed interest rate as mentioned in Note 8.

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	0.03	0.02	33.7673
Euro	-	3.33	49.3305
Krone Denmark	-	0.11	6.6167

25.2 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.

26. RECLASSIFICATION

In addition to the change in accounting policies and error adjustment as mentioned in Note 4 and Note 5, which affects the previously reported net income and shareholder's equity, certain other amounts in the consolidated financial statements and separate 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 policies and error adjustment.

27. APPROVAL OF FINANCIAL STATEMENTS

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