

Asia Cement Public Co., Ltd.

Annual Report

2009



บริษัท ปูนซีเมนต์เอเชีย จำกัด (มหาชน)

Asia Cement

Public Company Limited

Asia Cement Public Co., Ltd.

Annual Report

2009

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บริษัท ปูนซีเมนต์เอเชีย จำกัด (มหาชน)

Asia Cement

Public Company Limited



Message from Managing Directors



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

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

Overall the cement domestic market in 2009 was 24.2 million tons, a slight decrease from the total sales volume of 24.8 million tons in 2008. The reduced demand and the high competition in the market also caused a drop on domestic price of about 14% compared to the prior year. The global economic crisis was also cause for a slowdown in both demand and prices on the export markets.

Total sales of Asia Cement Public Company Limited in 2009, were down 12.7% at Baht 5,710 million, while net profit was down 85% at Baht 96 million.

In such a challenging environment the company put in place several programs aimed to improve profitability, efficiency and significant operating working capital reduction led the company to improve its strong financial position. Despite the difficult times the company did not reduce its efforts in the sustainable development programs.

In 2009, Pukrang Plant of Asia Cement Public Company Limited at Saraburi Province was granted an award of “The Distinguished Workplace on Labor Relations and Welfare” from the Ministry of Labor. This illustrates the company’s care towards its staff and good relationship between the company and employees. Moreover, the company won an award of “The Good Workplace of Efficiently, Environmentally and Socially Friendly Production Process” from the Ministry of Industry. The company has continually undertaken various activities of social contributions such as a scholarship program for students to give them an opportunity to higher education as the company realizes that education is a very important fundamental in human resource development. Besides, the company participated in a grant of capital support to a building construction of Rangsit Home for Babies Foundation. For environmental support program, the company has continuously patronized the Mae Wug Community Forest Project in Lampang Province for over 15 years and this is one of the company’s success stories on its implementation of corporate social responsibility in line with the sustainable development policy.

With a very good support from customers, shareholders, the management and all employees of Asia Cement Public Company Limited, our company has been able to maintain a solid position in the market throughout one of the worst economic crisis of all times and has continued to pave the way to attain better results in the future. On behalf of the company’s Board of Directors, we would like to take the opportunity to express our sincere thanks to all of you.

(Mr. Nopadol Ramyarupa) (Mr. Mario Bracci)
Managing Director



บริษัท ปูนซีเมนต์เอเชีย จำกัด (มหาชน)

Asia Cement

Public Company Limited

Board of Directors, Executive Committee

Board of Directors

As of 31 December 2009

Directors

Mr.Yves Rene Nanot
Mr.Giovanni Battista Ferrario
Mr.Thanet Earsakul
Mr.Philippe Henry Lucien Staib
Mr.Giovanni Maggiora
Mr.Uran Kleosakul
Mr.Rapee Sukhyanga
Mr.Pramote Techasupatkul
Mr.Goran Leopold Seifert
Mr.Yingyong Srithong
Mr.Chong Toh
Mr.George Thomas

Managing Director

Mr.Nopadol Ramyarupa
Mr.Mario Bracci

Executive Committee

As of 31 December 2009

Directors

Mr.Yves Rene Nanot
Mr.Goran Leopold Seifert
Mr.Giovanni Maggiora

Managing Director

Mr.Mario Bracci
Mr.Nopadol Ramyarupa

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 2009, the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, and the separate financial statements of 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 2008, as presented herein for comparative purposes, were audited in accordance with generally accepted auditing standards by another auditor of our firm who expressed an unqualified opinion on those financial statements, under his report dated 26 February 2009.

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

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



Termphong Opanaphan

Certified Public Accountant (Thailand) No. 4501

Ernst & Young Office Limited

Bangkok: 23 February 2010

Asia Cement Public Company Limited and its subsidiaries

Balance sheets

As at 31 December 2009 and 2008

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Assets					
Current assets					
Cash and cash equivalents	6,7	2,752,782,437	1,924,364,128	2,543,149,633	1,741,050,778
Trade accounts receivable					
Related parties	7	206,368,606	289,644,152	537,995,529	667,370,071
Unrelated parties		1,253,747,222	1,283,736,103	642,484,964	632,869,643
Less: Allowance for doubtful accounts		(106,173,449)	(129,922,780)	(30,730,430)	(41,239,554)
Trade accounts receivable - net	8	1,353,942,379	1,443,457,475	1,149,750,063	1,259,000,160
Other accounts receivable - related parties	7	115,559	1,523,749	5,671,448	19,323,736
Current portion of long-term loan to subsidiary	7	-	-	170,000,000	120,000,000
Inventories - net	9	1,328,503,442	1,954,736,573	965,070,526	1,226,263,851
Other current assets					
Input tax refundable		13,822,223	32,692,857	10,724,264	26,529,906
Others		27,252,629	23,859,405	18,792,955	13,106,750
Total current assets		5,476,418,669	5,380,634,187	4,863,158,889	4,405,275,181
Non-current assets					
Investments in subsidiaries	10	-	-	582,088,565	582,088,565
Other long-term investments - net	11	16,554,700	16,554,700	1,000,000	1,000,000
Long-term loan to subsidiary - net of current portion	7	-	-	830,000,000	800,000,000
Property, plant and equipment - net	12	8,333,259,644	10,278,455,725	5,733,408,855	6,355,512,779
Leasehold office building - net	13	81,300,918	88,748,331	81,300,918	88,748,331
Mining concession - net	14	15,360,105	16,662,639	15,360,105	16,662,639
Deferred tax assets - net	15	-	-	101,276,510	103,909,182
Other non-current assets					
Advance payment for purchase of assets		7,191,209	5,894,669	4,258,529	-
Others		13,128,069	15,850,653	6,563,538	8,027,159
Total non-current assets		8,466,794,645	10,422,166,717	7,355,257,020	7,955,948,655
Total assets		13,943,213,314	15,802,800,904	12,218,415,909	12,361,223,836

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

Asia Cement Public Company Limited and its subsidiaries

Balance sheets (continued)

As at 31 December 2009 and 2008

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institution	7, 16	250,000,000	300,000,000	-	-
Trade accounts payable					
Related parties	7	41,206,393	5,439,021	41,206,393	5,270,764
Unrelated parties		432,901,731	271,625,396	275,613,479	145,915,533
Total trade accounts payable		474,108,124	277,064,417	316,819,872	151,186,297
Other accounts payable - related parties	7	373,391,757	372,657,156	26,470,157	7,192,656
Current portion of long-term loans from related party	7	135,048,031	139,321,841	-	-
Short-term employee benefits obligation	18	-	94,392,431	-	-
Other current liabilities					
Other accounts payable		210,094,131	190,721,465	160,554,585	115,035,005
Account payable from bills discount	8, 17	25,331,314	-	24,200,000	-
Accrued expenses		154,776,851	158,791,211	72,589,508	92,261,519
Corporate income tax payable		27,348,624	137,584,075	27,348,624	137,584,075
Advance received from customers		21,143,343	11,031,670	16,783,010	7,892,630
Others		30,737,515	13,403,020	21,737,587	6,263,132
Total current liabilities		1,701,979,690	1,694,967,286	666,503,343	517,415,314
Non-current liabilities					
Long-term employee benefits obligation	18	114,210,241	107,804,631	55,633,941	51,521,949
Long-term provisions		10,555,006	13,518,842	7,801,080	10,765,251
Deferred tax liabilities - net	15	143,001,743	110,361,784	-	-
Other non-current liabilities - deposit from customers		1,500,000	1,500,000	-	-
Total non-current liabilities		269,266,990	233,185,257	63,435,021	62,287,200
Total liabilities		1,971,246,680	1,928,152,543	729,938,364	579,702,514

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

Asia Cement Public Company Limited and its subsidiaries

Balance sheets (continued)

As at 31 December 2009 and 2008

(Unit: Baht)

	Consolidated financial statements		Separate financial statements		
	Note	2009	2008	2009	2008
Shareholders' equity					
Share capital					
Registered					
778,420,512 ordinary shares of Baht 6 each		<u>4,670,523,072</u>	<u>4,670,523,072</u>	<u>4,670,523,072</u>	<u>4,670,523,072</u>
Issued and fully paid					
778,420,512 ordinary shares of Baht 6 each		4,670,523,072	4,670,523,072	4,670,523,072	4,670,523,072
Share premium		4,612,220,396	4,612,220,396	4,612,220,396	4,612,220,396
Unrealised gain					
Revaluation surplus on land	19	30,265,073	30,265,073	30,265,073	30,265,073
Retained earnings					
Appropriated - statutory reserve	20	339,200,000	308,000,000	339,200,000	308,000,000
Unappropriated		<u>1,635,129,654</u>	<u>2,482,144,930</u>	<u>1,836,269,004</u>	<u>2,160,512,781</u>
Equity attributable to the Company's shareholders		11,287,338,195	12,103,153,471	11,488,477,545	11,781,521,322
Minority interest - equity attributable					
to minority shareholders of subsidiaries		<u>684,628,439</u>	<u>1,771,494,890</u>	-	-
Total shareholders' equity		<u>11,971,966,634</u>	<u>13,874,648,361</u>	<u>11,488,477,545</u>	<u>11,781,521,322</u>
Total liabilities and shareholders' equity		<u>13,943,213,314</u>	<u>15,802,800,904</u>	<u>12,218,415,909</u>	<u>12,361,223,836</u>
		-	-	-	-

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

 Directors

Asia Cement Public Company Limited and its subsidiaries

Income statements

For the years ended 31 December 2009 and 2008

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Revenues					
Sales		7,358,926,432	9,280,913,339	5,710,443,482	6,540,257,195
Rental income		6,000,000	6,000,000	-	-
Other income					
Interest income		28,361,737	60,656,429	75,208,401	108,027,131
Management fee income		-	-	59,530,250	63,461,000
Exchange gains		24,275,420	14,337,048	19,281,704	14,591,622
Others		5,547,138	11,564,651	5,604,381	9,741,008
Total revenues		7,423,110,727	9,373,471,467	5,870,068,218	6,736,077,956
Expenses					
Cost of sales and rental		6,706,677,693	7,632,727,333	5,196,444,917	5,012,500,463
Selling expenses		253,784,197	533,991,395	214,828,152	470,101,932
Administrative expenses		420,649,333	345,713,789	249,080,054	268,889,527
Management benefit expenses	7	52,986,992	42,479,046	47,574,092	37,501,046
Loss on impairment of unused assets	9, 12	1,269,103,128	-	-	-
Other expenses					
Depreciation of unused assets	12	115,748,276	-	-	-
Others		5,941,315	17,640,393	6,927,368	8,371,370
Total expenses		8,824,890,934	8,572,551,956	5,714,854,583	5,797,364,338
Income (loss) before finance cost and corporate income tax					
corporate income tax		(1,401,780,207)	800,919,511	155,213,635	938,713,618
Finance cost		(38,207,093)	(48,013,257)	(16,573,178)	(17,081,252)
Income (loss) before corporate income tax		(1,439,987,300)	752,906,254	138,640,457	921,632,366
Corporate income tax	15	(73,484,171)	(296,883,537)	(42,473,978)	(277,188,993)
Net income (loss) for the year		(1,513,471,471)	456,022,717	96,166,479	644,443,373
Net income (loss) attributable to:					
Equity holders of the parent		(426,605,020)	544,113,460	96,166,479	644,443,373
Minority interest of the subsidiaries		(1,086,866,451)	(88,090,743)		
		<u>(1,513,471,471)</u>	<u>456,022,717</u>		
Basic earnings per share					
Net income (loss) attributable to equity holders of the parent	22	(0.55)	0.70	0.12	0.83

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

Asia Cement Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the years ended 31 December 2009 and 2008

(Unit: Baht)

	Consolidated financial statements									
	Equity attributable to the parent's shareholders					Minority interest -				
	Issued and paid-up share capital	Share premium	Revaluation surplus on land	Retained earnings - Appropriated - statutory reserve	Unappropriated	Total equity attributable to the parent's shareholders	equity attributable to minority shareholders	of subsidiaries	Total	
Balance as at 31 December 2007	4,670,523,072	4,612,220,396	30,265,073	275,000,000	2,515,925,828	12,103,934,369	1,859,585,633		13,963,520,002	
Net income for the year	-	-	-	-	544,113,460	544,113,460	-	-	544,113,460	
Dividend paid	-	-	-	-	(544,894,358)	(544,894,358)	-	-	(544,894,358)	
Unappropriated retained earnings transferred to statutory reserve	-	-	-	33,000,000	(33,000,000)	-	-	-	-	
Decrease in minority interest	-	-	-	-	-	-	(88,090,743)	-	(88,090,743)	
Balance as at 31 December 2008	4,670,523,072	4,612,220,396	30,265,073	308,000,000	2,482,144,930	12,103,153,471	1,771,494,890		13,874,648,361	
Balance as at 31 December 2008	4,670,523,072	4,612,220,396	30,265,073	308,000,000	2,482,144,930	12,103,153,471	1,771,494,890		13,874,648,361	
Net loss for the year	-	-	-	-	(426,605,020)	(426,605,020)	-	-	(426,605,020)	
Dividend paid	-	-	-	-	(389,210,256)	(389,210,256)	-	-	(389,210,256)	
Unappropriated retained earnings transferred to statutory reserve	-	-	-	31,200,000	(31,200,000)	-	-	-	-	
Decrease in minority interest	-	-	-	-	-	-	(1,086,866,451)	-	(1,086,866,451)	
Balance as at 31 December 2009	4,670,523,072	4,612,220,396	30,265,073	339,200,000	1,635,129,654	11,287,338,195	684,628,439		11,971,966,634	

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

Asia Cement Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the years ended 31 December 2009 and 2008

(Unit: Baht)

	Note	Separate financial statements					Total
		Issued and paid-up share capital	Share premium	Revaluation surplus on land	Retained earnings - Appropriated - statutory reserve	Unappropriated	
Balance as at 31 December 2007		4,670,523,072	4,612,220,396	30,265,073	275,000,000	2,093,963,766	11,681,972,307
Net income for the year		-	-	-	-	644,443,373	644,443,373
Dividend paid	25	-	-	-	-	(544,894,358)	(544,894,358)
Unappropriated retained earnings transferred to statutory reserve	20	-	-	-	33,000,000	(33,000,000)	-
Balance as at 31 December 2008		4,670,523,072	4,612,220,396	30,265,073	308,000,000	2,160,512,781	11,781,521,322
Balance as at 31 December 2008		4,670,523,072	4,612,220,396	30,265,073	308,000,000	2,160,512,781	11,781,521,322
Net income for the year		-	-	-	-	96,166,479	96,166,479
Dividend paid	25	-	-	-	-	(389,210,256)	(389,210,256)
Unappropriated retained earnings transferred to statutory reserve	20	-	-	-	31,200,000	(31,200,000)	-
Balance as at 31 December 2009		4,670,523,072	4,612,220,396	30,265,073	339,200,000	1,836,269,004	11,488,477,545

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

Asia Cement Public Company Limited and its subsidiaries

Cash flow statements

For the years ended 31 December 2009 and 2008

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Cash flows from operating activities				
Income (loss) before tax	(1,439,987,300)	752,906,254	138,640,457	921,632,366
Adjustments to reconcile income (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation	1,000,310,683	979,546,468	751,251,577	738,105,941
Depletion and amortisation	8,749,947	8,800,984	8,749,947	8,800,984
Allowance for doubtful accounts (reversal)	(20,428,917)	31,053,935	(9,564,197)	13,384,618
Allowance for diminution in value of inventories (reversal)	100,743,154	(50,526,186)	2,448,683	(35,972,753)
Allowance for impairment of assets (reversal)	1,175,322,836	13,275,258	(800,219)	11,047,583
Employee benefits obligation	87,739,256	30,682,003	12,882,927	12,712,003
Provision for quarry restoration costs	180,000	152,000	152,000	152,000
Written off assets	7,436,514	19,018,518	7,436,512	16,652,185
Gain on sales of plant and equipment	(1,495,200)	(12,363,836)	(509,144)	(8,280,815)
Unrealised (gains) losses on exchange	(6,378,038)	2,388,747	(2,042,365)	781,637
Allowance for diminution in value of long-term investments	-	8,431,440	-	-
Interest income	(15,100,608)	(52,056,745)	(63,033,974)	(101,664,962)
Interest expenses	11,239,145	18,665,518	3,628	5
Income from operating activities before changes in operating assets and liabilities	908,331,472	1,749,974,358	845,615,832	1,577,350,792
Operating assets (increase) decrease				
Trade accounts receivable	111,097,953	124,924,886	119,968,234	(68,290,919)
Other accounts receivable - related parties	1,394,164	(93,408)	13,673,530	(5,837,286)
Inventories	479,008,620	(249,813,513)	214,649,141	(260,037,925)
Other current assets	14,193,166	5,147,536	5,860,908	(3,927,414)
Other non-current assets	2,722,584	34,905,074	1,463,621	18,841,864
Operating liabilities increase (decrease)				
Trade accounts payable	197,041,163	(331,647,325)	165,631,030	(272,408,840)
Other accounts payable - related parties	12,608,498	21,106,610	19,831,809	(4,909,148)
Other current liabilities	(30,021,742)	(126,449,058)	5,043,194	(61,655,527)
Employee benefits obligation	(178,740,342)	(31,131,338)	(11,785,200)	(120,000)
Provision for quarry restoration costs	(129,571)	(503,884)	(101,906)	(502,644)
Cash from operating activities	1,517,505,965	1,196,419,938	1,379,850,193	918,502,953
Cash paid for corporate income tax	(151,091,958)	(271,339,986)	(150,076,756)	(237,743,037)
Net cash from operating activities	1,366,414,007	925,079,952	1,229,773,437	680,759,916

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

Asia Cement Public Company Limited and its subsidiaries

Cash flow statements (continued)

For the years ended 31 December 2009 and 2008

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Cash flows from investing activities				
Cash paid for investment in subsidiary	-	-	-	(1,000,000)
Cash paid for long-term loan to subsidiary	-	-	(250,000,000)	-
Cash received from repayment of long-term loan from subsidiary	-	-	170,000,000	-
Cash received from capital return from other long-term investment	-	2,599,860	-	-
Acquisition of plant and equipment	(117,923,925)	(328,515,186)	(46,019,713)	(151,176,233)
Interest income	14,261,607	51,877,386	62,159,705	101,518,856
Proceeds from sales of plant and equipment	<u>2,171,066</u>	<u>22,121,525</u>	<u>1,199,310</u>	<u>14,855,186</u>
Net cash used in investing activities	<u>(101,491,252)</u>	<u>(251,916,415)</u>	<u>(62,660,698)</u>	<u>(35,802,191)</u>
Cash flows from financing activities				
Decrease in bank overdraft from bank	-	(9,836,857)	-	(9,836,857)
Cash received from bill discounts	25,331,314	-	24,200,000	-
Repayment of short-term loans from related party	(50,000,000)	-	-	-
Dividend paid	(389,210,256)	(544,894,358)	(389,210,256)	(544,894,358)
Cash paid for interest expenses	<u>(22,625,504)</u>	<u>(12,352,996)</u>	<u>(3,628)</u>	<u>(5)</u>
Net cash used in financing activities	<u>(436,504,446)</u>	<u>(567,084,211)</u>	<u>(365,013,884)</u>	<u>(554,731,220)</u>
Net increase in cash and cash equivalents	828,418,309	106,079,326	802,098,855	90,226,505
Cash and cash equivalents at beginning of year	<u>1,924,364,128</u>	<u>1,818,284,802</u>	<u>1,741,050,778</u>	<u>1,650,824,273</u>
Cash and cash equivalents at end of year	<u><u>2,752,782,437</u></u>	<u><u>1,924,364,128</u></u>	<u><u>2,543,149,633</u></u>	<u><u>1,741,050,778</u></u>
	-	-	-	-
Supplemental cash flows information				
Non-cash transactions				
An outstanding payable arising from purchase of assets				
as at 31 December	74,144,539	76,804,399	46,358,899	33,426,912
Transferred cement and spare parts to construction in progress				
during the year	46,481,356	93,548,435	44,095,501	75,791,893

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

Asia Cement Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the years ended 31 December 2009 and 2008

1. General information

1.1 Corporate information

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, Bangkok, Huaykwang, Bangkok.

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

In January 2009, the Board of Directors’ Meeting no. 1/2009 of Jalapathan Cement Plc. (a subsidiary) passed a resolution to suspend clinker production and approved the Mutual Separation Program. The subsidiary paid additional financial assistance, compensation and benefits to 192 employees who joined the program, as described in Note 18.

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

1.2 Economic crisis

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

2. Basis of preparation

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

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

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

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

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

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Asia Cement Public Company Limited (“the Company”) and five subsidiaries (“the subsidiaries”) which 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	
		2009	2008	2009	2008	2009	2008
		%	%	%	%	%	%
<u>Held by the Company</u>							
Asia Cement Products Co., Ltd.	Manufacturing of ready-mixed concrete	99.99	99.99	1.63	1.84	6.11	7.30
Jalaprathan Cement Plc.	Manufacturing of cement	31.43	31.43	20.56	28.43	21.69	19.80
Asia Cement Energy Conservation Co., Ltd.	Generate electricity	99.93	99.93	0.05	0.05	-	-
<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	1.81	1.65	4.66	5.61
Naga Property Co., Ltd. (Wholly owned by Jalaprathan Cement Plc.)	Office building rental	100.00	100.00	2.82	2.49	0.08	0.06

- b) Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of Jalapathan Cement Plc., are included in the consolidated financial statements even though the Company's shareholding is 31.43%. This is because the Company has control over that company.
- d) The consolidated financial statements excluded the financial statements of Jalapathan Transport Co., Ltd., a subsidiary of Jalapathan 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.
- e) The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent significant accounting policies.
- f) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- g) Minority interests represent the portion of net income or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.

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

3. Adoption of new accounting standards

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

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

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

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

TAS 36 (revised 2007) Impairment of Assets

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

Accounting Treatment Guidance for Leasehold Right

Accounting Treatment Guidance for Business Combination under Common Control

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

3.2 Accounting standards which are not effective for the current year

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

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

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

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

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

Interest income

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

Rendering of services

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

4.2 Cash and cash equivalents

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

4.3 Trade accounts receivable

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

4.4 Inventories

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

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

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

4.5 Investments

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

4.6 Property, plant and equipment/Depreciation

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

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

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

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

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

Differences arising from the revaluation are dealt with in the financial statements 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 on assets" to the extent that the decrease does not exceed the amount held in the "Revaluation surplus on assets" in respect of those same assets. Any excess amount is to be recognised as an expense in the income statement.

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

Lease assets (building)	-	20	years
Buildings, leasehold improvement and structures	-	5 - 30	years
Machinery, tool and equipment	-	5 - 25	years
Furniture, fixtures and office equipment	-	3 - 10	Years
Motor vehicles	-	5 - 10	Years

Depreciation is included in determining income.

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

In certain cases the Company 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.

4.7 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.

4.8 Mining concessions

Mining concessions represent cost of mining concession, plus if applicable any other concession fees, are stated at cost and being depleted using 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.

4.9 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.

4.10 Foreign currencies

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

Gains and losses on exchange are included in determining income.

4.11 Impairment of assets

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

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

4.12 Employee benefits

Employee benefits - Defined contribution plans

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

Employee benefits - Defined benefit plans

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

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

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

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

4.13 Provisions

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

4.14 Income Tax

Current tax

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

Deferred Tax

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

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

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

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

5. Significant accounting judgments and estimates

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

Leases

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

Allowance for doubtful accounts

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

Allowance for diminution in value of inventory

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

Fair value of financial instruments

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

Impairment of equity investments

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

Property plant and equipment/Depreciation

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

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

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

Deferred tax assets

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

Post retirement benefits

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

6. Cash and cash equivalents

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Cash on hand	62,328	95,005	42,328	75,005
Current and saving deposits	256,679,314	472,864,466	122,066,511	289,571,116
Bills of exchange	<u>2,496,040,795</u>	<u>1,451,404,657</u>	<u>2,421,040,794</u>	<u>1,451,404,657</u>
Total	<u><u>2,752,782,437</u></u>	<u><u>1,924,364,128</u></u>	<u><u>2,543,149,633</u></u>	<u><u>1,741,050,778</u></u>

7. Related party transactions

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

(Unit: Million Baht)

	Consolidated		Separate		Pricing Policy
	financial statements		financial statements		
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales of goods and raw materials	-	-	769.3	637.6	With reference to the terms and prices offered to manufacturing customers
Management fee income	-	-	59.5	63.5	Contract price
Interest income	-	-	48.4	51.5	Interest rate as stipulated in the contract
Rental income	-	-	1.5	1.5	Contract price
Trademark license fee income	-	-	2.0	2.0	Contract price
Purchases of raw materials	-	-	130.3	15.6	Market price
Trademark license fee expense	-	-	2.0	2.0	Contract price
Purchase of spare parts and supplies	-	-	1.5	-	Market price
<u>Transactions with related companies</u>					
Sales of goods	962.1	2,107.0	962.1	2,022.3	With reference to the terms and prices offered to manufacturing customers/contract price
Interest income	10.3	0.9	10.1	0.6	Interest rate as market rate
Purchases of raw materials	1,184.5	1,294.7	1,180.9	1,276.5	Market price
Management fee expenses	1.4	24.6	1.1	0.1	Contract price
Technical fee	15.0	24.1	9.6	13.8	Contract price
Interest expenses	11.0	14.4	-	-	Interest rate as stipulated in the contract
Software license fee	4.7	4.6	4.7	4.6	Contract price
Training fee	0.2	-	0.2	-	Actual price
Consultant fee	3.2	3.7	3.2	3.7	Contract price

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

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<u>Cash and cash equivalents</u>				
Related company				
Bangkok Bank Plc.	1,530,926,238	82,990,977	1,501,733,348	41,812,062
Total cash and cash equivalents - related company	<u>1,530,926,238</u>	<u>82,990,977</u>	<u>1,501,733,348</u>	<u>41,812,062</u>
<u>Trade accounts receivable - related parties</u>				
Subsidiaries				
Asia Cement Products Co., Ltd.	-	-	99,149,667	140,202,086
Jalaprathan Cement Plc.	-	-	220,657,627	229,143,227
Jalaprathan Concrete Co., Ltd.	-	-	11,819,629	8,380,606
Total trade accounts receivable - subsidiaries	<u>-</u>	<u>-</u>	<u>331,626,923</u>	<u>377,725,919</u>
Related companies				
Interbulk Trading S.A.	70,461,344	179,089,497	70,461,344	179,089,497
SCT Co., Ltd.	32,028,930	-	32,028,930	-
Peerakit Construction Materials (1993) Co., Ltd.	101,765,163	108,344,891	101,765,163	108,344,891
Krung Thep Cement Co., Ltd.	2,113,169	2,209,764	2,113,169	2,209,764
Total trade accounts receivable - related companies	<u>206,368,606</u>	<u>289,644,152</u>	<u>206,368,606</u>	<u>289,644,152</u>
Total trade accounts receivable - related parties	<u>206,368,606</u>	<u>289,644,152</u>	<u>537,995,529</u>	<u>667,370,071</u>
<u>Other accounts receivable - related parties</u>				
Subsidiaries				
Asia Cement Products Co., Ltd.	-	-	200,036	5,256,137
Jalaprathan Cement Plc.	-	-	5,346,500	7,695,666
Jalaprathan Concrete Co., Ltd.	-	-	9,353	4,848,184
Total other accounts receivable - subsidiaries	<u>-</u>	<u>-</u>	<u>5,555,889</u>	<u>17,799,987</u>
Related companies				
CTG S.p.A., Italy	-	902,503	-	902,503
Ciments Francais S.A., France	110,000	410,400	110,000	410,400
Interbulk Trading S.A.	5,559	210,846	5,559	210,846
Total other accounts receivable - related companies	<u>115,559</u>	<u>1,523,749</u>	<u>115,559</u>	<u>1,523,749</u>
Total other accounts receivable - related parties	<u>115,559</u>	<u>1,523,749</u>	<u>5,671,448</u>	<u>19,323,736</u>
<u>Long-term loan to subsidiary</u>				
Jalaprathan Cement Plc.	-	-	1,000,000,000	920,000,000
Less: Current portion	-	-	(170,000,000)	(120,000,000)
Long-term loan to subsidiary - net of current portion	<u>-</u>	<u>-</u>	<u>830,000,000</u>	<u>800,000,000</u>

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<u>Short-term loans from financial institution</u>				
Related company				
Bangkok Bank Plc.	250,000,000	300,000,000	-	-
Total short-term loan from financial institution-related company	<u>250,000,000</u>	<u>300,000,000</u>	<u>-</u>	<u>-</u>
<u>Trade accounts payable - related parties</u>				
Related companies				
Siam Refractory Industry Co., Ltd.	6,397,571	3,126,347	6,397,571	2,958,090
Siam Cement (Keng Khoi) Co., Ltd.	-	1,872,072	-	1,872,072
Ear Peng Chiang (1993) Co., Ltd.	2,711,476	440,602	2,711,476	440,602
SCT Co., Ltd.	32,097,346	-	32,097,346	-
Total trade accounts payable - related parties	<u>41,206,393</u>	<u>5,439,021</u>	<u>41,206,393</u>	<u>5,270,764</u>
<u>Other accounts payable - related parties</u>				
Subsidiary				
Jalaprathan Cement Plc.	-	-	9,022,610	499,998
Total other account payable - subsidiary	<u>-</u>	<u>-</u>	<u>9,022,610</u>	<u>499,998</u>
Related companies				
Ciments Francais S.A., France	351,726,198	363,501,226	4,712,540	4,799,860
Italcementi S.p.A., Italy	1,450,494	306,405	1,113,595	238,385
CTG S.p.A., Italy	18,169,420	7,962,850	9,575,767	767,738
Interbulk Trading S.A.	1,045,647	66,649	1,045,647	66,649
Bravo solution S.p.A	782,087	-	782,087	-
Ear Peng Chiang (1993) Co., Ltd.	217,911	820,026	217,911	820,026
Total other accounts payable - related companies	<u>373,391,757</u>	<u>372,657,156</u>	<u>17,447,547</u>	<u>6,692,658</u>
Total other accounts payable - related parties	<u>373,391,757</u>	<u>372,657,156</u>	<u>26,470,157</u>	<u>7,192,656</u>
<u>Long-term loans from related party</u>				
Related company				
Ciments Francais S.A., France	135,048,031	139,321,841	-	-
Total long-term loans from related party	<u>135,048,031</u>	<u>139,321,841</u>	<u>-</u>	<u>-</u>
Less: Current portion	<u>(135,048,031)</u>	<u>(139,321,841)</u>	<u>-</u>	<u>-</u>
Long-term loans from related party - net of current portion	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Long-term loan to Jalaprahan Cement Plc. (subsidiary)

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

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

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

The Company's Board of Directors approved to reschedule the repayment of the loan to Jalaprahan Cement Plc. as at 31 December 2009 as followings:

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

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

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

In 2009, this subsidiary and Ciments Francais S.A., France had signed to amend the loan agreement to repay the loan within 15 December 2010. However, the repayment can be postponed for another one year after the current due date.

Directors and management benefits

In 2009, the Company and its subsidiaries paid meeting allowances and gratuities to their directors totaling Baht 52.99 million (The Company only: Baht 47.57 million) (2008: Baht 42.48 million and Baht 37.50 million, respectively).

8. Trade accounts receivable

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

	(Unit: Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<u>Related parties</u>				
Age of receivables				
Not yet due	175,653,906	289,644,152	447,033,592	492,512,497
Past due				
Up to 3 months	30,714,700	-	48,359,238	76,384,466
3 - 6 months	-	-	23,107,916	96,763,941
6 - 12 months	-	-	19,494,783	1,709,167
Total	<u>206,368,606</u>	<u>289,644,152</u>	<u>537,995,529</u>	<u>667,370,071</u>
<u>Unrelated parties</u>				
Age of receivables				
Not yet due	870,099,262	839,682,311	476,169,017	444,859,030
Past due:				
Up to 3 months	254,789,877	276,024,534	145,889,625	145,308,711
3 - 6 months	15,557,118	26,605,980	3,965,620	7,455,532
6 - 12 months	5,007,007	40,149,636	1,197,203	6,088,448
Over 12 months	108,293,958	101,273,642	15,263,499	29,157,922
Total	<u>1,253,747,222</u>	<u>1,283,736,103</u>	<u>642,484,964</u>	<u>632,869,643</u>
Less: Allowance for doubtful accounts	<u>(106,173,449)</u>	<u>(129,922,780)</u>	<u>(30,730,430)</u>	<u>(41,239,554)</u>
	<u>1,147,573,773</u>	<u>1,153,813,323</u>	<u>611,754,534</u>	<u>591,630,089</u>
Trade accounts receivable - net	<u>1,353,942,379</u>	<u>1,443,457,475</u>	<u>1,149,750,063</u>	<u>1,259,000,160</u>

Approximately Baht 25.3 million of the above trade accounts receivable (The Company only: Baht 24.2 million) (2008: nil) has been sold at a discount to a bank, with recourse. The Company and its subsidiaries have recorded the amount received from bills discount as a secured liability under the caption of "Other account payable from bills discount" in the balance sheets.

9. Inventories

(Unit: Baht)

Consolidated financial statements						
	Cost		Allowance for diminution in value of inventories - stock obsolescence and impairment		Inventories-net	
	2009	2008	2009	2008	2009	2008
	Finished goods	113,549,027	140,710,773	(3,000,000)	(3,000,000)	110,549,027
Work in process	206,173,616	342,707,236	(3,500,000)	(3,500,000)	202,673,616	339,207,236
Raw materials	502,497,065	819,050,956	(5,212,500)	(5,212,500)	497,284,565	813,838,456
Spare parts and supplies	886,240,309	931,481,029	(368,244,075)	(267,500,921)	517,996,234	663,980,108
Total	1,708,460,017	2,233,949,994	(379,956,575)	(279,213,421)	1,328,503,442	1,954,736,573

(Unit: Baht)

Separate financial statements						
	Cost		Allowance for diminution in value of inventories - stock obsolescence		Inventories-net	
	2009	2008	2009	2008	2009	2008
	Finished goods	75,014,364	82,751,258	(3,000,000)	(3,000,000)	72,014,364
Work in process	133,132,872	206,669,562	(1,500,000)	(1,500,000)	131,632,872	205,169,562
Raw materials	339,709,226	480,758,118	-	-	339,709,226	480,758,118
Spare parts and supplies	621,143,929	657,566,095	(199,429,865)	(196,981,182)	421,714,064	460,584,913
Total	1,169,000,391	1,427,745,033	(203,929,865)	(201,481,182)	965,070,526	1,226,263,851

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

10. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost		(Unit: Thousand Baht) Dividend received during the year	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
			(%)	(%)				
Asia Cement Products Co., Ltd.	10,000	10,000	99.99	99.99	10,000	10,000	-	-
Jalaprathan Cement Plc.	1,200,000	1,200,000	31.43	31.43	571,088	571,088	-	-
Asia Cement Energy Conservation Co., Ltd	1,000	1,000	99.93	99.93	1,000	1,000	-	-
Total					<u>582,088</u>	<u>582,088</u>	<u>-</u>	<u>-</u>

11. Other long-term investments

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Bangkok Bank of Commerce Plc.	5,723,846	5,723,846	-	-
Stang Dang II Mutual Fund	70,000,000	70,000,000	-	-
Jalaprathan Transport Co., Ltd.	10,399,440	10,399,440	-	-
Others	1,116,300	1,116,300	1,000,000	1,000,000
Total	87,239,586	87,239,586	1,000,000	1,000,000
Less: Allowance for impairment of investments	(70,684,886)	(70,684,886)	-	-
Other long-term investments - net	<u>16,554,700</u>	<u>16,554,700</u>	<u>1,000,000</u>	<u>1,000,000</u>

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

12. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements												
	Assets used in the operations					Unused assets but not classified as held for sale							
	Cost basis					Cost basis							
Revaluation basis													
	Land	Lease assets	Quarries cost	Buildings, leasehold improvement and structures	Machinery, tools and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Buildings, leasehold improvement and structures	Machinery, tools and equipment	Motor vehicles	Construction in progress	Total
Cost/Revalued amount:													
31 December 2008	1,733,454	507,930	612,984	4,382,226	14,942,402	275,705	893,389	568,812	-	-	-	-	23,916,902
Transfer to unused assets	-	-	-	(547,924)	(2,981,851)	-	(255,646)	(92,492)	547,924	2,981,851	255,646	92,492	-
Additions	-	-	-	-	11,296	304	149	187,518	144	-	-	39,139	238,550
Disposals/write-off	-	-	-	(165)	(27,175)	(7,510)	(20,160)	(36)	-	-	(874)	-	(55,920)
Transfer between accounts	-	-	729	44,926	167,836	19,509	19,694	(259,917)	1,873	13,536	-	(15,409)	(7,223)
31 December 2009	1,733,454	507,930	613,713	3,879,063	12,112,508	288,008	637,426	403,885	549,941	2,995,387	254,772	116,222	24,092,309
Accumulated depreciation:													
31 December 2008	-	26,949	73,357	2,825,846	9,254,303	252,722	845,343	-	-	-	-	-	13,278,520
Transfer to unused assets	-	-	-	(310,543)	(2,047,107)	-	(241,498)	-	310,543	2,047,107	241,498	-	-
Depreciation for the year	-	-	5,192	182,151	647,921	14,378	10,613	-	28,497	105,971	5,588	-	1,000,311
Depreciation on disposals/write-off	-	-	-	(165)	(19,958)	(7,505)	(19,305)	-	-	-	(874)	-	(47,807)
Transfer between accounts	-	-	-	-	(7,223)	-	-	-	-	-	-	-	(7,223)
31 December 2009	-	26,949	78,549	2,697,289	7,827,936	259,595	595,153	-	339,040	2,153,078	246,212	-	14,223,801
Allowance for impairment loss:													
31 December 2008	202,437	89,455	54,758	-	-	-	-	13,275	-	-	-	-	359,925
Transfer to unused assets	-	-	-	-	-	-	-	(1,869)	-	-	-	1,869	-
Increase (decrease) during the year	-	-	-	-	-	-	-	(800)	210,901	842,309	8,560	114,353	1,175,323
31 December 2009	202,437	89,455	54,758	-	-	-	-	10,606	210,901	842,309	8,560	116,222	1,535,248
Net book value:													
31 December 2008	1,531,017	391,526	484,869	1,556,380	5,688,099	22,983	48,046	555,537	-	-	-	-	10,278,457
31 December 2009	1,531,017	391,526	480,406	1,181,774	4,284,572	28,413	42,273	393,279	-	-	-	-	8,333,260
Depreciation for the year:													
2008 (Baht 960.0 million included in manufacturing cost, and the balance in administrative expenses)													979,546
2009 (Baht 867.1 million included in manufacturing cost, Baht 115.7 million included in other expenses, and the balance in administrative expenses)													1,000,311

(Unit: Thousand Baht)

Separate financial statements (all assets are used in the operations)

	Revaluation basis	Cost basis							Total
		Land	Quarries cost	Buildings, leasehold improvement and structures	Machinery, tools and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	
Cost/Revalued amount:									
31 December 2008	365,831	546,241	3,212,356	10,272,474	243,989	594,205	382,675	15,617,771	
Additions	-	-	-	10,326	215	149	125,784	136,474	
Disposals/write-off	-	-	-	(17,452)	(3,858)	(15,470)	(36)	(36,816)	
Transfer between accounts	-	-	17,170	131,125	19,310	19,694	(194,522)	(7,223)	
31 December 2009	365,831	546,241	3,229,526	10,396,473	259,656	598,578	313,901	15,710,206	
Accumulated depreciation:									
31 December 2008	-	68,237	2,026,983	6,310,255	225,131	565,847	-	9,196,453	
Depreciation for the year	-	4,855	161,357	562,341	13,116	9,582	-	751,251	
Depreciation on disposals/write-off	-	-	-	(10,216)	(3,858)	(14,616)	-	(28,690)	
Transfer between accounts	-	-	-	(7,223)	-	-	-	(7,223)	
31 December 2009	-	73,092	2,188,340	6,855,157	234,389	560,813	-	9,911,791	
Allowance for impairment loss:									
31 December 2008	-	54,758	-	-	-	-	11,048	65,806	
Decrease during the year	-	-	-	-	-	-	(800)	(800)	
31 December 2009	-	54,758	-	-	-	-	10,248	65,006	
Net book value:									
31 December 2008	365,831	423,246	1,185,373	3,962,219	18,858	28,358	371,627	6,355,512	
31 December 2009	365,831	418,391	1,041,186	3,541,316	25,267	37,765	303,653	5,733,409	
Depreciation for the year:									
2008 (Baht 720.1 million included in manufacturing cost, and the balance in administrative expenses)								738,106	
2009 (Baht 733.5 million included in manufacturing cost, and the balance in administrative expenses)								751,251	

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

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

	Consolidated financial statements				(Unit: Thousand Baht) Separate financial statements	
	Land		Lease assets		Land	
	2009	2008	2009	2008	2009	2008
Original cost	1,690,218	1,690,218	507,930	507,930	322,595	322,595
Surplus from revaluation	43,236	43,236	-	-	43,236	43,236
Revalued amount	1,733,454	1,733,454	507,930	507,930	365,831	365,831
Accumulated depreciation	-	-	(26,949)	(26,949)	-	-
Allowance for impairment loss	(202,437)	(202,437)	(89,455)	(89,455)	-	-
Net book value	1,531,017	1,531,017	391,526	391,526	365,831	365,831

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

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 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 on land" in shareholders' equity.

As at 31 December 2009, certain plant and equipment items of the Company and its subsidiaries have been fully depreciated but are still in use. The original cost of those assets amounted approximately Baht 3,432.9 million (The Company only: Baht 950.5 million) (2008: Baht 3,326.2 million and Baht 935.5 million, respectively).

13. Leasehold office building

(Unit: Baht)

	Consolidated / Separate financial statements	
	<u>2009</u>	<u>2008</u>
Cost	185,875,000	185,875,000
Less: Accumulated amortisation	<u>(104,574,082)</u>	<u>(97,126,669)</u>
Net book value	<u>81,300,918</u>	<u>88,748,331</u>
Amortisation included in the income statements for the year	<u>7,447,413</u>	<u>7,447,412</u>

14. Mining concession

(Unit: Baht)

	Consolidated / Separate financial statements	
	<u>2009</u>	<u>2008</u>
Cost	24,400,040	24,400,040
Less: Accumulated depletion	<u>(9,039,935)</u>	<u>(7,737,401)</u>
Net book value	<u>15,360,105</u>	<u>16,662,639</u>
Depletion included in the income statements for the year	<u>1,302,534</u>	<u>1,353,572</u>

15. Income tax

The income tax expenses for the years ended 31 December 2009 and 2008 are as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Income tax payable on taxable profit for the year	39,878,294	273,252,686	39,878,294	273,252,686
Write-off non-refundable withholding tax deducted at source / overpaid tax	1,002,908	10,902,596	-	-
Under (over) tax expense for previous year	(36,989)	8,652,839	(36,989)	(13,584)
Net increase in deferred income tax from temporary differences	<u>32,639,958</u>	<u>4,075,416</u>	<u>2,632,673</u>	<u>3,949,891</u>
Income tax included in income statements	<u>73,484,171</u>	<u>296,883,537</u>	<u>42,473,978</u>	<u>277,188,993</u>

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

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Deferred tax relating to revalued land	345,068,731	345,068,731	12,970,745	12,970,745

Reconciliations between tax expenses and the products of accounting profit (loss) multiplied by the applicable tax rate for the years ended 31 December 2009 and 2008 are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Accounting profit (loss)	(1,439,987,300)	752,906,254	138,640,457	921,632,366
Applicable tax rate of 15% - 30%	(432,065,150)	225,871,876	41,592,137	276,489,710
Income tax benefit on tax loss which was not recognised during the year	122,839,825	49,303,403	-	-
Income tax benefit on impairment loss of assets and spare parts which were not recognised during the year	380,730,938	-	-	-
Effect of elimination entry on the consolidated financial statements	(630,324)	612,193	-	-
Tax effect of non-deductible expenses	1,642,963	1,540,630	918,830	712,867
Write-off non-refundable withholding tax deducted at source / overpaid tax	1,002,908	10,902,596	-	-
Under (over) tax expense for previous year	(36,989)	8,652,839	(36,989)	(13,584)
Income tax as included in income statements	73,484,171	296,883,537	42,473,978	277,188,993

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

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Deferred tax assets				
Allowance for doubtful accounts	106,173,449	129,922,780	30,730,430	41,239,553
Allowance for diminution in value of inventories	286,976,503	279,213,421	203,929,865	201,481,182
Allowance for impairment loss of long-term investments	70,684,886	70,684,886	-	-
Allowance for impairment of assets	67,233,280	68,033,499	65,005,604	65,805,824
Provision for quarry restoration costs	7,760,045	7,709,616	5,006,119	4,956,025
Provision for sales promotion	17,723,263	18,786,000	17,723,263	18,786,000
Employee benefits obligation	117,005,203	208,006,288	58,428,902	57,331,175
	<u>673,556,629</u>	<u>782,356,490</u>	<u>380,824,183</u>	<u>389,599,759</u>
Deferred tax assets as tax rate of 30%	<u>202,066,988</u>	<u>234,706,947</u>	<u>114,247,255</u>	<u>116,879,927</u>
Deferred tax liabilities				
Surplus on land revaluation	<u>(1,150,229,106)</u>	<u>(1,150,229,106)</u>	<u>(43,235,818)</u>	<u>(43,235,818)</u>
	<u>(1,150,229,106)</u>	<u>(1,150,229,106)</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>
Deferred tax assets (liabilities) - net	<u>(143,001,743)</u>	<u>(110,361,784)</u>	<u>101,276,510</u>	<u>103,909,182</u>

As at 31 December 2009, the subsidiaries have unused tax losses of Baht 577 million and as described in Note 9 and Note 12, Jalaprathan Cement Plc. (a subsidiary) recorded the impairment loss on buildings, machinery, equipment and spare parts related to clinker production in the consolidated income statement totaling Baht 1,269 million. Deferred tax assets have not been recognised in respect of those losses and those impairment loss as it is no longer probable that sufficient future taxable profit will be available to allow the deferred tax assets to be utilised.

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

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Deferred tax assets				
Allowance for doubtful accounts	106,173,449	129,922,780	30,730,430	41,239,553
Allowance for diminution in value of inventories	286,976,503	279,213,421	203,929,865	201,481,182
Allowance for impairment loss of long-term investments	70,684,886	70,684,886	-	-
Allowance for impairment of assets	67,233,280	68,033,499	65,005,604	65,805,824
Provision for quarry restoration costs	7,760,045	7,709,616	5,006,119	4,956,025
Provision for sales promotion	17,723,263	18,786,000	17,723,263	18,786,000
Employee benefits obligation	117,005,203	208,006,288	58,428,902	57,331,175
	<u>673,556,629</u>	<u>782,356,490</u>	<u>380,824,183</u>	<u>389,599,759</u>
Deferred tax assets as tax rate of 30%	<u>202,066,988</u>	<u>234,706,947</u>	<u>114,247,255</u>	<u>116,879,927</u>
Deferred tax liabilities				
Surplus on land revaluation	<u>(1,150,229,106)</u>	<u>(1,150,229,106)</u>	<u>(43,235,818)</u>	<u>(43,235,818)</u>
	<u>(1,150,229,106)</u>	<u>(1,150,229,106)</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>
Deferred tax assets (liabilities) - net	<u>(143,001,743)</u>	<u>(110,361,784)</u>	<u>101,276,510</u>	<u>103,909,182</u>

As at 31 December 2009, the subsidiaries have unused tax losses of Baht 577 million and as described in Note 9 and Note 12, Jalaprathan Cement Plc. (a subsidiary) recorded the impairment loss on buildings, machinery, equipment and spare parts related to clinker production in the consolidated income statement totaling Baht 1,269 million. Deferred tax assets have not been recognised in respect of those losses and those impairment loss as it is no longer probable that sufficient future taxable profit will be available to allow the deferred tax assets to be utilised.

16. Short-term loans from financial institution

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

17. Account payable from bill discounts

This represents the amount received from a bank for bills discount with recourse, in accordance with the conditions specified in the bills discount agreement. The bank has the right to pursue the Company and its subsidiary in the event that it is unable to make full collection of the account receivable.

18. Employee benefits obligation

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

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Defined benefit obligation at the beginning of year	202,197,062	208,455,623	51,521,949	44,739,172
Benefits expenses recognised in the income statements for the year	90,753,521	24,872,777	15,897,192	6,902,777
Benefits paid	<u>(178,740,342)</u>	<u>(31,131,338)</u>	<u>(11,785,200)</u>	<u>(120,000)</u>
Defined benefit obligation at the end of year	<u>114,210,241</u>	<u>202,197,062</u>	<u>55,633,941</u>	<u>51,521,949</u>

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

Short-term employee benefit obligation	-	94,392,431	-	-
Long-term employee benefit obligation	114,210,241	107,804,631	55,633,941	51,521,949

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

	Consolidated		Separate	
	financial statements		financial statements	
	2009	2008	2009	2008
Current service cost	9,340,631	12,274,524	4,676,118	4,581,480
Interest cost	7,922,668	12,021,074	2,755,211	2,321,297
Actuarial loss	1,179,969	577,179	-	-
Curtailment loss recognised	72,310,253	-	8,465,863	-
Total benefit expenses	90,753,521	24,872,777	15,897,192	6,902,777
Benefit expenses included in				
manufacturing cost	8,600,120	15,739,405	-	-
Benefit expenses included in				
administrative expenses	82,153,401	9,133,372	15,897,192	6,902,777

Principal actuarial assumptions at the valuation date were as follows:

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

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

19. Revaluation surplus on land

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

20. Statutory reserve

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

21. Expenses by nature

Significant expenses by nature are as follow:

	Consolidated financial statements		Separate financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Salary and wages and other employee benefits	623,509,682	564,182,194	361,572,208	363,789,958
Depreciation	1,000,310,683	979,546,468	751,251,577	738,105,941
Loss on impairment of assets (reversal)	1,175,322,836	13,275,258	(800,219)	11,047,583
Loss on obsolescence and impairment of spare parts and supplies (reversal)	100,743,155	(50,526,186)	2,448,683	(35,972,753)
Transportation expenses	241,200,120	581,487,658	115,686,397	362,732,113
Rental expenses	70,297,064	79,282,875	1,631,787	1,622,527
Raw materials and consumables used	3,412,187,430	3,577,718,473	2,127,613,703	2,153,634,677
Changes in inventories of finished goods and work in process	163,904,181	30,817,284	81,273,584	(13,178,399)

22. Basic earnings per share

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

24. 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 - 10% 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 2009, the Company and its subsidiaries contributed Baht 22.2 million (the Company only: Baht 19.5 million) to the fund (2008: Baht 23.5 million and Baht 20.0 million, respectively).

25. Dividends

		(Unit: Baht)	
Dividends	Approved by	Total dividends	Dividend per share
Final dividends for 2007	Annual General Meeting of the shareholders 29 April 2008	389,210,256	0.50
Interim dividends for 2008	Board of Directors' meeting on 16 July 2008	155,684,102	0.20
Total for 2008		<u>544,894,358</u>	<u>0.70</u>
Final dividends for 2008	Annual General Meeting of the shareholders on 24 April 2009	389,210,256	0.50
Total for 2009		<u>389,210,256</u>	<u>0.50</u>

26. Commitments and contingent liabilities

26.1 Operating lease commitments

The Company and subsidiaries have entered into several lease agreements in respect of the lease of land, office building space, and motor vehicles. The terms of the agreements are generally between 1 and 25 years.

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

	(Unit: Million Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Payable within:		
Less than 1 year	27.31	9.80
2 - 5 years	30.25	12.61
More than 5 years	17.70	14.88

26.2 Long-term service agreements commitments

- a) The Company and its subsidiaries have entered into agreements related 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 2009, there were commitments to be payable under those agreements as follows:

	(Unit: Million Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Payable within:		
Less than 1 year	83.00	58.83
2 - 5 years	59.46	58.65

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.

26.3 Purchase of raw material commitments

As at 31 December 2009, the Company and its subsidiaries have entered into agreements to purchase of raw materials in the future of approximately Baht 756.8 million (the Company only: Baht 692.9 million) (2008: Baht 605.5 million and Baht 595.5 million, respectively).

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.

26.4 Bank guarantees

As at 31 December 2009, there were outstanding bank guarantees of Baht 498.5 million (the Company only: Baht 437.5 million) (2008: Baht 494.8 million and Baht 437.5 million, respectively) 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, developing the cement industry, establishing a Baht 300 million cement factory, collateral security using electricity Baht 180.7 million amounts and Baht 17.8 million in others.

27. Financial instruments

27.1 Financial risk management policies

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 32 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, borrowing, investments, trade accounts payable, other 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 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 on credit risk since they have large customer bases. The maximum exposure to credit risk is limited to the carrying amounts of receivables, borrowing and other receivables as stated in the balance sheet.

Interest rate risk

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

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

	Consolidated financial statements				
	Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	Effective interest rate
	(Million Baht)				(% p.a.)
Financial Assets					
Cash and cash equivalents	2,496.0	226.4	30.3	2,752.7	0.25 - 1.25
Trade accounts receivable	-	-	1,353.9	1,353.9	-
Other long-term investments	-	-	16.6	16.6	-
	<u>2,496.0</u>	<u>226.4</u>	<u>1,400.8</u>	<u>4,123.2</u>	
Financial liabilities					
Short-term loans from financial institution	250.0	-	-	250.0	2.3 - 4.53
Trade accounts payable	-	-	474.1	474.1	-
Other accounts payable	-	-	608.8	608.8	-
Long-term loans from related party	-	135.0	-	135.0	1.23 - 5.83
	<u>250.0</u>	<u>135.0</u>	<u>1,082.9</u>	<u>1,467.9</u>	
Separate financial statements					
	Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	Effective interest rate
	(Million Baht)				(% p.a.)
Financial Assets					
Cash and cash equivalents	2,421.0	122.1	-	2,543.1	0.25 - 1.25
Trade accounts receivable	-	-	1,149.8	1,149.8	-
Long-term loan to subsidiary	-	1,000.0	-	1,000.0	3.22 - 5.83
Investments in subsidiaries	-	-	582.1	582.1	-
Other long-term investment	-	-	1.0	1.0	-
	<u>2,421.0</u>	<u>1,122.1</u>	<u>1,732.9</u>	<u>5,276.0</u>	
Financial liabilities					
Trade accounts payable	-	-	211.2	211.2	-
Other accounts payable	-	-	316.8	316.8	-
	<u>-</u>	<u>-</u>	<u>528.0</u>	<u>528.0</u>	

Foreign currency risk

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

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

Foreign currency	Financial assets	Financial liabilities	Average exchange rate as at 31 December 2009
	(Million)	(Million)	(Baht per 1 foreign currency unit)
US dollar	2.14	0.14	33.3688
Euro	-	3.49	47.7934
Danish Krone	-	0.13	6.4218

27.2 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 and willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

28. Capital management

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

According to the balance sheet as at 31 December 2009, the Group's debt-to-equity ratio was 0.16:1 (2008: 0.14:1) and the Company's was 0.06:1 (2008: 0.05:1).

29. Approval of financial statements

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



บริษัท ปูนซีเมนต์เอเชีย จำกัด (มหาชน)

Asia Cement
Public Company Limited

