



2010

2012



Tongkah Harbour PCL

Annual Report 2011

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1. Management Statement

- **Harmony can solves the crisis**

The year of 2011 was the year of economic crisis that was the result from worldwide natural disaster. Especially Thailand had forced the great flood damaged and difficult to assess for the economic and social affected. It was a hard year for Thais. However, with the cooperation and harmony of people in the nation that enabled us to overcome such obstacles.

As we are one of the organizations in this social, which is unable to avoid the impact of economic crises and the worldwide natural disaster, but with the cooperation of the Company Board of Directors, the Executive directors and all employees, as well as shareholder and various government agencies whose support and encourage regularly to the Tongkah Harbour PCL and its subsidiary Companies, that push the Company to continue the operation according to the annual group finances performance report.

- **Company Resources**

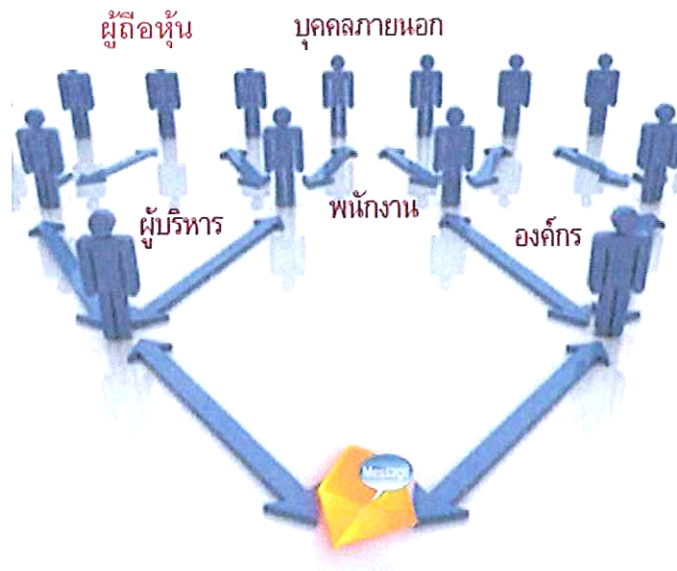
Tongkah Harbour PCL and its subsidiaries have a human resources and valuable natural resources with potential, availability and opportunity to lead productive and beneficial to the country. We have expertise in exploration and mining of gold, copper, tin, andesite (Quarry), also the estate development. There are more than 400 employees who dedicate their force and brain, if the Company can well manage the operation system with good cares for their well-being and fair welfare. Hence, it is importance for the Company's policy in the year of 2012 to focus on human resources management in order to be prepared and support for Company rehabilitation plan within the next 2-3 years. As on behalf of new Management Team, so would like to present the policy, which called 5C as following;

C1-Consolidate

To create the unity of the organization, starting from the Board of Directors, Executive Directors and Employees of the Company, this should be consolidated into one direction with same goal. Changing their attitude, creating morality and educated, also providing the welfare with a better environment for getting back their royalty to the Company and proud of their organization.

C2-Communication

Create the Two-way communication in order to get the same understanding between Management and Employees, Employees and employees, Organization and outsiders, Management and outsiders, and Employees and outsiders.

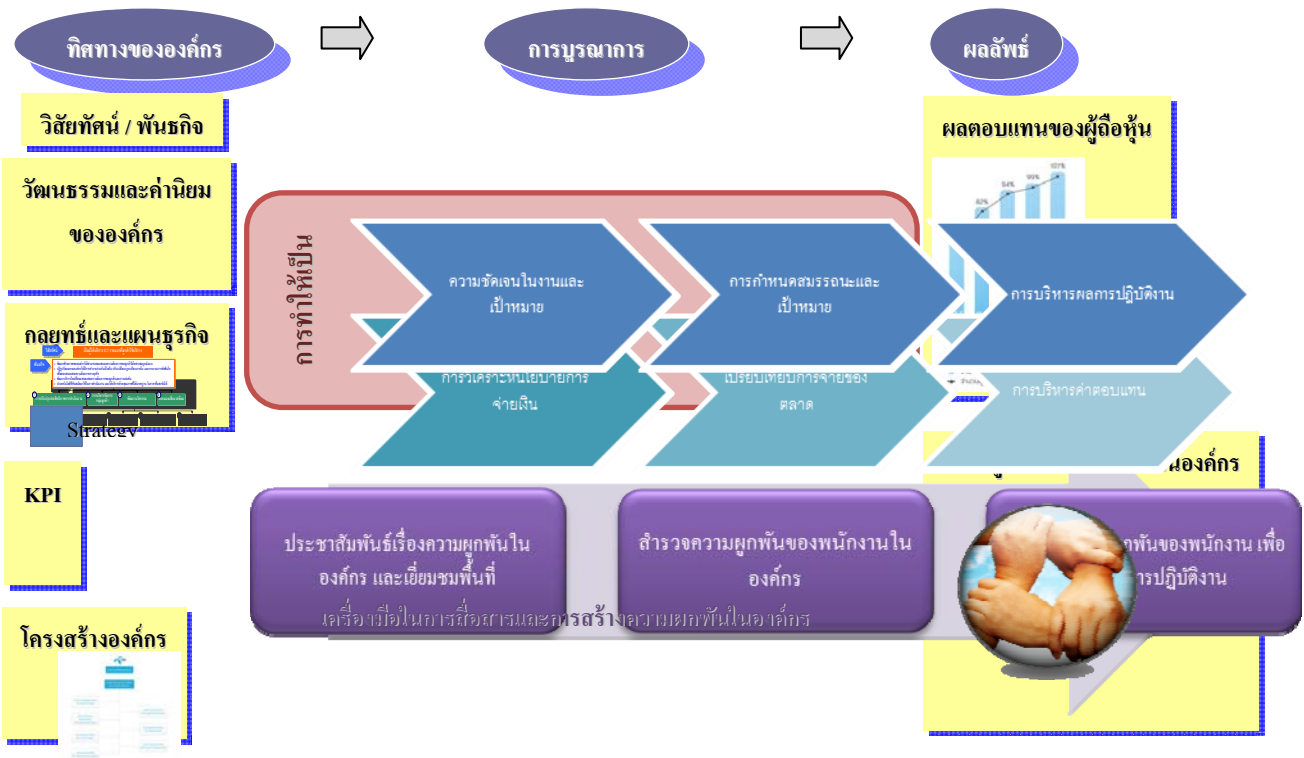


This Two-way communication will lead a great creativity and bring the profit of the integration management in any departments for operating accordingly, also can reduce the mistakes, and could be the holistic solution which absolutely decisive effect on profit of the Company.

C3-Constructive

Preparing for rebuilding the organization with restructuring the organization to promote and create a new culture in the organization and human resources management by consult a specialist of Human Resources Management and Organization and Human Resources Development. This will analyze the organization structure with clearly job descriptions, Management of work outcome, the effective system for remuneration evaluation; also provide the right person with the right position. Including, providing well equipment, suitable work place and environment to create a good atmosphere and relationship in the organization.

พลังขับเคลื่อนองค์กรสู่ความสำเร็จด้วยทรัพยากรบุคคล



C4- Creative

Accelerating on adjustment of on mine tunnel system for T-1 and extend the license for using land with the Forestry Department urgently of T-1-8, in order to ore productivity and waiting for the new mining license of T-1-S, T-3 and Sea Mineral Ltd (SML). The Company expected that the new mining license on T-1-S could be issued and begins the production within Q3 of year of 2013 which could help the Company to get better profit and the business can operate as usual by the year of 2014. The ore reserves of T-1, T-1-S, T-3, T-1-8 and SML are as the following data;

Ore Remaining As at 1st February 2012

The remaining ore as at 1st February 2012, at cut-off grades of 0.5-1.0 g/t Au, is depicted in Table below;

Source	Status	Tonnage	Ore	Ore	Ore	Metal	Metal	Metal	Waste	Stripping Ratio
			g/t Au	% Cu	g/t Ag	oz Au	lbs Cu	oz Ag	Tonnage	Waste : Ore
T-1	ML	1,610,546	2.46	0.19	2.33	127,540	6,899,401	112,360	87,049,732	58.04
						226,739,744	26,217,723	3,983,170		
						6,911,027,389	799,116,190	121,407,012		
T-1-8	ML	375,924	0.6	0.29	1.77	7,265	2,392,794	21,366	5,479,153	14.58
						12,915,717	9,092,615	757,436		
						393,671,054	277,142,917	23,086,662		
T-1-S	MLA	2,669,217	2.13	0.07	1.72	182,674	4,343,823	147,821	110,077,423	41.24
						324,758,339	16,506,527	5,240,252		
						9,898,634,174	503,118,958	159,722,891		
T-3	MLA	1,730,112	2.28	0.15	9.31	126,985	4,240,604	420,423	11,406,789	6.59
						225,753,235	16,114,295	14,903,992		
						6,880,958,590	491,163,711	454,273,671		
T-7	MLA	52,000	5.11	0.07	0	8,547	74,957	0	260,000	5.00
						15,194,857	284,837	0		
						463,139,229	8,681,841	0		
TOTAL		6,437,800	2.19	0.14	3.90	453,010	17,951,578	701,970	214,273,097	33.28
						805,361,891	68,215,998	24,884,850		
						24,547,430,436	2,079,223,616	758,490,236		

For the Sea Minerals Co., Ltd, it is the subsidiary of Tongkah Harbour PCL, with 99.99 shares, and registered capital at 288,000,000 Baht. Sea Mineral Co., Ltd has applied for the license in the offshore area of Tambon Kukkak and Tambon BangMuangDam, Amphor Takua Pa Phang Nga Province, concession no. 45/2528, area 1.08 Square Kilometers and no. 46/2528 area 78.74 Square Kilometers, total is around 50,000 rai. There are 64,320 ton of tin with a cut-off grade of 0.1 kg cassiterite per cubic. The Company is in the progress of licensing with the public hearing from nearby communities in Tambon BangMuangDam and Kukkak, Amphor Takua Pa, Phhang Nga Province.

In addition, the Company's quarry site at Saraburi is also improving on equipment, management and marketing, which expected to get the revenues constantly.

For the Skycliff's Policy for the year of 2012, the project is in process of study to prepare for estate developing to be 27th Floor Condominium and service apartment on sell area of 25,000 square meters.



There are two options for investment, which are the Joint Venture or the Company will develop the Project itself, which expected to get the conclusion and present for Shareholder's approval within Q2 of 2012, then the Company could earn more revenue and better profit.

C5-CSR (Corporate Social Responsibility)

The Corporate Social Responsibility is a crucial part in mining industry. Supervision and surveillance on public health and environment of villagers nearby Mine site is the necessary issue that the Company has to look after and monitor systematically. Having CSR is the basic standard that every organization in worldwide accept it.

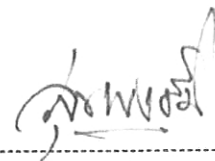
Therefore, the CSR issue is should be more important and need to have the specialist on this to look after. For take good care of communities nearby site 5 km, by focusing on environmental, health and social, also establishing of Learning center, improving landscape for Green Mine and publicize to community; students, residents, visitors and media for understanding in mining activities in a transparent manner, as well as for tourist attraction and education on gold, silver, copper, tin mining industry and stimulate the economic growth in local community.

Finally, Managing Director is confident in the potential of valuable resources in the Company, such human resources, natural resources; gold, copper, tin, silver and andesite mining industry, also the land development, which will create continuity and sustainability revenue for Company.



Mr. Pramote Bansit

Chairman of the Board of Directors



Mr. Sukhaponng Palagawong Na Ayudhya

Managing Director

2. Background, Operation and Structure of the Company



The Tongkah Harbour organization has been in mining for 105 years beginning with offshore tin mining in and around Phuket Bay in 1906. The Company was the brainchild of Captain Edward T. Miles of Australia who, upon observing the labor intensive methods of Chinese in offshore mining at Phuket in 1905, felt that he could develop equipment to mechanize the industry.

In 1906, Captain Miles founded the “Tongkah Harbour Tin Dredging Company N.L” incorporated in Hobart Tasmania and, upon due arrangements with the local Governor, began, offshore tin mining in Phuket Bay in 1907 utilizing the world’s first sea-going bucket dredge. In the following decades up to the present, the Company experienced a

successful and eventful history with some highlights as follows:

Over the years following 1907, the Company put seven more dredges into mining operations in the Phuket area. The British firm, the “London Tin Group” (Managed by Anglo Oriental), eventually gained control and transferred the Company’s domicile to Malaysia and renamed it “Tongkah Harbour Tin Dredging Ltd” which was later officially named “Tongkah Harbour Tin Dredging Berhad”. The London Tin Group was subsequently taken over by the Malaysian Mining Corporation (MMC).

In 1980, shareholding was restructured becoming predominantly Thai in response to the Thai government's policy of encouraging domestic investment in the mining industry. Upon registration in Thailand, the Company was renamed “Tongkah Harbour Limited” In 1988, the Company’s dredge sank in a storm off Phuket Island. Due mainly to low tin prices, the Company decided to use dredging contractors thereafter and not commission new equipment. In 1981, the Company became a listed company with its shares traded in the Stock Exchange of Thailand (SET). The Company was, at this juncture, renamed as “Tongkah Harbour Public Company Limited” after registering with the Department of Business Development in 1994.

With the collapse of the tin market in the mid-1980’s, the Company turned to diversification by entering the gold and base metal exploration in 1990, and the property development in Bangkok where it undertook the construction of “Tongkah Tower”, now known as the “True Tower”.

In 1991, the Company’s subsidiary, Tungcum Limited (TKL), was founded and granted a concession in Loei province for the exploration and mining of gold and related minerals. In 1995, pursuant to successful exploration, TKL submitted mining plans and six gold mining license applications to the Department of Mineral Resources (DMR), which approved the plans in late 1996. The Company emerged from the financial crisis of 1997 with no foreign exchange exposure, no debts, and with a strong cash position. However, the SET ruled that the Company’s earnings from tin operations (considered by the SET to be the Company’s core business) were disproportionately lower than its other revenue and, accordingly, suspended (later reinstated) it from trading on the SET.

In March 2003, the Ministry of Industry granted Tungcum Limited the gold mining license whereupon the Company could initiate its development program. In September 2004, the company added to its land bank in Phuket by acquiring land which joined together two parcels already held. With this acquisition, the Company now holds some 39,745 sq m of continuous beach-front property in a prime location for future development.

In 2005, the Company accumulated 83.7% of Sea Minerals Limited (SML) which has subsequently filed mining lease applications (MLA’s) covering about 50,000 rai (8,000 hectares) to mine an off-shore deposit in the Andaman Sea where evaluations based on some 1200 drill holes indicate resources of over 50,000 tons of tin in the MLA area.

In 2006, Tungcum’s gold operation was commissioned and officially commenced commercial operations from September 2006 onward. Gold production aided in turning Company operations from the red into marginal profitable operations by the end of 2006 which was a special occasion as



Tongkah Harbour Public Company Limited marked 100 years of continuous operations in the mining business.

In February 2007, the Company acquired total increased share capital of Baht 45.2 million of Sea Minerals which was approved for increased authorized share capital from Baht 72 million to Baht 288 million in 2006. This resulted into the Company's equity in Sea Minerals increasing from 83.70% to 89.99%. Subsequently, on 13 November 2007, the Extraordinary General Meeting of Sea Minerals Limited's shareholders approved the resolution to reduce Sea Minerals Limited's shares from 1,171,976 to 1,054,616 by canceling 117,360 shares, owned by Southern Kinta Consolidation Limited. As a result of the reduction in shares, Tongkah Harbour Public Company Limited's shareholding in Sea Minerals Limited increased from 89.99% to 99.99%.

On 4 May 2007, with profitable operations for 2006, the Stock Exchange of Thailand reinstated the Company's security trading. Also, the trading of the Company shares in the form of American Depository Receipts was approved by US Securities Exchange Commission on 9 May 2007. In 2008, a loan of USD 35 million was obtained from the Deutsche Bank.

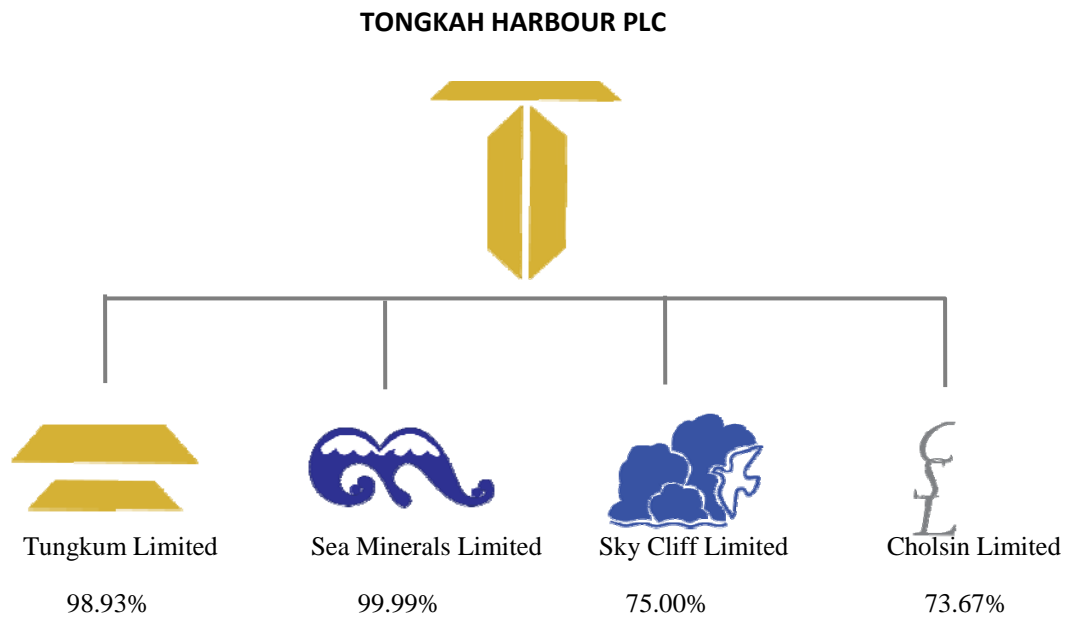
In the second quarter of 2009, the Company completed the installation of the new flotation plant, thus reaching an important milestone whereby we were able to reap the benefits of the copper and iron ore recovery as by-products. The flotation processing is of importance to us because the recovery rate of primary sulfide ore will be much higher and there will be significant reduction of reagents used, particularly cyanide.

On September 7, 2009, the Department of Primary Industries and Mines granted the long-awaited transport and export permit for export of 700tons of gold-copper concentrates from our gold mine, with the full license granted on 4 November 2009. The Company is now exporting the gold-copper concentrates on a regular basis as of October 2009; at the same time, the production and export of gold doré remain.

With the beginning of its next one hundred year journey, Tongkah Harbour Public Company Limited and its subsidiaries will continue focusing on the mining business by improving its gold production potential and concentrating on developing and putting into production its tin reserve areas.

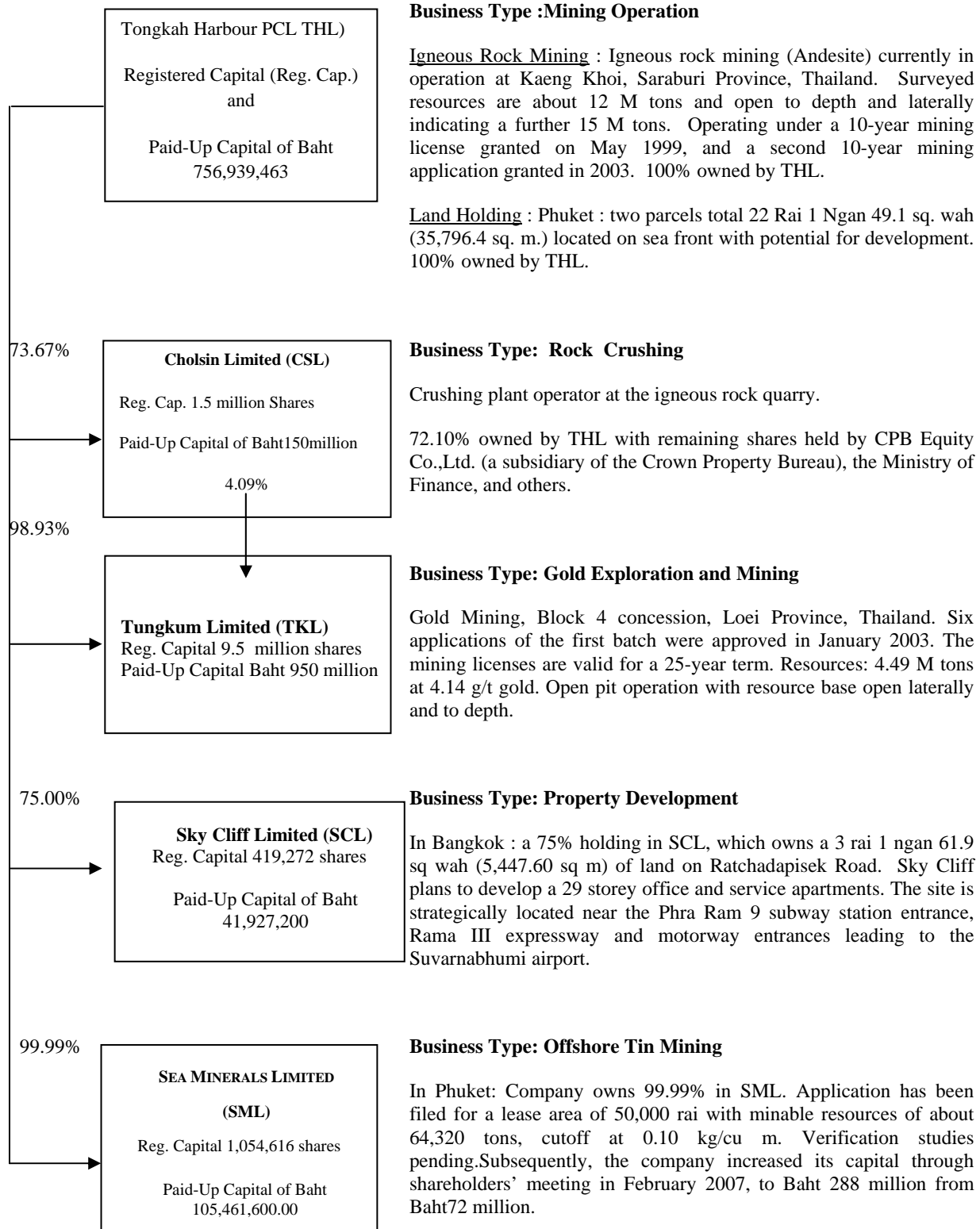
3. Group Organization & Business Operations

3.1 THL Group Organization: Structure



Tongkah Harbour Public Company Limited (THL) is the parent company of Tungcum Limited (TKL), Sea Minerals Limited (SML), Skycliff Limited (SCL) and Cholsin Limited (CSL), with holding percentage at 98.93%, 99.99%, 75% and 73.67% respectively.

3.2 Business Operations of the Company & Group



4. Corporate & Subsidiary Profile

No	Item	Description
1.	Main Company	TONGKAH HARBOUR PUBLIC COMPANY LIMITED
2.	Founding Date	1906
3.	Listing Status	Stock Exchange of Thailand (SET) since 2 June 1981 (Public Company status since 9 June 1994) American Depository Receipt (ADR) since 9 May 2007
4.	Listing Sector	Mining
5.	SET Listing Code	THL
6.	ADR Listing Code	TGKFY / US8902541056
7.	Registered Office	Headquarters and Executive Office: 7 Floor, MuangThai-PhatraOfficeTower 1 252/11 Ratchadapisek Road, Huay Kwang, Bangkok, 10320, Thailand. Phone: +66 2695 4912-28 Fax: +66 2695 4901
8.	Registration Number	0107537002087 (Formerly Bor Mor Jor/Public Company Registration Number 455)
9.	Registered Capital	Baht 756,939,463 ; 756,939,463 shares at Par Value Baht 1 each
10.	Paid up capital	Baht 756,939,463
9.	Operations Office	Operations Office 1: 12 Soi Saphan Hin, Muang,

No	Item	Description
		<p>Phuket 83000, Thailand.</p> <p>Phone: +66 7621 2355</p> <p>Fax: +66 7621 1214</p> <p>Operations Office 2:</p> <p>68/6 Moo4 Tahtoom, Kangkoi,</p> <p>Saraburi 18110, Thailand.</p> <p>Phone: +66 3622 7209</p> <p>Fax: +66 3622 7209</p>
10.	Subsidiaries:	<p>1. TUNGKUM LIMITED</p> <p><u>Registered and Operations Office:</u></p> <p>179 Moo 3, Tambol Khaoluang,</p> <p>Amphur Wang Sapung,</p> <p>Loei, 42130, Thailand.</p> <p>Phone: +66 89 892 6126-28</p> <p>Fax: +66 89 814 1025</p> <p><u>Branch Office 1:</u></p> <p>7 Floor, MuangThai-PhatraOfficeTower 1</p> <p>252/11 Ratchadapisek Road,</p> <p>Huay Kwang, Bangkok,</p> <p>10320, Thailand.</p> <p>Phone: +66 2695 4912-28</p> <p>Fax: +66 2695 4901</p> <p><u>Branch Office 2:</u></p> <p>323 Moo 1, Ban-Tid-Tor,</p> <p>Na-Ann, Muang, Loei,</p> <p>42000, Thailand.</p>
10	Subsidiaries (Continued)	

No	Item	Description
		<p>Phone: + 66 4286 1037-38</p> <p>Fax: + 66 4283 2073</p> <p>2. CHOLSIN LIMITED</p> <p><u>Registered Office:</u></p> <p>7 Floor, MuangThai-PhatraOfficeTower 1</p> <p>252/11 Ratchadapisek Road,</p> <p>Huay Kwang, Bangkok,</p> <p>10320, Thailand.</p> <p>Phone: +66 2695 4912-28</p> <p>Fax: +66 2695 4901</p> <p><u>Operations Office:</u></p> <p>68/6 Moo 4, Tahtoom,</p> <p>Kaeng Khoi, Saraburi,</p> <p>18110, Thailand.</p> <p>Phone: +66 3622 7209</p> <p>Fax: +66 3622 7209</p> <p>3. SKY CLIFF LIMITED</p> <p><u>Registered and Operations Office:</u></p> <p>14 Ratchadapisek Road,</p> <p>Huay Kwang, Bangkok,</p> <p>10320, Thailand.</p> <p>Phone: +66 2247 2728</p> <p>Fax: +66 2247 2729</p> <p>4. SEA MINERALS LIMITED</p> <p><u>Registered and Operations Office:</u></p> <p>7 Floor, MuangThai-PhatraOfficeTower 1</p>

No	Item	Description
		252/11 Ratchadapisek Road, Huay Kwang, Bangkok, 10320, Thailand. Phone: +66 2695 4912-28 Fax: +66 2695 4901
11.	Share Register	THE THAILAND SECURITIES DEPOSITORY CO. LTD. The Stock Exchange of Thailand Building 62 Ratchadapisek Road, Klongtoey, Bangkok, 10110, Thailand. Phone: +66 2229 2800 Fax: +66 2359 1259
12.	Auditors	Mrs. Kesree Narongdej CPA Thailand Registration No.76 Mrs. Natsarak Sarochanunjeen CPA Thailand Registration No. 4563 Mr. Chaiyuth Angsuwithaya CPA Thailand Registration No. 3885 A.M.T. Associates Accounting Management & Tax Service 491/27 Silom Plaza, Silom Road, Bangrak, Bangkok, 10500, Thailand. Phone: +66(0) 2234-1676, 2234-1678, 2237-2132

No	Item	Description
		Fax: +66(0) 2237-2133
13.	Principal Bankers	<p>SIAM COMMERCIAL BANK PCL.</p> <p>Ratchadapisek 3 Branch</p> <p>18 True Tower,</p> <p>Ratchadapisek Road,</p> <p>Huay Kwang, Bangkok,</p> <p>10320, Thailand.</p> <p>Phone: +66 2643 0130</p> <p>Fax: +66 2643 0144</p> <p>DEUTSCHE BANK AG, BANGKOK BRANCH</p> <p>208, Wireless Road,</p> <p>Bangkok, 10330,</p> <p>Thailand.</p> <p>Phone: +66 2646 5000</p> <p>Fax: +66 2651 5215</p>
14	Legal Consultant	<p>Hunton & Williams</p> <p>34th Floor, Q.House Lumpini Building</p> <p>1 South Sathorn Road</p> <p>Thungmahamek, Sathorn Bangkok 10120</p> <p>Phone 02 645 8816</p> <p>Dej Udom and Associates</p> <p>9th Floor, IsaraTower 942/142-3 Rama 4</p> <p>Khet Bangruk, Bangkok 10500</p> <p>Phone 02 233 0055 , 02 233 0068</p> <p>Olswang LLP</p>

No	Item	Description
		90 High Holborn, London WC1V 6XX Phone +44 (0) 20 7067 3000 Dr Somsak Torugsa LL.D 182/9 Udomsuk Rd., Bangna, Bangna Bangkok 10260 Phone 02 398 9615
15	Advisor to the Board of Director	Mr. Rachan Kanjana-Vanit 35/1 Damrong Road, Tambol Talad Yai Amphur Muang, Phuket 83000 Mr. Somsak Potisat 125/350 Soi Ram Indra, 103/3 Kunna Yao, Bangkok 10230
16.	Website	<u>www.tongkahharbour.com</u>
17.	E-mail	info@tongkah.co.th

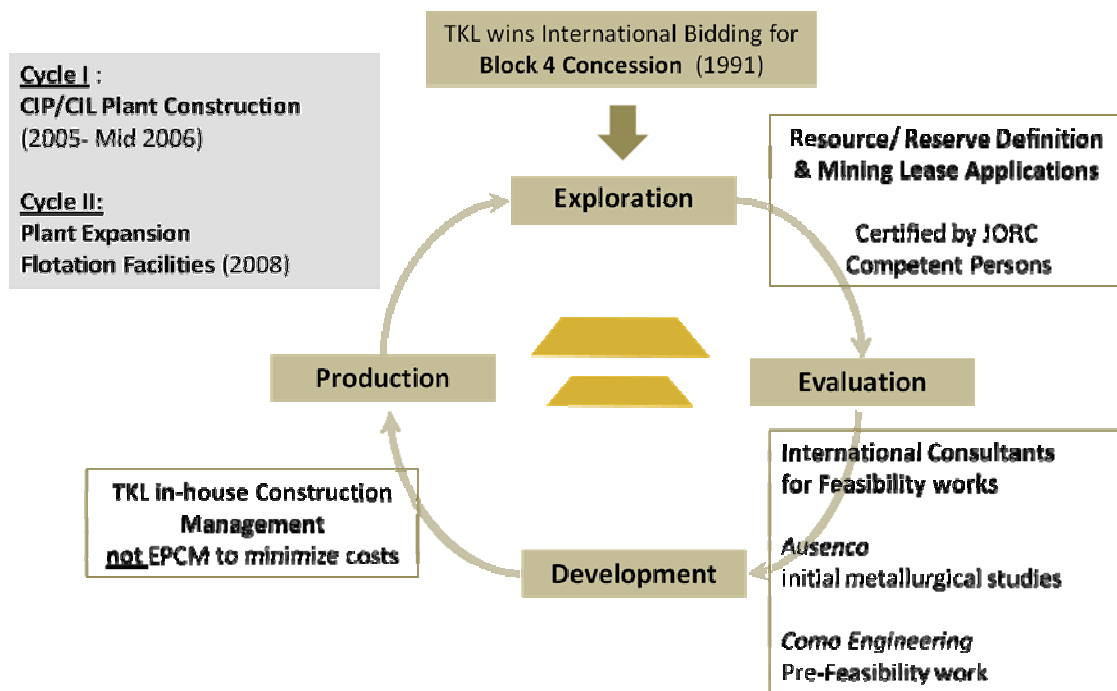
Subsidiary Profile

1. Gold Mining Asset: Tungsum Limited

Tungsum Limited (TKL), is an exploration and mining company registered in Loei, Thailand, with control and working interest 98.86% held by Tongkah Harbour Public Company Limited (THL). TKL has 100% control of the mineral concessions for exploration and mining of gold and related minerals at 25 km southwest of Loei Province, northeast Thailand.

1.1 Background

On being awarded the Block 4 concession in October 1991 through an international bidding process, THL entered into an agreement with the Department of Mineral Resources (DMR) for the exploration and mining of gold and related minerals. As required, a signature bonus of Baht 5.8 million was paid to the DMR and Tongkah Harbour Public Company Limited committed to pay a Baht 6.5 million bonus for the first batch of mining license applications approved. In addition, THL agreed to maintain the right of the Royal Thai Government to buy 5 to 10% of Tungsum Limited shares at cost plus interest at MLR including administration costs and to pay 2.5%-20% royalties (step rate depending on gold price), and production sharing of 1.5%.



TKL Strategy as Majority Owner

Complete Mining Cycle: From Concession Holder to Mine Operator

The then management strategy for the entire cycle from exploration to production and the two subsequent expansions were all conducted in-house. A low cost approach was undertaken to match the profile of our deposit, which is a relatively small but rich gold-copper deposit.

Pursuant to securing the USD 13.3M project financing loan from EXIM Bank, and the completion of the development and commissioning phases, Tungkom Limited's gold mining operations in Loei were officially brought into production in September 2006. Upon the correction of some technical problems, throughput was brought up to the desired rate of about 1,500 tons per day and recovery levels of around 90%. In 2007, an agreement was reached with Deutsche Bank AG on a USD 25M refinancing package which enabled the Company to retire the loan with EXIM Bank and to proceed with phase 2 installations and improve efficiency in existing operations. In April 2008, the earlier loan with Deutsche Bank was refinanced to USD 35M to enable plant expansion and to build a flotation processing plant and further prove up reserves within the T-series.

1.2 Mining Concessions & Licenses

Tungkom Limited was awarded the Block 4 concession totaling about 545 sq km in October 1991. Later, the Company was granted the first 6 gold mining licenses (totaling 2.07 sq km) and submitted a further 114 mining license applications (totaling 52.62 sq km) along with 8 special prospecting licenses (totaling 38.4 sq km) to cover the remaining concession areas.

The mining licenses are valid for 25 years (with an option for subsequent 25 year extensions upon resource confirmation).

Tungkom Limited Gold Mining Licenses & Applications			
Description:	Quantity:	Status:	Area (sq km):
Mining Licenses	6	Granted for 25 Years	2.07
Mining License Applications	114	Under Application	52.62
Special Prospecting Licenses	8	Under Application	38.40
TOTAL BLOCK 4 GOLD MINING CONCESSION AREA:			93.09

1.3 General Geology, Resources & Mineralization

The majority of the Concession's geology consists of complexly folded and faulted siliclastic sedimentary rocks which, in eastern sectors of the area, contain significant discontinuous limestone sections.

Measured and inferred resources (consisting of gossanous, surface, and near surface oxide ore) total 4.49 M tons averaging 4.14 g/t gold. Independent third party experts in the industry have recently evaluated TKL's ore reserves and resources. The report, compiled (reconfirmed in November 2006) by Mr. Edward Brennan, BE (app. geo.) FausImm, MMICA, CP (geo.), MGSA, MCIM, detailed the following:

	Target Area	Ore Type	Tons	Grade (g/t Au)	Contained Gold (oz)	Strip Ratio
A	T-1	Oxide	313,000	2.71	27,274	
		Transition	88,000	6.66	18,845	
		Sulfide	867,000	6.78	189,012	
		Non-mineable	634,000	5.74	117,097	
		Mineable	634,000	5.79	118,034	1 : 2.43
		Total	1,268,000	5.77	235,131	
A	T-1-8	Oxide	289,000	3.79	35,219	
		Transition	7,000	2.46	554	
		Sulfide	70,000	2.61	5,875	
		Non-mineable	62,000	2.75	5,480	
		Mineable	304,000	3.70	36,167	1 : 1.95
		Total	366,000	3.54	41,647	
A	Qz Spur	Oxide (eluvial)	48,000	3.93	6,066	1 : NIL
	Gsn Cap	Oxide (eluvial)	16,000	1.47	756	1 : NIL

B	T-1-S	Oxide	346,000	2.73	30,372	
		Transition	7,000	16.29	3,667	
		Sulfide	109,000	8.07	28,284	
		Non-mineable	126,000	7.38	29,911	
		Mineable	336,000	3.00	32,412	1 : 3.50
		Total	462,000	4.20	62,323	
B	T-7	Oxide	35,000	4.90	5,514	
		Transition	10,000	4.59	1,476	
		Sulfide	7,000	6.92	1,558	
		Total	52,000	5.11	8,548	1 : 4.97
b	T-88	Oxide	51,000	3.64	5,969	
		Transition	11,000	5.13	1,814	
		Sulfide	-	-	-	
		Total	62,000	3.90	7,784	1 : 6.74
b	T-3	Oxide Inferred	605,000	3.91	76,000	
		Transition Inferred	69,000	4.11	9,000	
		Sulfide Inferred	1,539,000	2.94	146,000	
		Total Inferred	2,213,000	3.25	231,000	

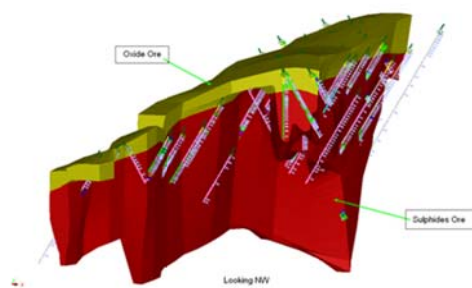
c	Total	Oxide	1,098,000	3.15	111,212	
	Total	Transition	123,000	6.63	26,222	
	Total	Sulfide	1,053,000	6.64	229,561	
	Total	Non-mineable	822,000	5.95	157,365	
	Total	Mineable	1,452,000	4.49	209,630	1 : 2.73
Grand total less T-3 inferred			2,274,000	5.02	366,995	
Grand total with inferred			4,487,000	4.14	597,000	

Key

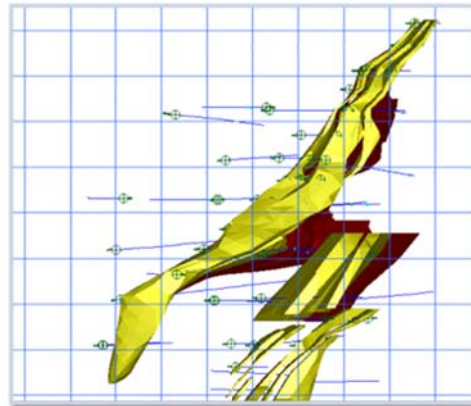
- A** *Constitutes Phase I of the Phu Thap Fah Mining Program; Mining Licenses Approved (25 yrs); Total Mining Area = 2.065 sq. km.*
- B** *Constitutes Phase II; Mining Licenses Pending Final Approval of Mining Plan; Mining Plan to be filed upon commencement of Phase I production*
- C** *Constitutes Total for Phase I and II; Does Not Include the Regional Area of which mineralization has been intercepted but not calculated*

Within the T-series, the rise in gold prices has decreased cut-off grades, and the T1-S and T-3 resources/ reserves have been revaluated. Due to proximity to the current plant, no further major plant CAPEX items are expected and therefore no risk associated to capital project execution.

As presented in AGM 2010, technical work ranging from close spaced drilling and pit designs are all completed, and current internal estimates according to JORC specification identifies 42,000ozs of oxide and 126,000ozs of Sulphide material for T1-S. Initial work in 1995 had proposed an additional 53 drill holes for T-3, and subsequent drilling in 2009 proved additional resource and reserves up, which are internally estimated according to JORC standards to be 39,774ozs oxide and 91,795ozs Sulphide. Before any further capital is sunk on further exploration, there are sufficient economic reserves/ resources to feed the plant for immediate upside to shareholders.



GEMCOM pit design T-3



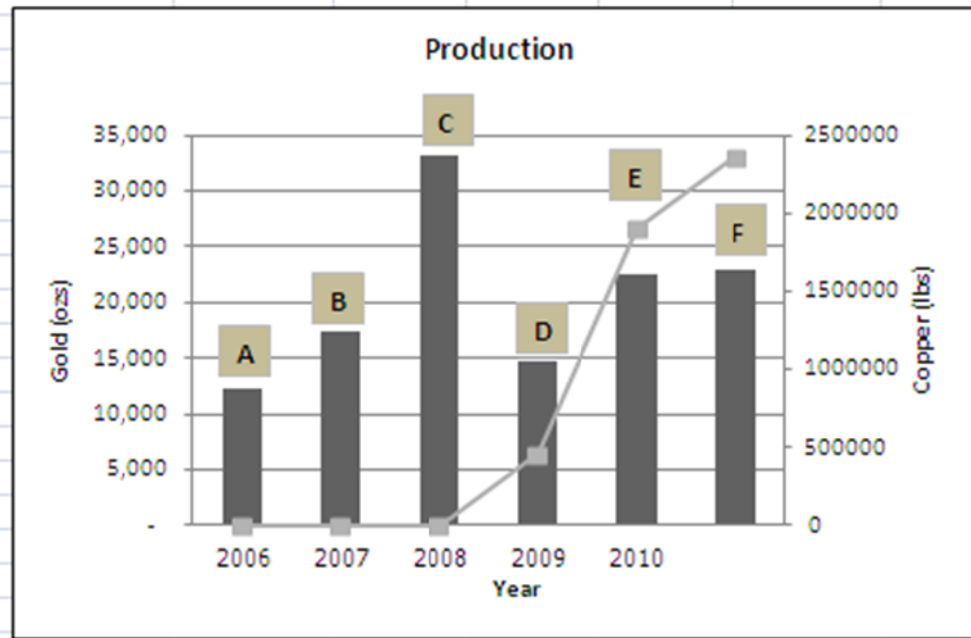
GEMCOM derived interpretation of T1-S

Within the Western region of the Block 4 Concession, several regions of primary gold and/or base metal mineralization where assays show highly significant values for one or more of gold, copper, lead, and zinc but there has been no work since the Joint Venture between Sintana Resources and the Company in the mid nineties. Further exploration is recommended once production commences at T1-S or T-3, particularly at the T-531 site. During the nineties, exploration focused on gold and the recent shift in the commodity complex would warrant detailed investigations into base metal showings, including Lead and Zinc where the villagers have drilled into a galena vein and was indicated from rock samples at T-531.

1.4 General Operations & Production Overview

The Project is an open pit surface to near surface operation utilizing carbon-in-pulp (CIP) as well as a flotation processing methodology. The CIP methodology is designed to process up to 3,500 tons of oxide ore per day, while the flotation process aids in the recovery of gold and copper from the primary ores, resulting in the production of gold dore and gold-bearing copper concentrates.

Since the 2009 expanded flotation plant facility, the Phu Thap Fah project has successfully diversified into base-metal production to support the recovery of gold. The plant design centers around the designed mill rate of 80tph, and an average 74tph was achieved throughout 2011, even exceeding the designed potential on two occasions. Plant production for 2011 was limited by the grade of ore that has slightly decreased to 1.89g/t, reflecting a lower cut-off grade. The main limitation however, is the restricted crushing hours imposed by the Department of Primary Industries and Mines (DPIM), to assuage complaints by neighboring villagers on noise levels at night. 23,000ozs of gold production in 2011 was consistent with the previous year, which stood at 23,121 ozs. Dore production stood at 5,020ozs, with the remainder produced within the copper concentrate, along with 2,366,548lbs of copper. To repeat production levels of 2008, access to T1-S and T-3 oxide ore is necessary.

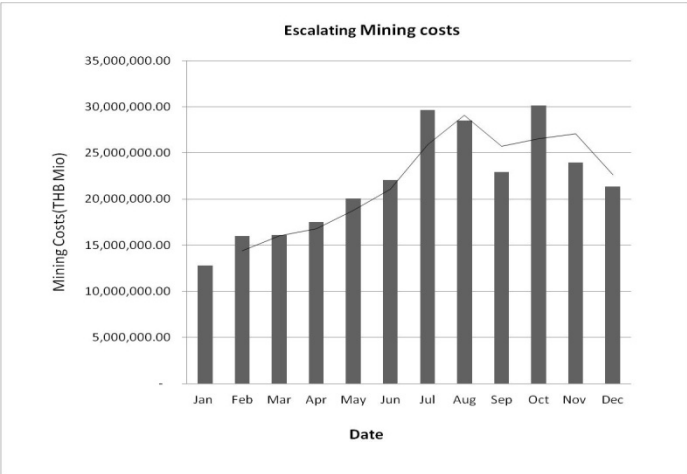


Gold bullion shipment comprised dore number TKL0366 to TKL0379, contained 5,337 oz gold and 207oz silver from 6 shipments. An additional 425ozs was exported in January 2012, and will be recorded as part of the next quarterly statement. We aim to ship concentrates on a monthly basis, however shipping dates are determined by the trading intermediaries and depends on the availability of ships to transport the material to various smelter destinations. A total of 10 concentrate shipments approximating 5500 tons, containing approximately 15,000ozs of gold were exported during 2011.



Mining in 2011 totaled 5,091,904 wet tonnes, at a strip ratio of stripping ratio of 1:8.68 ore to waste. Subcontractors have been brought in to supplement Tungkom internal mining operations, increasing the average cash cost for gold production, including copper credit, to USD 1074/oz. Mining costs have dramatically

increased since January 2012 as mining ramped up to cope with the increasing strip ratio but this has stabilized since July 2011.



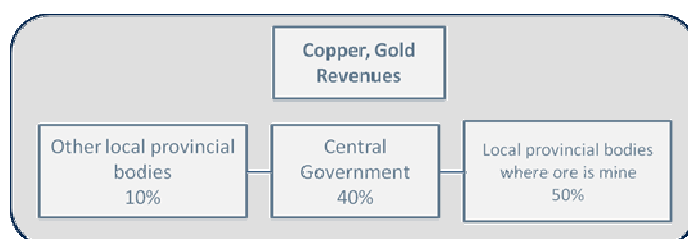
The difference between the gold prices received and the production cash costs contributed to a narrowing gold profit margin at TKL, however the subsidiary recorded profits of Baht 125 million for the year. Mining T1-S and T-3 sites will sharply reduce the strip ratio to substantially decrease mining costs. With buoyant gold prices, access to T1-S and T-3 mine sites can be achieved at historically lower costs, to return the subsidiary to healthy gross profit margins.

Summary of gold production for the year ended 2011		
Mined (total)	Wet Tons	5,091,904
Milled or processed	Tons	455,454
Feed grade (reconciled)	Grams/tons	1.93
RECOVERY (RECONCILED)	%	82.7
Gold produced	Ounces Au	23,005
Copper produced	t Cu	1,075
Copper produced	Pounds Cu	2,366,548
Average gold price	USD per oz	
Average cash cost	USD/oz	1,074

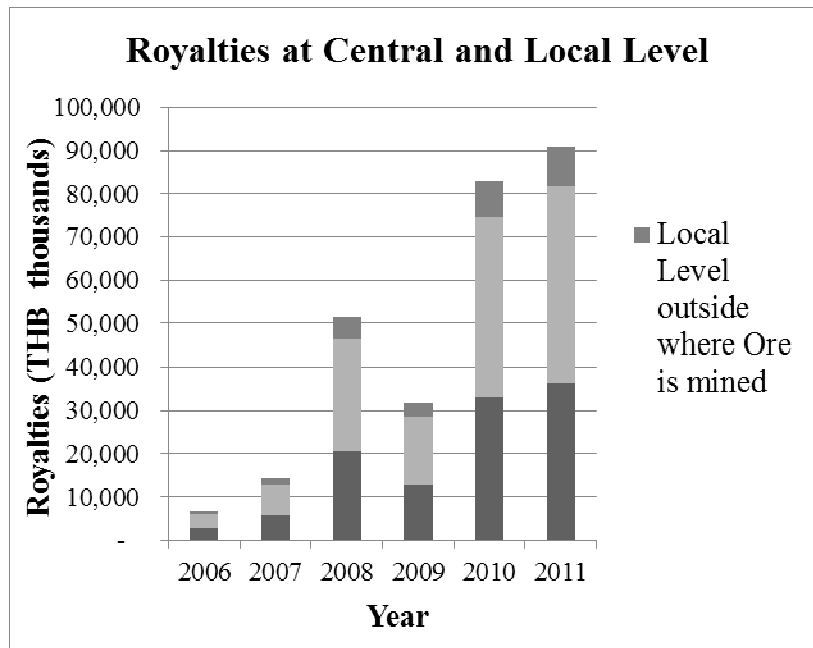
1.5 Royalties and government incentives

All mining entities operate a two way relationship with the government. Royalties are paid to compensate for the loss of non-renewal in-ground minerals, which benefit both central and local government budgets.

Through local employment, our subsidiary has additionally fostered the economic development of this North eastern province both directly and indirectly; we have been employing local staff throughout the different stages of mining including field exploration, plant construction and current site operations. By generating income through direct employment of several hundred local staff, the money they earn feeds through the local economy whenever purchases are made, resulting in the multiplier effect for the local region.



Royalties benefit both central and local government budgets. Our operations pay royalties on gold, copper and silver production, calculated on the value of each commodity at the point of transport. Out of the total Baht ~90 million that was paid as royalties to DPII, over Baht 36 went towards the Central Government, and Baht 45 million contributed to the local level where the ore is mined.



For our contributions to the Mining Industry, Tungsum Limited has received certain Board of Investment (BOI) approvals from the Royal Thai Government. Most significantly, Tungsum Limited will have the following benefits:

- i) A 100% exemption on raw material import duties for 5 years until 31 Jan 2011 which can be renewed after last expired date; and
- ii) An 8 year exemption from corporate income tax and a 50% exemption for 5 years thereafter. The benefit took effect on the first day of revenue which was 15 September 2006

2. *Igneous Rock (Andesite) Quarry*

THL's igneous rock (andesite) quarry is located near Kaeng Khoi, Saraburi of central Thailand, which is approximately 140 km north of Bangkok and within a distance of 9 Km from Kaeng Khoi Railway Station. The Operations commenced in June 1999 in low-lying and hilly areas with minable reserves of about 12 M tons, and as of today, the quarry has currently mined out about 1.5 million tons of rock and a production of about 250,000 tons per year. Current operations utilize an area of about 215 Rai (344,000 Sq.m.) which include the pit, crushing plant, service, maintenance, and stockpile areas. It is estimated that with extension of the pit laterally and to deeper levels, an additional reserve of 15 M tons is available.

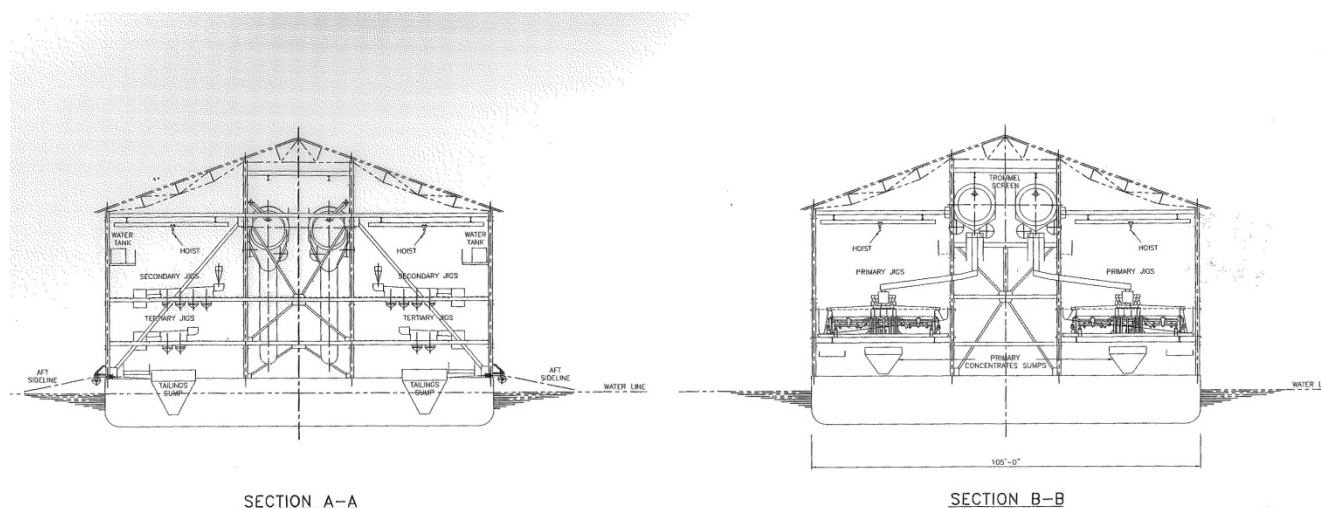
Mining Lease No.	Rai	Sq.m.	Expiry date
28676/15268	88.952	142,323.20	May,2009
28675/15632	154.667	247,467.20	January,2017

Important progress of made in the operation of the quarry, is an extent of mine lease age up to the year 2017, so it can create the ability to offer the products contracting with major construction companies. Therefore, the circulation in 2011 year is increasing many times from the last year. The production plan of current mining leases (28675/15232) assessed from circulation of years ago, are able to expand the production potential in the future. However, the companies should assess the business opportunity in the next 3-5 years for the break even in business managements. For the further attempt to have another mining leases (28676/15268) should be think over in the next 5-8 years. By the reason of andesite characteristics and the production potential in current mining leases (28675/15232). Due to higher durability and typical engineering properties of andesite, is only suitable for specific uses in transportation construction and thus not as widely utilized in the market, compared with others type of rock. Moreover, the production of current mining leases (28675/15632) is still sufficient potential to carry on.

2.1 Product Profile

Andesite is a type of volcanic igneous rocks with intermediate chemical composition, having 55-65 % silica, smaller amounts of feldspar, quartz, and some other accessory minerals. The rock has high durability, high strength, and high resistance to weathering.

THL has contracted Cholasin Ltd, which is a 72.10 % owned subsidiary, to handle crushing since June 1998. Present production capacity of the crushing plant is about 250 tons per hour, and outcoming aggregate products are varied according to machinery and screen setups and to accommodate varying demands. Main commodities of the quarry presently include Well Grade 3/4 inch, Road Base 3/8 inch, and railway ballast. Besides of the main product outcomes the quarry still sales the other products including Dirt and Primary Rock that can be made profits for business. In a few years time, from now, the company hopes that the ballast market will expand significantly due to initiation of a number of government's construction projects in central part of the country.



2.2 Aggregate Sales

In FY2011 andesite aggregate sales increased from Baht 5.96 million in the previous year to Baht 14.1 million. The reason for those figures is the requirement of rock material in many construction projects that effected from flooding in the 2010 year. Therefore, along 2011 year the company was extended production potential for respond the rising demand. However, during in fourth quarter of this year in the central provinces of Thailand had got impact from extensive and long-lasting floods. From this situation forced postponement of many road construction/repair from original schedules. It is anticipated, however, that they are going to will be revived in the first and second quarters of 2012. Therefore, the demand of aggregates products for road pavement and railway ballast would be rising in next year.

Aggregate products that have brought significant income to the quarry are still Well Grade 3/4 inch, Road Base 3/8 inch, together with Coarse Dust, and additional incomes from Dust and Primary also, all of which are for road pavement. Table below shows comparison of sales figures of different aggregate types between 2010 and 2011.

2010 AGGREGATE SALES (tons)					
Product	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total
Dirt	-	532.67	60.95	98.68	692.30
Blasted	-	31.79	-	-	31.79
Primary size > 60 mm.	7,548.44	717.24	1,352.77	116.04	9,734.49
Railway Ballast	-	802.21	143.00	121.42	1,066.63
Well Grade 3/4 in.	667.72	3,847.37	6,088.87	3,290.82	13,894.78

Road Base 3/8 in.	395.76	835.27	3,986.62	2,028.25	7,245.90
Coarse Dust	535.42	1,913.39	3,434.74	4,102.55	9,986.10
Fine Dust	436.17	572.71	637.76	335.66	1,982.30
Total	9,583.51	9,252.65	15,704.71	10,093.42	44,634.29

2011 AGGREGATE SALES (tons)					
Product	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total
Dirt	4.32	-	15.02	25.23	44.57
Primary size > 60 mm.	689.97	77.66	906.48	485.81	2,159.92
Railway Ballast	52.88	254.27	19,159.41	7,201.34	26,667.90
Well Grade 3/4 in.	4,131.75	1,567.88	6,289.68	8,322.50	20,311.81
Road Base 3/8 in.	2,461.78	7,584.11	15,051.28	4,614.37	29,711.54
Coarse Dust	613.94	2,762.77	6,154.13	3,188.96	12,719.80
Fine Dust	861.09	861.09	2,947.04	4,148.98	8,818.20
Total	8,815.73	13,107.78	50,523.04	27,987.19	100,433.74

2010 AGGREGATE SALES (baht)					
Product	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total
Dirt	-	13,377.03	1,523.46	4,520.69	19,421.18
Blasted	-	2,861.02	-	-	2,861.02
Primary size > 60 mm.	906,227.23	84,965.19	156,337.60	13,962.69	1,161,492.71
Railway Ballast	-	193,139.37	36,465.36	30,962.37	260,567.00
Well Grade 3/4 in.	125,199.57	871,499.31	1,305,517.40	686,568.16	2,988,784.44
Road Base 3/8 in.	19,256.05	38,707.99	164,385.71	83,559.64	305,909.39

Coarse Dust	47,714.59	217,575.06	368,608.86	437,729.34	1,071,627.85
Fine Dust	34,920.24	44,662.21	47,251.88	26,172.33	153,006.66
Total	1,133,317.68	1,466,787.18	2,080,090.27	1,283,475.12	5,963,670.25

2011 AGGREGATE SALES (baht)					
Product	Product	Product	Product	Product	Product
Dirt	129.61	-	450.64	756.97	1,337.22
Primary size>60 mm.	82,978.64	9,381.35	113,049.72	61,885.01	267,294.72
Ballast	13,484.52	63,742.54	4,428,359.04	1,658,590.02	6,164,176.12
Well Grade ¾ in.	846,517.53	313,258.21	1,319,686.19	1,924,046.84	4,403,508.77
Road Base 3/8 in.	100,785.47	308,676.90	608,782.85	179,822.18	1,198,067.40
Coarse Dust	59,794.19	264,191.28	700,341.51	371,939.56	1,396,266.54
Fine Dust	66,117.80	64,538.49	223,540.11	325,821.55	680,017.95
Total	1,169,807.76	1,023,788.77	7,394,210.06	4,522,862.13	14,110,668.72

2.3 Marketing and Competition

The quarry is one of the two producers and suppliers of igneous rock aggregates in central Thailand located about 140 km from Bangkok and also in the heart of industrial development in Central Thailand, the advantage from in transportation costs is apparent. Andesite rock is only one of its kind available in a 50 km radius of about 50 km. There is another igneous rock aggregate (rhyolite) producer in Wiharn Daeng District, which tends to produce materials for its own projects, and the competition for market shares between the two producers is rather low.

The andesite products are applicable to constructions that require both high strength and durability, e.g., modified asphalt concrete pavements, railway ballast and slippers. THL's andesite has been tested and certified to meet special specifications set by the State Railway of Thailand (SRT), the Highway Department, and the MRTA. The marketing campaign usually advocates this product strength, and, coupled with the advantageous location, the products are rather competitive in the market in the region. In fact, THL's aggregates are the only product in the Kaeng Khoi area that meets the Highway Department's specifications.

In 2012 it is anticipated that the aggregate sales would be increased. Due to many reconstruction projects that impacted from flooding disaster in this year. Department of Highways projects also have urgent projects that would be done by the contractors in the first quarter. The constructors require Well Grade 3/4 inch and Road Base 3/8 inch for main material. State Railway of Thailand (SRT) will commence double-track railway projects in central and

northeastern regions, concurrently with repair/maintenance of the existing ones –known as Phase 5 and 6 in the first quarter of 2012. The projects would be start working in third quarter of 2012. During the course of these projects, the main contractors would require several hundred-thousand tons of ballast for a continual period of 2-3 years. Due to the recovery of blasting process in the quarry, The companies can serve aggregates product to the contractors with sufficient products. These encouraging conditions offer great potential for andesite aggregates from the quarry to compete for market shares which, in turn would increase the sales volume over this period. The management Company has closely monitored the progress and will try its best to secure the apparent opportunity.

2.4 Resources and Products

Andesite in THL's mining leases occur as undulating terrain and low-lying hills and extend from surface to depth of approximately 40 m. Previous exploration indicates that the rock resources are extensive both in vertical and lateral directions. Proved resources within the lease are about 12 M tons and additional estimated resources at depth can be up to about 15 M tons.

The quarry is an open pit with benched walls cutting below the present surface and ramps for transportation of rocks and machineries. The rocks are blasted in proper designed pattern, and the materials obtained are loaded to crushing plant. Some oversized blocks may require secondary splitting by hydraulic breaker. As far as possible, all mining and crushing operations are coordinated with immediate delivery requirements so that transport and other operating costs are kept in line with contracted orders.

2.5 Environment Impact

The quarry has relatively low impacts to their surroundings. This is due to the fact that the area in general is rather flat and without forest characteristics. Rather, it has been extensively used for agricultural purposes, e.g., paddy fields, corns, and a variety of mangoes. Population in the vicinity is also sparse. The Crushing process does not use any chemicals, and only water is used for spraying the operation areas in order to minimize dust born from crushing and running vehicles.

Blasting is only done when necessary and usually around 4-5 p.m. which is in accordance with the mining plan submitted to Department of Primary Industry and Mines as well as the agreement with nearby communities. In general, the company operates in accordance with guidelines set by all governmental agencies, e.g., Office of Natural Resources and Environment Policy and Planning, Department of Primary Industry and Mines, as well as Labour Department. Some of items in environmental guidelines includes:

- 1) Planting rows of trees around the site even before mining began to help reduce noise and dispersion of dust from operation processes.
- 2) Saving topsoil for future vegetation, and keeping mine faces and benches in well order to ensure safety operation.
- 3) Blasting is properly controlled to reduce fly rocks, ground vibration and dust generation.
- 4) Spraying water in designated areas in crushing plant and transporting routes for effective dust suppression.
- 5) Providing on-site employees with safety gears, e.g., goggles or face masks, hard hats, reinforced boots, and ear plugs. Setup annual medical checkup program for all employees to promote well-being and healthcare

3. *Skycliff Limited*

Property Development

As the licensing and bureaucratic process of converting Mining Lease Application into Mining Licenses within the Thai mining industry is both uncertain and lengthy, the Group needs to repeat the strategy of the 1990's and sell this entity to support the cash flow position of the Group until the next set of mining licenses are attained at Tungkhumb Ltd.

The subsidiary owns a plot of land near the intersection between Rama 9 Road and Ratchadapisek Road. The latter half of the year saw several offers from potential buyers in the range of Baht 650 million (sixty hundred and fifty) as development picks up in the area due to the relocation of the Stock Exchange of Thailand and the opening of a major retailer.

4. *Sea Mineral Limited*

Tin Mining Business

The offshore tin deposit can be considered a world class asset depending on the cut-off grades applied; there are 41,460 tons of tin with a cut-off grade of 0.15kg cassiterite per cubic meter, or 64,320 tons at 0.10 kg per cubic meter cut-off). As stated in the Company's 2009 Annual Report, SML remains committed in its efforts to obtain its final mining license from the relevant authorities.

5. Board of Director and Executives

Board of Director

- | | |
|---------------------------------------|--|
| 1. Mr. Pramote Bansit | Chairman of the Board (<i>Appointed on November 14, 2011</i>) |
| 2. Mr. Ronald Ng Wai Choi | Chairman of the Executive Committee |
| | Managing Director (<i>Retired on January 6, 2012</i>) |
| 3. Mr. Sukhapon Palagawong Na Ayudhya | Managing Director (<i>Appointed on January 6, 2012</i>) |
| 4. Dr. John Peter Mills | Executive Director |
| 5. Mr. Bundit Saengsareethum | Executive Director (<i>Appointed on February 20, 2012</i>) |
| 6. Mr. Tavee Aisoornpisarnsiri | Director |
| 7. Dr. John Yangpichit | Director |
| 8. Mr. Reywat Floro | Chairman of the Audit Committee and
Independent Director |
| 9. Dr. Wichai Cherdshewasart | Independent Director and
Member of the Audit Committee |
| 10. Prof. Rawat Chamchalerm | Chairman of the Executive Committee and Executive Director
(<i>Resigned on November 1, 2011</i>) |
| 11. Mr. Direck Rattanavich | Director (<i>Resigned on April 1, 2011</i>) |
| 12. Mr. Pricha Attavipach | Chairman of the Board of Directors
(<i>Resigned on September 12, 2011</i>) |
| 13. Mr. Cherd Sak Utha-Aroon | Executive Director (<i>Resigned on November 4, 2011</i>) |
| 14. Khunying Jintana Sookmark | Independent Director (<i>Resigned on November 14, 2011</i>) |
| 15. Mr. Krittapas Kanikanant | Chairman of the Audit Committee and Independent Director
(<i>Retire on rotation, AGM 17/2554</i>) |
| 16. Mr. Navee Rattanaporn | Audit Committee and Independent Director
(<i>Appointed on February 20, 2012</i>) |
| 17. Mrs. Charunee Tiensai | Audit Committee and Independent Director
(<i>Appointed on February 20, 2012</i>) |
| 18. Ms. Atchareeya Bansit | Executive Director
(<i>Appointed on February 20, 2012</i>) |

Executive Director

- | | |
|---------------------------------------|--|
| 1. Prof. RawatChamchalerm | Chairman of the Executive Committee
<i>(Resigned on November 1, 2011)</i> |
| 2. Mr. Ronald Ng Wai Choi | Chairman of the Executive Committee |
| 3. Mr. PramoteBansit | Executive Director <i>(Appointed on October 7, 2011)</i> |
| 4. Mr. SukhapongPalagawong Na Ayudhya | Executive Director
<i>(Appointed on November 18, 2011)</i> |
| 5. Mr. John Peter Mills | Executive Director |
| 6. Mr. BunditSaengsaereethum | Executive Director
<i>(Appointed on February 20, 2012)</i> |

Independent Director and Audit Committee

- | | |
|---------------------------------------|---|
| 1. Mr. ReywatFloro | Chairman of the Audit Committee and
Independent Director
<i>(Appointed on November 14, 2011 to replace Mr.
NickaneSucharitaves)</i> |
| 2. Dr. Wichai Cherdshewasart | Audit Committee and Independent Director |
| 3. Mr. Bundit Saengsaereethum | Audit Committee and Independent Director
<i>(Appointed on AGM 17/2554 and
Resigned on February 20, 2012)</i> |
| 4. Mr. Pramote Bansit | Audit Committee and Independent Director
<i>(Resigned on October 6, 2011)</i> |
| 5. Mr. SukhapongPalagawong Na Ayudhya | Audit Committee and Independent Director
<i>(Resigned on November 18, 2011)</i> |

Remuneration Committee

1. Mr. PramoteBansit
2. Mr. Ronald Ng Wai Choi
3. Mr. SukhapongPalagawong Na Ayudhya
4. Mr. ReywatFloro

Nomination Committee

1. Mr. PramoteBansit
2. Mr. Ronald Ng Wai Choi
3. Mr. SukhapongPalagawong Na Ayudhya
4. Mr. ReywatFloro
5. Dr. WichaiCherdshewasart

Management Shareholding

Shareholding by Directors and Management as at the latest closing date are as follows:

No	Name	No. of Shares held		Increase/ (Decrease)
		30/12/2010	30/12/2011	
1.	Mr. PramoteBunsit	Nil	*11,000	11,000
2.	Mr.SukhaponPalagawong	Nil	Nil	Nil
2.	Mr. Ronald Wai Choi Ng	4,517,441	*4,517,441	Nil
3.	Mr.BunditSaengsaereethum	Nil	Nil	Nil
5.	Dr. John Peter Mills	Nil	Nil	Nil
6.	Dr. John Yangpichit	170,000	*420,000	250,000
7.	Mr.ReywatFloro	Nil	Nil	Nil
9.	Dr.WichaiCherdshewasart	Nil	*1,350,000	*1,350,000

Note: From Shareholder's list by TSD as at the latest closing date which is 21 February 2012 and each director information includes the number of shares holding by spouse and person no sui juris.

PROFILE OF DIRECTORS

On February 29, 2012

- | | |
|---------------------------------------|---|
| 1. Mr. Pramote Bansit | Chairman of the Board of Directors |
| 2. Mr. Ronald Ng Wai Choi | Vice Chairman of the Board of Directors and Executive Committee |
| 3. Mr. Sukhapon Palagawong Na Ayudhya | Managing Director |
| 4. Dr. John Peter Mills | Executive Director |
| 5. Mr. Bandit Saengseritham | Executive Director |
| 6. Mr. John Yangpichit | Director |
| 7. Mr. Thavee Aisoonpisarnsiri | Director |
| 8. Mr. Reywat Floro | (Representative from Ministry of Finance)
Chairman of the Audit Committee and Independent Director |
| 9. Dr. Wichai Cherdshewasart | Audit Committee and Independent Director |
| 10. Mr. Navee Rattanaporn | Audit Committee and Independent Director |
| 11. Mrs. Charunee Tiensai | Audit Committee and Independent Director |
| 12. Ms. Atchareeya Bansit | Executive Director |

Name: Mr. Pramote Bansit

Age: 65

Position on Board

- Chairman of the Board of Directors
- Member of the Remuneration Committee
- Member of the Nomination Committee

Percentage of Shareholding

- 11,000 shares

Education/Training

- Master Degree on Private and Public Sector Management
- Bachelor of Law, Thammasat University

Work Experience

- 1990 - Founder of People's Congress of the Kingdom of Thailand & Pramote law firm
- 1990 - Independent Director of the Promote Law Firm
- 2011 – Present - Chairman of the Board of Directors of Tongkah Harbour PCL.

Other present positions

- Nil

Positions in Other Core /Affiliated Companies

- Director of Tungkum Limited
- Director of Sea Mineral Limited



Name: Mr. Ronald Ng Wai Choi

Age: 65

Position on Board

- Vice Chairman of the Board of Directors
- Executive Committee
- Member of Remuneration Committee
- Member of Nomination Committee



Percentage of Shareholding

- 4,517,441 shares (0.6 %)

Education/Training

- Bachelor Degree (Honors) in Economics, University of Malaya

Work Experience

1970 - 1972 - Malaysian Industrial Development Finance (Development Bank of Malaysia)

1972 - 1974 - Malaysian International Merchant Bankers (Investment Bank)

1974 - 1976 - Managing Director and CEO of Buildmore Properties Limited, a Hong Kong Public Listed Company.

1977 - 1980 - Chairman of First Siam Corporation Limited (licensed Investment Bank)

1980 - 1986 - Established Madam Tan Soo Lan Foundation Scholarship Fund; Managing Director and CEO of Asean Development Corporation, Largest shareholder of Tasminex, ASX (Australian) publicly listed mining company. Incorporated The Paron group as base in Hong Kong in 1985 with acquisition of printing and packaging business and moving production into Shenzhen, China and setting up joint ventures with Provincial Governments and City Municipalities to develop the hotel (six hotels) and travel industry as well.

1986 - 1996 - Entrepreneur in various countries, including as Chairman and CEO of listed Company, Paron Resources Ltd., (a North American Resource and Development Public Company)

1996–2555 - Managing Director of Tongkah Harbour Public Company Limited

Present - Vice Chairman of the Board of Director and Head of Special Division of Tongkah Harbour Public Company Limited

Other present positions

- Chairman of Paron Holdings Limited (an investment holding Company in Hong Kong)
- Chairman of Davenport Sun International Hotels and Properties Inc. (USA) (*Resigned 2005*)
- Chairman of Pamaron Holdings Limited
- Chairman of Sintana Holdings Limited (*Resigned 2007*)

Positions in Other Core /Affiliated Companies

- Chairman, Executive Board of Tungkum Limited
- Director of Cholsin Limited
- Managing Director of Sea Minerals Limited
- Director of Sky Cliff Limited

Name: Mr. Sukhapon Palagawong Na Ayudhya

Age: 52

Position on Board

- Managing Director
- Member of Remuneration Committee
- Member of Nomination Committee



Percentage of Shareholding

- Nil

Education/Training

- 1976 - High School from Benjama Thap Uthid School Petchburi
- 1980 - Bachelor of Science, Srinakarin Viroj University
- 2002 - Master of Public and Private Management Program, NIDA
- 2005 - King Prajadhipok's Institute, Diploma Course for Executive Management of Public Economy

Work Experience

- 1980 - Government official, teaching for High School
- 1983 - American International Assurance Co.,Ltd. (AIA)
- 1990 - Managing Director of Nawamit Mahanakorn Co.,Ltd.
- 1992 - Managing Director of SaiKaow Garden Home Co.,Ltd.
- 1994 - Managing Director of SaiKaow Property Co.,Ltd and SaiKaow Inter Home Co.,Ltd
- 1995 - Managing Director of Boss Future 2000 Co.,Ltd and Kannatanut Development Co.,Ltd.
- 1996 - Managing Director of SaiKaow Group
- 2001 - Advance Building Component Co.,Ltd.
- 2002 - Managing Director of Sikhara HomeAsia Co.,Ltd. And Sikhara InterHome Co.,Ltd.
- 2007 - Managing Director of Sikhara Kotobuki Property Co., Ltd.
- 2010 - Managing Director of Arch Blue Management Co.,Ltd.
- 2012-Present - Managing Director of Tongkha Harbour PCL

Other Present positions

- Managing Director of Sikhara HomeAsia Co.,Ltd. And Sikhara InterHome Co.,Ltd.

Positions in Other Core /Affiliated Companies

- Managing Director of Tungkum Limited

Name: Dr. J. Peter Mills

Age: 81

Position on Board

- Executive Director and Chief Geologist

Percentage of Shareholding

- Nil

Education/Training

- MSc.&Ph.D. Degrees, Geology, University of Kansas, Lawrence KS, U.S.A.

Work Experience

1957 – 1991 - Mineral exploration in gold, base metals, coal, and petroleum; mine surveys (base metals); project planning and field supervision. Geotechnical surveys planning coordinating. Regional government geological surveys and reporting for publication. Land-form analysis, Antarctica. Teaching in geology in Canada and overseas.

1992 - Present - Director of Tongkah Harbour Public Company Limited

Other Present positions

-Director of exploration of Sintana Group
-Director of Paron Resources Limited

Positions in Other Core /Affiliated Companies

- Director of Tungkum Limited
- Director of Cholsin Limited
- Director of Sea Minerals Limited



Name: Mr. Bandit Saengseritham

Age: 35

Position on Board

- Executive Director

Percentage of Shareholding

- Nil

Education/Training

- Bachelor of Business Administration, ChaingraiRajabhat University
- Master of Social Science Development, ChaingraiRajabhat University
- Master of Education Administration, Thonburi University
- Ph.D of Education Administration, Adamson University

Work Experience

- | | |
|---------------|---|
| 1998-2002 | - Manager of St. Camillus Foundation of Thailand |
| 2002- Present | - Deputy Director of Wirun College of Business Administration |
| 2012- Present | - Executive Director of Tongkah Harbour PCL |

Other present positions

- Deputy Director of Wirun College of Business Administration

Positions in Other Core /Affiliated Companies

- Director of Tungsum Limited



Name: Dr. John Yangpichit

Age: 74

Position on Board

- Director

Percentage of Shareholding

- 420,000 shares (0.06%)

Education/Training

- Bachelor of Medicine, Queens University of Belfast, N.I. UK
- Bachelor of Sciences (Psychology), Johns Hopkins University, USA
- Member, Royal college of Obstetricians & Gynaecologist, London, UK
- Fellow, Royal college of Obstetricians & Gynaecologist, London, UK
- Master of Sciences in Psychology), Utah State University, USA

Work Experience

1971-1985 - Staff, Chulalongkorn Hospital, Department of Obstetrics & Gynaecology
1980-1982 - Managing Director & Medical Director, Bumrungrad Hospital
- Member of the Board, Bumrungrad Hospital

Other present positions

1980- Present - Gynaecologists, Chairman, Bumrungrad Hospital
1981-Present - Board of Director, Ruamrudee Clinic Co., Ltd.

2007- Present - Co-Founder/President, Miracele Medicine Co., Ltd.

2007- Present - Member of the board, Veolivwell Co., Ltd.

2008- Present - Director of Tongkah Harbour Public Company Limited.

Positions in Other Core /Affiliated Companies

2009- Present - Director of Sea Minerals Limited.



Name: Mr. Thavee Aisoonpisarnsiri

Age: 58

Position on Board

- Director (Representative from Ministry of Finance)

Percentage of Shareholding

- Nil

Education/Training

- Bachelor's degree of Economics (Finance)
- Master Degree of Business Administration (Banking and Finance)

Work Experience

- Director General of Information Communication Center (ICT)
- Director General of Neighboring Countries Economics Development Cooperation Agency (NEDA)
- Director General of Debt Management Office 2
- Deputy Director General of the Public Debt Management Office

Other present positions

- Nil

Positions in Other Core /Affiliated Companies

- Nil



Name: Mr. Reywat Floro

Age: 66

Position on Board

- Chairman of the Audit Committee and Independent Director
- Member of Remuneration Committee
- Member of Nomination Committee



Percentage of Shareholding

- Nil

Education/Training

- Bachelor of Commerce, Far Eastern University
- MBA (Thesis required)
- Certified Public Accountant

Work Experience

- | | |
|--------------|--|
| 1965 -1969 | - Commercial Credit Corporation |
| 1970 | - Assistant Accountant and Head of Accountant of Inter-Asian Publicity Co.,Ltd. |
| 1970-1969 | - Regional Financial Director/Board Director of IAP&ACE Advertising Sdn, Bhd. |
| 1972-1975 | - Group CFO/Board Director of Thailand Group Companies |
| 1975-1978 | - CFO/Board Director of Ogilvy & Mather Thailand Co., Ltd. |
| 1978-1995 | - Group CFO/Board Director of Ogilvy & Mather Thailand Co., Ltd. |
| 1995-2001 | - Board Director/Sub-Regional Finance Director for Thailand, Vietnam, Myanmar Laos and Cambodia of Ogilvy & Mather Group |
| 2002-2005 | - CFO of Douglas Laing (Asia) Co., Ltd. |
| 2011-Present | - Chairman of the Audit Committee of Tongkah Harbour PCL |

Other present positions

- Nil

Positions in Other Core /Affiliated Companies

- Nil

Name: Mr. Wichai Cherdshewasart

Age: 58

Position on Board

- Audit Committee and Independent Director

Percentage of Shareholding

- Nil

Education/Training

- B.Sc., Zoology, Chulalongkorn University

- M.Sc., Zoology, Chulalongkorn University

- M.Sc., Molecular Biology, Institute of Molecular Biology, Free University of Brussels, Belgium

-Certificate, Plant Biotechnology, ICRO-Universidad Complutense de Madrid, Spain

- D.Sc. (Great Distinction), Molecular Biology, Institute of Molecular Biology, Free University of Brussels, Belgium



Work Experience

1977-Present - Professor

2009-Present - Audit Committee and Independent Director of Tongkah Harbour Public Company Limited

Other present positions

- Professor at Chulalongkorn University

Positions in Other Core /Affiliated Companies

- Nil

Name: Mr. Navee Rattaporn

Age: 58

Position on Board

- Audit Committee and Independent Director

Percentage of Shareholding

- Nil

Education/Training

1975 - BA. (Cost Accounting), Chulalongkorn University

1988 - MBA, Thammasart University

Work Experience

1975-1985 - Financial Institution Examiner of Bank of Thailand

1985-1991 - Managing Director of Panich Finance Co., Ltd/ Finance

1994-2002 - Managing Director of JD orient Recruitment Co., Ltd/ Recruitment for Japanese

1996- 2002 - Managing Director of Discovery Firm Business Consultant Co., Ltd/ Business consulting to Japanese

2007- Present - President of Discovery Future Ltd/ Business consulting to Foreign who do business in Thailand

2012- Present - Audit Committee and Independent Director of Tongkah Harbour PCL

Other present positions

- President of Discovery Future Ltd/ Business consulting to Foreign who do business in Thailand

Positions in Other Core /Affiliated Companies - Nil



Name: Mrs. Charunee Tiensai

Age: 65

Position on Board

- Audit Committee and Independent Director

Percentage of Shareholding

- Nil

Education/Training

1966- 1969 - Bachelor of Commerce (Accounting), the Faculty of Commerce and Accountancy, Chulalongkorn University

Work Experience

1969-1990 - Officer, Bangkok Bank PCL, Silom Branch

1991-1995 - Chief Accountant, Bangkok Branch PCL, Siam Square Branch

1996-1997 - Assistant Manager, Bangkok Branch PCL, Silom Branch

1998-1999 - Assistant Manager (AVP), Radhanasin Bank PCL

1999-2005 - Cash Team Manager, UOB Radhanasin PCL

2012- Present - Audit Committee and Independent Director of Tongkah Harbour PCL

Other present positions

- Nil

Positions in Other Core /Affiliated Companies

- Nil



Name: Ms. Atchareeya Bansit

Age: 37

Position on Board

- Executive Director

Percentage of Shareholding

- Nil

Education/Training

- BSc. In Accounting, Chulalongkorn University
- Master of Art, in Human Resource Management, College of Management, Mahidol University
- Ph.D. Candidate in Public and Private Administration, Christain Univeristy

Work Experience

- Senior Assistant Auditor of Pricehouse Waterhouse Coppers Co., Ltd.
- HR Management, Nokia Co., Ltd
- Head of H Policy taking care of Compensation, benefits and employee relations of Shell Company of Thailand

Present - Director of Learning at Dale Carnegie Thailand

Present - Executive Director of Tongkah Harbour PCL

Other present positions

- Director of Learning at Dale Carnegie Thailand

Positions in Other Core /Affiliated Companies

- Nil



6. Corporate Governance Statement

THL, being a 105 year old Company, has always been committed to its shareholders and stakeholders to maintain the highest principles of Corporate Governance, the Code of Best Practices as provided by the Stock Exchange of Thailand (SET), the Company's Articles of Association, and other regulations of the Kingdom of Thailand

The Board of Directors (Board) will continue to maintain and safeguard the interests of the Company's shareholders and stakeholders.

As the Company is listed on the SET, its Board is committed to the best practice standards required by the SET and the Company's Articles of Association.

In this regard, the Company has implemented guidelines to monitor corporate practice to ensure that its conduct and principles are appropriate in maintaining business excellence and accommodate changing circumstances.

Management Structure

Management structure of the Company as at 31 December 2011 consists of the Board of Directors, Executive Board, Audit Committee, Remuneration Committee and Nomination Committee. Details are as follows:

(A) Board of Directors

Composition of the Board

In Accordance to the Company's Articles of Association, the Board must be elected by the Shareholders and must comply with the following:

1. The minimum number of directors shall be five.
2. At least half of the total number of directors must reside in Thailand.
3. A director may or may not be a Company shareholder.

The Company, in best practice, will always ensure that there is sufficient number of independent members in the Board of Directors so that, from time to time, it is able to express an independent opinion about the conduct of the Company's business.

Independent directors do not hold any position in management. They are not employees and do not represent any major shareholders, but are represented in the Board to ensure objectivity and balance in the protection of rights and equitable treatment of all shareholders

Independent directors consists of directors with a depth of senior level experience in engineering, technical, geological, operational management, financial, legal, or accounting areas.

Size of the Board

The Board members consist of a chairman (an independent member) of the Board, the managing director, executive directors, and non executive directors. The chairman of the Board manages the Board's activities and is the leader of the Company at Board level.

The managing director and executive director(s) manage the Company as delegated by the Board through its overall policies and guidelines. The managing director is responsible to ensure that the Board has adequate understanding of management activities through meetings with the senior management.

THL, as at the date of this annual report, consists of one (1) chairman to the Board, one (1) managing director, four (4) executive directors, four (4) independent directors and two (2) director.

Role of the Board

The primary role of the Board is to oversee the Company and its Subsidiary Companies in the best interests of its shareholders in accordance with the Company's Articles of Association, and all laws and regulations.

Principal Duties and Responsibilities of the Board

The principal duties and responsibilities of the Board are as follows:

- a) Conducting their duties honestly, comply with all laws, the objects and the articles of association of the Company, and the resolution of and the resolutions of any shareholder meetings in good faith, and with care to preserve the interests of the Company.
- b) Implement and direct the company's policies, as well as monitor and supervise its operations to maximize economic value and shareholders' wealth.
- c) Conduct themselves honestly and with integrity.
- d) Ensure management's accountability to shareholders: preserve their rights and interests, clearly and fully disclose information.
- e) Ensure the company has management with the competency, knowledge and experience to run the business.
- f) Ensure the company is determined to carry on the business continuously
- g) Recommending and monitoring Company objectives, goals, and strategic operational plans, for management's implementation as approved by the Company's shareholders at the Company's Annual General Meetings (AGM's).
- h) Striving for growth and stability leading to good returns for shareholders in the long term.
- i) Monitoring the Company's financial performance.
- j) Ensuring the existence of adequate internal controls.

- k) Considering any conflict of interests thoroughly and monitoring compliance to the regulations regarding criteria, procedures and disclosure of related transactions.
- l) Ensuring that significant business risks are appropriately managed.
- m) Reviewing management performance.
- n) Recommending to shareholders the selection and appointment of new directors upon vacancy.
- o) Ensuring that management maintains proper business standards and ethical behavior.

Role of the Chairman and Managing Director

The chairman, elected by the board of directors, chairs the Board meetings, and also the shareholder's meetings. He should assure that important matters are raised for deliberation in meetings and that the board puts the right emphasis on reviewing and approving strategies presented by the management, and monitors that the strategies are implemented. The chairman must ensure that the board provides leadership vision and encouragement to the management.

The chairman should assure that Company maintains an effective Board of directors, and that they perform effectively as a team. Every director, executive or non executive, should be encouraged to fully and actively play one's role, in both business undertakings and corporate governance. In addition, the Chairman's authority and responsibility as a board member remains the same as the rest of the members

The Managing Director, appointed by the board of directors, leads the management team and assures implementation of approved strategies under the framework determined by the Board of directors. The Managing Director is responsible for overall responsibility in developing and implementing business strategies provide the leadership and vision to executive directors and senior management in achieving the Company's operation goals as set by the Board of Directors and shareholders.

The Board of Directors and Executive Board of Directors according to the Resolution of the AGM No. 14 held on 20th April 1994 (in compliance with the Public Limited Companies Act 2535 Re: Transformation to Public Company as at 9 June 1994).

THL, as at the date of this annual report, consists of one (1) chairman to the Board, one (1) managing director, four (4) executive directors, four (4) independent directors and two (2) director.

- | | |
|---------------------------------------|--|
| 1. Mr. Pramote Bansit | Chairman of the Board (Appointed with effect November 14, 2011) |
| 2. Mr. Ronald Ng Wai Choi | Chairman of the Executive Committee,
Managing Director (Retired on January 6, 2012) |
| 3. Mr. Sukhapon Palagawong Na Ayudhya | Managing Director
(Appointed with effect January 6, 2012) |
| 4. Dr. J. Peter Mills | Executive Director |

5. Mr. Bandit Saengsaereethum	Executive Director (Appointed with Effect February 20, 2012)
6. Mr. Tavee Aisoonpisarnsiri	Director
7. Mr. John Yangpichit	Director
8. Mr. ReywatFloro	Chairman of the Audit Committee and Independent Director
9. Dr.Wicha iCherdshewasart	Independent Director and Audit Committee Member
10. Ms. Atchareeya Bansit	Executive Director (Appointment with effectFebruary 20, 2012)
11. Mr. Navee Rattanaporn	Independent Director and Audit Committee Member (Appointed with effect February 20, 2012)
12. Mrs. Charunee Tensai	Independent Director and Audit Committee Member (Appointed with effect February 20, 2012)
13. Prof. Rawat Chamchalerm	Chairman of Executive Committee (Resigned on November 1, 2011))
14. Mr. Direck Rattanavich	Director (Resigned April 1, 2011)
15. Mr. Pricha Attavipach	Chairman of the Board of Directors (Resigned on November 12, 2011)
16. Mr. CherdusakUtha-aroon	Executive Director (Resigned on November 4, 2011)
17. Khunying JintanaSookmark	Independent Director (Resigned November 14, 2011)
18. Mr. Krittapas Kanikanant	Independent Director and Chairman Audit Committee (Retire on rotation AGM 17/2011)
Mr. Napun Pharpatara	Secretary to the Board (Resigned December 31, 2011)
Mr. Chalermchai Martmuang	Secretary to the Board (Appointed January 30, 2012)

Board Meetings

Board structure and procedure

The Board of directors meetings are regularly scheduled in advance. The chairman and the Managing Director consider listing the agenda of a board meeting prior to the meeting and ensure that important matters are included for Board discussion. Each director has freedom to suggest any matter to the meeting agenda. The chairman promotes prudent consideration and allocates appropriate time for the management to present adequate issues and for the directors to broadly discuss important matters with care.

The agenda of the meeting and the Board papers will be prepared and sent by the Secretary to the Board seven days before the meeting date to ensure that board members have adequate time to understand and deliberate on the matters indicated. The Secretary to the Board ensures that information gathered is adequate for the Board Discussion.

It is a duty of directors to attend every board meeting, except with reasonable excuses. If need arises for the non-executive directors to discuss critical issues and management problems, the non-executive director, led by the independent Board Chairman, shall conduct a meeting without the presence of the Company's executive directors and senior management.

Senior Management will be invited to attend board meetings as needed. Additional and detailed information may be needed from them where they are directly involved with certain matters. The Board should also invite other top executives to attend as deemed necessary.

Attendance at Board Meetings

The Board of Directors meet at least on quarterly basis, and on any other occasion deemed appropriate, to ensure full and effective control over Company activities. During year 2011 the Company held 17 Board meetings: with attendance as listed in the following table.

	Board Meetings Attendance		Absent from Meeting No:	Reside in Thailand
Director	A	B		
Mr. PrichaAttavipach	7	6	6	Yes
Prof. RawatChamchalerm	11	10	2	Yes
Mr. Ronald Ng Wai Choi	17	17	Nil	Yes
Dr. John Peter Mills	17	15	10,16	Yes
Dr. John Yangpichit	17	11	4,8,9,10,12,17	Yes
KhunyingJintanaSookmark	12	12	Nil	Yes
Mr. KrittapasKanikanan	11	10	2	Yes
Mr. DireckRattanaich	17	15	8,9	Yes
Mr. CherdSakUtha-aroon	3	3	Nil	Yes
Dr.WichaiCherdshewasart	11	11	Nil	Yes
Mr. PramoteBunsit	17	16	5	Yes
Mr. ReywatFloro	11	9	9, 11	Yes
Mr. SukhapongPalagawong Na Ayudhaya	7	6	14	Yes
Mr. BunditSaengsareethum	6	6	Nil	Yes
Mr. TaveeAisoonpisarnsiri	12	2	7,8,9,10,12,13,1,4,16,17	Yes

A. Meetings held during the period the director was a member of the Board or Committee.

B. Meetings attended by the director.

(Based on resolutions by the Board of Directors)

(B) Executive Committee

The Executive Committee comprises as at the date of the Annual Report, 6 Directors as Committee members.

- | | |
|---------------------------------------|--|
| 1. Mr. Ronald Ng Wai Choi | Chairman |
| 2. Mr. SukhapongPalagawong Na Ayudhya | Executive Director (Appointed November 18, 2011) |
| | Managing Director (Appointed January 6, 2012) |
| 3. Dr. John Peter Mills | Executive Director |
| 4. Mr.Pramote Bansit | Executive Director |
| | (Appointed October 7, 2011) |
| 5. Mr. BunditSaengsareethum | Executive Director (Appointed February 20, 2012) |
| 6. Ms. AtchareeyaBansit | Executive Director (Appointed February 20, 2012) |

The duties of the Executive Board are to consider and execute decisions and matters as assigned by the Board of Directors. All members are involved in the Company's day-to-day operations. Formal meetings take place as required, twice a month on average. Member of the Senior Management can be invited to attend meetings.

(C) Audit Committee

The Audit Committee comprises as at the date of the Annual Report, 4 Independent Directors as the member of the Committee.

- | | |
|---------------------------------------|---|
| 1. Mr. Reywat Floro | Chairman of the Audit Committee and Independent Director (Appointed on November 14, 2011 to replace Mr. Nickane Sucharitaves) |
| 2. Dr. Wichai Cherdshewasart | Independent Director and Audit Committee Member (Appointed on 27 October 2010) |
| 3. Mr. Bundit Saengsaereethum | Independent Director and Audit Committee Member (Resigned February 20, 2012) |
| 4. Mr. Sukhapon Palagawong Na Ayudhya | Independent Director and Audit Committee Member (Resigned November 18, 2011) |
| 5. Mr. Pramote Bunsit | Independent Director and Audit Committee Member (Resigned October 6, 2011) |
| 6. Mr. Navee Rattanaporn | Independent Director and Audit Committee Member (Appointed on February 20, 2012) |
| 7. Mrs. Charunee Tiensai | Independent Director and Audit Committee Member (Appointed on February 20, 2012) |

Charter of the Audit Committee

The Board of Directors of Tongkah Harbour Public Company Limited is committed to support Good Corporate Governance systems. Thus, the Company's Board of Directors appointed the Audit Committee to be an important area in reducing the burden of the Board of Directors in governing the Company's operations by ensuring accurate, transparent, and high quality management. Additionally, the Board is committed to delivering trustworthy financial reporting, ensuring that information disclosed in financial statements are accurate and benefiting the investors and stakeholders. In compliance with the SET's Regulations and to allow the Audit Committee to carry out their duties as assigned by the Board of Directors, the Audit Committee Charter has been enacted as followings:

1. Composition of the Audit Committee

1.1 The Audit Committee is comprised of at least three independent directors, where at least one member must be knowledgeable or have significant experience in accounting or in financial matters.

1.2 The Audit Committee members must be able to devote adequate time to fulfill their roles in committee operations.

2. Qualifications of Audit Committee Members

2.1 Members may not hold shares exceeding one percent, including shares held by a related person, of paid-up capital of the listed company or of the mother company, an affiliated company, an associated company, or a company that might have any conflict of interest with respect to the listed company.

(Remarks: This qualification would not be applied to the existing audit committee members)

2.2 Members must be directors not involved in the management and not employees or staff members, or advisors who receive regular salary from the listed company or those with authority to control the listed company, the mother company, an affiliated company, an associated company, or a company that might have a conflict of interest with respect to the listed company (two years prior to appointment).

2.3 Members must be able to carry out their duties and express their opinions independently.

Determination or Change in the scope of duties and responsibilities which will take effect ~~February 26, 2009~~.

The Audit Committee has duties and responsibilities to the Board of Directors as followings:

1. Review the accuracy and sufficiency of financial reporting by coordinating with the external auditors and management responsible for preparing the financial reports.
2. Review the suitability, effectiveness and adequacy of the Company's internal control systems and internal auditing functions by coordinating with the external auditors.
3. Review the major risk levels, risk management, and the possible impact from that risk with management and the external auditors.
4. Review compliance performance with respect to relative laws and Company's policies and regulations.
5. Consider and advise on the appointment of the external auditors, including the audit fee.
6. Review in cooperation with the external auditors, the objectives, scope, guidelines, and plans for internal auditing; and coordinate with the external auditors when problems arise including any that the auditors deem relevant.
7. Recommend appointments, removals, transfers, dismissals, and consider the merits of the management and

staffs of the Internal Audit Department.

8. Appoint and remove the secretary of the Audit Committee.
9. In cooperation with the Internal Audit Department review the objective, plans, communication of results, and evaluation of the internal auditing function, as well as reviewing the adequacy of resources, both human and financial.
10. Approve the Internal Audit Department's Charter and the internal auditing plan.
11. Give confidence to and assure the independence of both internal and external auditors
12. Prepare the Audit Committee corporate governance and activities report, which must be signed by the Committee Chairman, and include in the Company's annual report.
13. Review compliance on all related transaction disclosures and conflict-of-interest possibilities as prescribed in the regulations.
14. Allow the Audit Committee to have full authority to access information on all levels of the Company including allowing management, department heads, and relevant employees to issue opinions, attend meetings, or submit relevant documents and get assistance from experts when appropriate.
15. Take care of any other matters assigned by the Board of Directors.

During the Financial Year, the Audit Committee met 4 times.

(D) Remuneration Committee

The Remuneration Committee comprises 4 directors as the Committee members.

1. Mr. PramoteBunsit	Chairman of the Board
2. Mr. Ronald Ng Wai Choi	Chairman of the Executive Committee
3. Mr. ReywatFloro	Chairman of the Audit Committee
4. Mr. SukhaponPalagawong Na Ayudhya	Managing Director

The Committee is responsible for reviewing compensation arrangements for all directors (including the Employee Stock Option Plan ("ESOP")) as well as for reviewing annual and ad hoc staff remuneration which is considered by management and allocated commensuration with the individual's qualifications and contributions made to the Company.

Recommendations concerning compensation for directors are made by the Committee and voted upon and approved by the Company's shareholders at the Company's AGM.

The Remuneration Committee meets at least once annually and as necessary.

(E) Nomination Committee

The Nomination Committee comprises 5 Directors as the Committee members.

1. Mr. PramoteBunsit	Chairman of the Board
2. Mr. Ronald Ng Wai Choi	Chairman of the Executive Committee
3. Mr. ReywatFloro	Chairman of the Audit Committee
4. Mr. SukhaponPalagawong Na Ayudhya	Managing Director
5. Mr. WichaiCherdshewasart	Independent Director and Audit Committee Members

The Committee is responsible for overseeing selection of new directors by considering, defining, and reviewing, the required knowledge, experience, and skills, of a potential candidate prior to their nomination to the Board to ensure that it reflects an appropriate balance of skill and independence.

The Nomination Committee meets at least once annually and as necessary.

(F) Company Secretary

The Company Secretary plays a key role in efficient coordination inside the Company, that is, between the Chairman of the Board and CEO or the Management, and outside the Company, that is, between the Company, shareholders, and regulatory agencies. Good corporate governance calls for the Company to designate a Company Secretary, MrNapungPharpatara resigned on 31 December 2011 (at present, Mr.ChalermchaiMartmuang appointed to replace effect on January 30, 2012)) is responsible for overseeing and advising the Board and the Management about applicable laws, rules, regulations and recent developments about good corporate governance; and ensuring smooth and efficient performance by the Board and standing sub-committees, in line with the law and relevant rules, as well as the Company's good corporate governance. He is responsible for holding Board, standing sub-committee, and shareholders' meetings. His additional tasks include preparation and filing of the Company's key documents; notification to regulatory agencies of relevant information; organization of orientation for new coming Directors; and promotion of understanding and appreciation of good corporate governance among Directors, executives, and employees.

Nomination of the Board and Management

The Nomination Committee will use the following procedures to select the suitable directors.

1. The Committee will specify the new directors' qualification to replace those who resigned complying with relevant laws and regulations and also specify the procedures for the selection of the qualified person.
2. The Committee will consider and propose the qualified applicant with the reason for the Board's consideration.
3. The Committee will select the qualified candidate as proposed by the Committee to the Shareholders meeting for approval.

The Committee should consider the relevant age, skill, field of specialization, and the willingness to dedicate time and effort to the company.

Retirement by rotation and appointing of director to replace the director who resigned before his due retirement

In accordance with the Articles of Association and Company best practices, the following conditions have been set out as follows:

- a) At least one third of the directors must retire from office at the AGM each year. The retiring directors are eligible for reelection.
- b) If the office of director is vacant otherwise than by rotation, the Board of Directors, by a vote of not less than three-fourths of the number of the remaining directors, may elect a person who is qualified and is not of a forbidden nature under the law, to be a director in his place at the following meeting of the Board of Directors unless the remaining tenure of the director is less than 2 months.

Any person so appointed shall retain his office during such time only as the vacating director was entitled to retain the same.

The following 4 directors shall retire by rotation at this year's AGM:

1. Mr. Tavee Aisoornpisarnsiri
2. Dr. John Yangpichit
3. Mr. Navee Rattanaporn
(Retire by rotation on replacing Khunying Jintana Sookmark)
4. Ms. AtchareeyaBunsit
(Retire by rotation on replacing Mr. Rawat Chamchalerm)

All above 4 directors are being submitted for re-election by the shareholders.

Director and Management's Remuneration

Remuneration for Board members is set based on the following policies:

- a) The remuneration package for directors should be appealing enough to attract and retain quality directors whom the board requires, subject to comparable market rates.
- b) Remuneration for non-executive directors should be comparable to the general practice in the industry, commensurate with work experience and commitment, as well as the benefits each director brings. Directors who are assigned extra work (being members of committees, for example) should be remunerated accordingly
- c) Executive Directors should receive the remuneration that is linked to the performances of the Company and that of each director.
- d) Remuneration for the Managing Director and Senior Management should be determined in accordance with the principles and policies set by the Board and the Remuneration Committee.
- e) The Board should appoint a Remuneration Committee to assist in the setting of the remuneration package for directors and Company Senior Management to ensure that it is decided on with transparency.

Directors' compensation

The following compensation structure was approved at the AGM year 2011 on November 11, 2011 for the Board in 2012:

1. Annual Fee

1.1 Board compensation structure consisted of:

- Chairman of the Board	Baht 120,000
- Ordinary Members	Baht 75,000
- Executive Directors	Baht 75,000

1.2 Audit Committee compensation structure consisted of:

- Chairman of the Audit Committee	Baht 90,000
- Member of the Audit Committee	Baht 70,000

1.3 Remuneration Committee compensation structure consisted of

- Chairman of the Remuneration Committee	Baht 70,000
- Member of the Remuneration Committee	Baht 45,000

1.4 Nomination Committee compensation structure consisted of

- Chairman of the Nomination Committee Baht 70,000
- Member of the Nomination Committee Baht 45,000

2. Meeting Allowances

2.1 Board meeting allowances (payable per attendance only) consisted of:

- Chairman of the Board Baht 25,000 per attendance per meeting.
- Ordinary Members Baht 20,000 per attendance per meeting.

2.2 Audit meeting allowances structure consisted of:

- Chairman of the Audit Committee Baht 25,000 per attendance per meeting.
- Member of the Audit Committee Baht 15,000 per attendance per meeting.

2.3 Remuneration meeting allowances structure consisted of:

- Chairman of the Remuneration Committee Baht 15,000 per attendance per meeting.
- Member of the Remuneration Committee Baht 10,000 per attendance per meeting.

2.4 Nomination meeting allowances structure consisted of:

- Chairman of the Nomination Committee Baht 15,000 per attendance per meeting.
- Member of the Nomination Committee Baht 10,000 per attendance per meeting.

The remuneration and fee structure for the Directors during the financial year ended 31st December 2011 is as follows

Company Director	Annual Fee	Board Meeting Allowance	Committee Meeting Allowance	Total Compensation
Executive				
1. Mr. PramoteBunsit	217,098.14	345,000.00	80,000.00	642,098.14
2. Mr. Ronald Ng Wai Choi	0.00	0.00	0.00	0.00
3.Mr.Sukhapong Palagawong Na	20,833.33	140,000.00	0.00	160,833.33

4. Dr. John Peter Mills	150,000.00	0.00	0.00	150,000.00
5.Mr.Bundit Saengsaereethum	19,555.56	120,000.0	60,000.0	199,555.56
Total Executive	407,487.03	605,000.00	140,000.00	1,152,487.03
Non-Executive				
1.Mr. Tavee Aisoonpisarnsiri	37,298.39	60,000.00	0.00	97,298.39
2.Dr. John Yangpichit	150,000.00	220,000.00	0.00	370,000.00
3.Mr. Raywat Floro	63,459.68	180,000.00	175,000.00	418,459.68
4.Dr.Wichai Cherdshewasart	234,041.66	300,000.00	145,000.00	679,041.66
5.Mr. Rawat Chamchalerm	74,375.00	300,000.00	0.0	100,000.00
6.Mr.Direck Rattanavich	100,000.00	0.00	0.00	100,000.00
7.Mr.Pricha Attavipach	442,000.00	175,000.00	75,000.00	692,000.00
8.Mr.Cherdsak Utha-Aroon	75,000.00	20,000.00	0.00	95,000.00
9. Khunying JintanaSookmark	140,416.67	220,000.00	0.00	360,416.67
10. Mr. KrittapasKanikanant	145,000.00	220,000.00	175,000.00	540,000.00
11.Mr.Noppadol Mantajitr	86,922.04	0.00	0.00	255,000.00
Total Non-Executive	1,548,513.44	1,695,000.00	570,000.00	3,813,513.44
Total as of 31 December 2011	1,956,000.47	2,300,000.00	710,000.00	4,966,000.47

Compensation for Management

The compensation of Management team members complies with the policies and principles specified by the Board. Each person's compensation is determined against performance with industry standards. The Remuneration Committee then proposes the compensation along with compensation guidelines to the Board for review and approval.

In 2011, the Managing Director, executives and management received Baht 7,441,836.36 (total 4 persons) in compensation detailed as follows:

Compensation	2010		2011	
	Persons	Paid Amount	Persons	Paid Amount
Salary	4	9,465,000.00	4	6,405,000.00
Other Benefits		830,526.36		1,036,836.36

7. DISCLOSURE AND CORPORATE TRANSPARENCY

Proper and sufficient transparency disclosure are considered the foundations of mutual understanding and trust between Company and Shareholders, and provides: 1) an opportunity for the shareholder stakeholder to scrutinize the Company Activities more accurately and cautiously, 2) defines the roles and responsibilities of the people involved, 3) provides easy access to needed information, and 4) assist in maintaining a monitoring process to ensure ethical and proper business conduct of Company Operations.

The Company maintains corporate disclosure in accordance with regulations set by various Governmental authorities including the Ministry of Commerce, the Stock Exchange of Thailand, and the Department of Primary Industry and Minerals. The Board ensures that disclosure is complete, adequate, reliable, and timely, so that the Company's shareholders and stakeholders are equally well informed as required the laws of state agencies and concerned organizations.

The Board ensures that the following information is disseminated to the stakeholder from time to time: 1) Company objectives, 2) financial status and Company performances, 3) shareholding structure and voting rights, 4) list of directors, committees, top management, and their remuneration, 5) risk factors foreseen and intended management thereof in terms of both financing and operation plans, 6) major issues concerning employees and other stakeholders, 7) corporate governance policy and structure, including the responsibilities of the Board in financial reporting and reports of the chairman of the audit committee, 8) other voluntarily information disclosure in response to stakeholder demand and, thereby, earn their trust.

The Company complied with financial and disclosure reporting requirements throughout the year.

Summary of Financial Reporting Dates

HEADLINE	DATE
Extension for Submission of the Financial Statement year ended December 31, 2010.	March 1, 2011
Further Extension for Submission of the Financial Statement year ended December 31, 2010.	March 28, 2011
Further Extension for Submission of the Financial Statement year ended December 31, 2010.	May 3, 2011
Clarification of the Financial Statement Quarter 3 year 2010.	May 6, 2011
Further Extension for Submission of the Financial Statement year ended December 31, 2010 & Q1/2011	May 24, 2011
Financial Statement Yearly 2010	June 10, 2011
Audited Yearly and Consolidated F/S (F45-3)	June 13, 2011
Extension for Submission of the Financial Statement Q1 and Q2/2011	August 9, 2011

Further Extension for Submission of the Financial Statement Q1/2011	July 4, 2011
Extension for Submission of the Financial Statement Q1 and Q2/2011	October 3, 2011
Financial Statement Quarter 1/2011	November 14, 2011
Extension for Submission of the Financial Statement Q2 and Q3/2011	November 14, 2011
Financial Statement Quarter 3/2010(Adjusted as SEC requested)	November 29, 2011
Financial Statement Quarter 4/2010 (Adjusted as SEC requested)	November 29, 2011
Financial Statement Yearly 2010(Adjusted as SEC requested)	November 29, 2011
Financial Statement Quarter 1/2011 (Amend)	December 30, 2011
Financial Statement Quarter 2/2011	December 30, 2011
Financial Statement Quarter 3/2011	December 30, 2011

Summary of Announcements to the Stock Exchange of Thailand

HEADLINE	DATE
Change of Directors and Increase of Share Capital of a Subsidiary Company (Tungkum Limited)	January 13, 2011
Clarification of News in Matichon Newspaper dated January 16,2011	January 20, 2011
Clarification of News in Khaohun Newspaper dated February 9, 2011	February 9, 2011
New Legal Case lodged by Deutsche Bank AG	February 24, 2011
SP signs posted for failure submitting financial statement as of December 31, 2010	March 2, 2011
Listed company not met SET financial disclosure as Mar 2,11	March 3, 2011
Notification of Appointment of New Director	March 15, 2011
Listed company not met SET financial disclosure as Apr 1, 2011	April 4, 2011
Resignation of Director	April 11, 2011
Listed company not met SET financial disclosure as May 4, 2011	May 6, 2011
SP signs posted for failure submitting financial statement as of March 31, 2011	May 19, 2011
Listed company not met SET financial disclosure as May 31, 2011	June 1, 2011
The SET has still posted SP sign on THL in case of adverse opinion for financial statements of 2010	June 13, 2011
Clarification of operating result of year end 2010	June 13, 2011
Management explanation of Independent Certified Public Accountants' Report	June 13, 2011
Progress Report on the Legal Cases	June 20, 2011
Notification of Directors Appointment	July 4, 2011
Listed company not met SET financial disclosure as June 30, 2011	July 4, 2011
Progress Report on the Agricultural Land Reform Office Case ("ALRO")	July 12, 2011
Listed company not met SET financial disclosure as July 31, 2011	August 1, 2011
SP failure to submit F/S (June 30,2011) and inform NPG for failure to submit F/S (June 30,2011)	August 16, 2011
Appointment of New Director	August 29, 2011
Clarification for Financial Statement as requested by SEC	August 29, 2011
Form to Report on Names of Members and Scope of Work of the Audit Committee (F24-1)	August 31, 2011

Listed company not met SET financial disclosure as August 31, 2011	September 1, 2011
Explanation on THL's AGM	September 7, 2011
Progress Report on the Legal Cases	September 9, 2011
Resignation of Director and Chairman of the Board	September 12, 2011
Set date for AGM 2011 No dividend payment and Appointment of New Director	September 22, 2011
Listed company not met SET financial disclosure as September 30, 2011	October 3, 2011
Resignation of Member of the Audit Committee and Independent Director	October 10, 2011
Members of the Board of Directors	October 12, 2011
Change of proxy holder for the shareholders who are unable to attend the Shareholder's AGM No.17/2011	October 12, 2011
Change of proxy holder for the Company's shareholders who are unable to attend AGM 2011 (Amendment)	October 13, 2011
Progress Report on the Legal Cases	October 20, 2011
SEC has ordered THL to amend its financial statements.	October 27, 2011
SET still "SP" THL due to revision of F/S Q3/2010 & Y2010 to be submitted within 26 Nov. 2011 by SEC	October 28, 2011
Resignation of Chairman of Executive Board	October 31, 2011
Listed company not met SET financial disclosure as October 31, 2011	November 1, 2011
Set date for AGM 2011	November 4, 2011
Resignation of Director	November 8, 2011
SEC has ordered THL to do a special audit	November 9, 2011
"SP" still posted on THL due to SEC ordered THL to do special audit	November 10, 2011
Resolution of the Shareholders' AGM No. 17/2011	November 14, 2011
Resolution of the Shareholders' AGM No. 17/2011 (Amended)	November 14, 2011
Listed companies which delay disclosure of F/S ended 30 Sep 2011	November 14, 2011
Reviewed Quarter 1 and Consolidated F/S (F45-3)	November 14, 2011
The SET has still posted SP sign on THL in case of adverse opinion for F/S Quarter 1/2011	November 15, 2011
Clarification of operating result for quarter 1/2011	November 15, 2011
Appointment of Chairman of the Board, Chairman of AC and Member, Director's Resignation	November 15, 2011
Appointment of Executive Director	November 21, 2011
Audited Yearly and Consolidated F/S (F45-3)(Adjusted as SEC requested)	November 29, 2011
Reviewed Quarter 3 and Consolidated F/S (F45-3)(Adjusted as SEC requested)	November 29, 2011
Financial Statement Yearly 2010 (Adjusted as SEC requested)	November 29, 2011
Disclosure of Minutes of AGM no. 17/2011	November 29, 2011
Listed company not met SET financial disclosure as November 30, 2011	December 1, 2011
Notification of the Amendment of Company's website	December 2, 2011
ANNUAL HOLIDAYS 2012	December 8, 2011
Notification of procedures for THL to be resolving the financial status (NC-Stage 1)	December 8, 2011
SEC does not extend submission of THL special audit report.	December 16, 2011
SEC does not extend dateline for THL's special audit report submission	December 16, 2011
Resignation of Company Secretary and Secretary to Audit Committee	December 26, 2011

Shareholder Relations

The Board provides equal treatment to all shareholders regardless of the number of shares held and ensures that: 1) easy access for shareholders to review Company information as well as to attend shareholders' meetings, 2) shareholders are informed of major developments and issues affecting the Company by the distribution of annual and quarterly reports in compliance with the SET and all other public company secretarial requirements, 3) prompt disclosure of all decisions or events which may affect the operating performance and/or financial position of the Company, 4) shareholders' approval is sought on significant issues in accordance with the guidelines of the SET, 5) shareholders are provided an opportunity to raise any issues with the Board at the AGM.

The Company's Secretary is responsible for managing general shareholder enquiries and correspondence, and can be contacted concerning any issues or questions about Company activities. The secretary will in turn liaise with the Board of Directors in relation to said enquiries and/or concerns. In addition, to assure information access and improve involvement of shareholders in Company operations, the Board will maintain best practice policy including: 1) assurance of equal treatment to all, including minority and foreign, 2) entitlement to indemnity when their rights are violated 3) entitlement to voting rights according to the types and number of shares possessed, and equal access to Company information, 4) access to necessary information, adequately fairly, and timely, 5) not provide undisclosed information in favor of any group, 6) procedural practice at meetings should be arranged to provide equal access and attention to all at in as simple and low cost manner as possible, 7) not be pressured by any individual shareholder to direct the Company for personal interest thus causing long-term conflict or disadvantage to the other shareholders and, 8) strictly follow the collective goal, or direction, expressed by all shareholders and not the sole interests of any one shareholder or majority shareholder.

Use of inside information

Ensuring strict supervision of the use of confidential (inside) information by defining in writing the explicit approach of confidential-information retention as well as the prevention of insider trading as part of CG practices and the Code of Business Conduct on the exploitation of inside information in connection with securities laws; regular revisions are undertaken for fairness to all stakeholders.

Completely disclosing in the annual report the share portfolios of the Directors, Executive Management, and the manager of equivalent in Finance and Accounting Division in compliance with the regulations of the Office of Securities and Exchange Commission. The Office of the Corporate Secretary reports to the Board each time any of these people experiences changes in their portfolios.

Management Shareholding

Shareholding by Directors and Management as at the latest closing date are as follows:

No	Name	No. of Shares held		Increase/ (Decrease)
		30/12/2010	30/12/2011	
1.	Mr. PramoteBunsit	Nil	*11,000	11,000
2.	Mr.SukhapongPalagawong	Nil	Nil	Nil
2.	Mr. Ronald Wai Choi Ng	4,517,441	*4,517,441	Nil
3.	Mr.BunditSaengsaereethum	Nil	Nil	Nil
5.	Dr. John Peter Mills	Nil	Nil	Nil
6.	Dr. John Yangpichit	170,000	*420,000	250,000
7.	Mr.ReywatFloro	Nil	Nil	Nil
9.	Dr.WichaiCherdshewasart	Nil	*1,350,000	*1,350,000

Note: From Shareholder's list by TSD as at the latest closing date which is 21 February 2012 and each director information includes the number of shares holding by spouse and person no sui juris.

Personnel and Remuneration for year 2011

1	Number of personnel of the Company:	
	- Head Office, Bangkok (persons)	22
	- KaengKhoi Office, Saraburi (persons)	19
	- Phuket Office (persons)	<u>2</u>
	Total (persons)	<u>43</u>
	Total salaries of personnel (Million Baht)	21.70
2	Total wages for daily workers hired by the Company (Million Baht)	N.A
	- Employees are sent to participate in seminars from time to time.	

8. Group Finances

8.1 Revenue Structure

Nature of Income	Operated by	Revenue Structure					
		2011		2010		2009	
		Baht million	%	Baht million	%	Baht million	%
1. Revenue from sale of							
Gold Sales	Tungkum Limited (TKL)	922.43	83.91	837.18	83.03	398.95	83.76
Copper Sales	Tungkum Limited (TKL)	134.703	12.25	109.49	10.86	21.49	4.51
Andesite Sales	Tongkah Harbour Public Company Limited (THL) and Cholsin Limited	13.270	1.21	5.61	0.56	8.04	1.69
Tin Ore Sales	THL	-	-	-	-	-	-
2. Other Income							
Gain on sale of Assets	THL	-	-	-	-	-	-
Gain on exchange rate	TKL	-	-	50.49	5.01	45.36	9.52

Decline in value of inventor y		13.91	1.27	-	-	-	-
Interest Income and Others	Group of companies	14.939	1.36	5.48	0.54	2.45	0.52
Total Revenu e		1,099.25 2	100.0 0	1,008.2 5	100.0 0	476.2 9	100.0 0

8.2 Financial Highlights

	Consolidated			
OUTPUT	2011	2010	2009	UNIT
Gold produced - Dore	5,434.55	4,415	10,124.76	Ounces (oz)
CuS	18,410.25	17,528.32	4,517.88	Ounces(oz)
Copper	2,293,312.87	788,487	459,874.19	Pounds
Average gold price (A)	47,408.10	33,076.46	29,380	Baht/Ounce
FINANCIAL				
Total Sales	1,070,403	952.28	428.49	Million(Baht)
Total Revenues (B)	1,099,252	1,008.25	476.29	Million(Baht)
Gross profit	574,236	479.71	(13.84)	Million(Baht)
Profit / (loss) before Tax, minority interest And cumulative effect	23,526	(862,814)	(352.35)	Million (Baht)
Minority interest Share in loss on Subsidiaries	1,989	71,596	(6.41)	Million (Baht)
Net profit / (loss) After tax	23,526	(862,814)	(358.76)	Million (Baht)
Total assets	1,967,108	1,759,446	1,938.54	Million(Baht)
Total liabilities	2,025,095	1,826,003	1,131.93	Million(Baht)
Shareholders' equity	(57,987)	(66,557)	806.61	Million(Baht)
Outstanding shares (thousands)	756,940	756,940	756,940	Shares
Par Value	1.00	1.00	1.00	Baht/share
Book value	(0.076)	1.03	1.06	Baht/share
Earnings / (loss) per	0.03	(0.03)	(0.47)	Baht

Share				
Dividend per share	Nil	Nil	Nil	Baht

Notes:

(A) Average gold price is the average sale price

(B) Total Revenue composed of total sales, interest income, other income and gain on exchange rate

8.3 Financial Ratio

	Audited					
	Consolidated			Company		
	2011	2010	2009	2011	2010	2009
LIQUIDITY RATIO						
Current Ratio (Times)	0.30	0.16	0.35	0.03	0.11	0.46
Quick Ratio (Times)	0.07	0.05	0.09	0.01	0.02	0.02
Quick Ratio (Cash Basis) (Times)	0.14	0.14	(0.14)	-0.08	-0.38	-1.17
Receivable Turnover (Times)	20.45	41.77	5.13	0.52	4.84	4.1
Collection Period (Days)	17.60	8.62	70.14	694.34	74.37	87.77
Inventory Turnover (Times)	1.79	3.34	3.67	1.73	0.40	0.38
Inventory Turnover (Days)	201.33	107.94	98.06	208.57	899.66	946.56
Accounts Payable Turnover (Times)	10.39	7.41	6.88	2.38	1.21	0.48
Payment Period (Days)	34.66	48.55	52.32	151.05	298.37	743.09
Cash Cycle (Days)	184.27	68.01	115.88	751.86	675.66	291.24
PROFITABLE RATIO						
Gross Profit Margin (%)	53.65%	50.37%	(1.22%)	6.61%	15.37%	18.89%
Net Profit Margin (%)	2.14%	-85.31%	(75.32%)	10.84%	-35.67%	63.38%
Return on Equity (%)	-17.44%	-228.0%	(36.39%)	-16.61%	-3.16%	10.90%
EFFICIENCY RATIO						
Return on Total Assets (%)	1.26%	-46.76%	(16.64%)	3.66%	-2.32%	10.02%

Return on Fixed Assets (%)	7.47%	-61.99%	(21.38%)	4.33%	-19.33%	106.14%
Asset Turnover (Times)	0.59	0.55	0.22	0.34	0.06	0.16
FINANCIAL POLICY RATIO						
Debt to Equity Ratio(Times)	-15.39	-34.39	1.40	-5.67	0.42	0.07
Interest Coverage (Times)	1.47	0.59	(8.61)	1.87	-0.14	32.19
Contingency Coverage (Times)	1.03			1.27		
vContingency Coverage (Cash Basis) (Times)	1.68			-0.07		
Pay Out Ratio (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

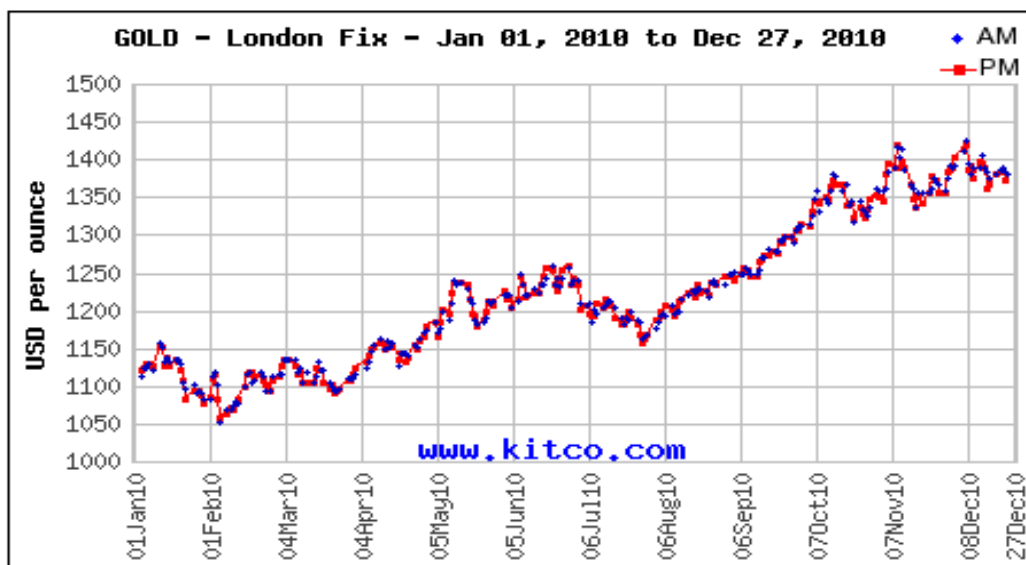
9. Management Discussion and Analysis

1. Results of Operations

Business overviews

The Company and its subsidiaries operate in Thailand, and its principal activities are gold mining, igneous rock quarrying. The revenue from gold sale is subject to the uncertainty resulting from fluctuation in world market commodity prices. The graph below present change in gold price for year 2011 and 2010. (Source: www.kitco.com)





Detailed discussion of operating results for two years ending 31 December 2011 and 2010 is below;

1.1 Revenue

Sales	2011	2010	Increase (Decrease)
Volume Gold Dore Sale (Ounces)	5,057.92	4,618.12	439.80
Volume Gold in Copper Concentrate Sales (Ounces)	14,335.74	15,993.06	(1,657.32)
Total Gold Sales (Ounces)	19,393.66	20,611.18	(1,217.52)
Volume Copper Concentrate Sales (Ponds)	1,148,667.64	1,498,216.85	(349,549.21)
Total Gold Sales (Million Baht)	922.43	837.18	85.25
Copper Sales (Million Baht)	134.70	109.49	25.21
Andesite Sales (Million Baht)	13.27	5.61	7.66

Revenue from total sales for current year of Baht 1,070.40 million increase from year 2010 of Baht 118.12 million or 12.40% due to higher in gold price and gold dore sales but less in volume of copper concentrate sales.

1.2 Cost of sales

Total cost of sales for current of Baht 496.17 million increase Baht 23.60 million or 4.99% due to increase in mining cost and raw material of processing cost and record of employee benefit according to new accounting standard.

1.3 Selling expenses

Total selling expenses for current year of Baht 223.35 million increase Baht 12.68 or 6.02% due to increase in gold royalty paid to DPIM and accrued land use fee for ALRO at the same amount.

1.4 Administrative expenses

Total administrative expenses for current year was of Baht 196.15 million increase 67.94 million or 79.36% due to legal expenses for foreign bank case, retirement compensation for Managing Director and employee benefit expenses according to new accounting standard.

1.5 Loss on exchange rate

Loss on exchange rate for current year was of Baht 65.54 million compare with gain on exchange rate of last year of Baht 50.49 million due to change in exchange rate.

1.6 Finance costs

Finance costs of current was of Baht 55.49 million decrease of Baht 3.44 million due to repayment of long-term loans from local bank.

1.7 Net profit

Net profit for current year of Baht 23.53 million compare with net loss of prior year of Baht 862.81 million.

2. Financial Position

(Unit : Thousand Baht)	31 December 2011	31 December 2010
Total Assets	1,967,108	1,759,446
Current Assets	578,959	271,447
Non-Current Assets	1,388,149	1,487,999
Total Liabilities	2,025,095	1,826,004
Current Liabilities	1,901,493	1,706,501
Non-Current Liabilities	123,602	358,484
Total Shareholders' Equity	(57,987)	(66,558)

2.1 Assets

As of December 31, 2011, THL and its subsidiaries commanded total assets of Baht 1,967.11 million, an increase of Baht 207.66 million more than the total at the end of 2010. This increase was detailed as follow;

- An increase in cash and cash equivalents of Baht 47.32 million from advance for purchasing inventory from a foreign customer.
- An increase in inventory of Baht 254.05 million from finish goods of copper concentrate which to delivery some goods to a foreign customer that already paid advance for purchasing inventory.
- A decrease in deferred expenditures of gold mining projects from amortization of Baht 39 million and an increase in exploration expenditures in new area of gold mining of Baht 1.36 million.

- Property plant and equipments decreased of Baht 58.42 million due to accumulated depreciation for the current year of Baht 76.34 million and the Company adopted new accounting standard regarding the estimated costs of dismantling removing restoring mine properties and residual ponds and removing any related assets and site restoration.

2.2 Liabilities

Total liabilities as at December 31, 2011 of Baht 2,025.09 million increased 10.90% from previous year the significant details as follow;

- The Company repay short-term loan from local bank of Baht 23.75 million.
- Increase in accrued land use fee for ALRO of Baht 87.05 million, from export gold dore and copper concentrate.
- Increase in accrued expenses of Baht 30.41 million from accrued of retirement compensation of Managing Director.
- Increase in advance for purchasing inventory from a foreign customer of Baht 90.49 million.
- Decrease in Long-term loan from local bank of Baht 112.44 million from repayment.
- Increase in Default loan of Baht 54.78 million due to increase in accrued interest on loan of USD 0.8 million and principal of loan increase by loss from exchange rate.
- Increase in Provision for estimated claims from breach of the contract of Baht 42.38 million due to loss from exchange rate.
- Decrease in Long-term loans from related parties of Baht 11.29 million
- Increase in Employee benefit obligation of Baht 17.16 million from adaptation new accounting standard.

2.3 Shareholders' Equity

Shareholders' equity as at December 31, 2011 had capital deficiency of Baht 57.99 million increase from previous year of Baht 8.57 million and due to in the current year, the Company and its subsidiaries adopted the revised and new financial reporting standards to the financial statements which had the effects on the financial statements.

3. Cash Flow

Cash flow for year ended December 31, 2011, the Company has net cash and cash equivalents increase from previous year THB 47.32 million.

3.1 Operating Activities

For the year ending on December 31, 2011, the Company and its subsidiaries had net cash flow from operating activities THB 254.60 million.

3.2 Investing Activities

THB 25.46 million of cash was used in investing activities for the year 2011, the details as follow;

- Purchased equipments of THB 27.22 million.
- Payment for exploration expenditures of gold mine of THB 1.36 million.

- Cash received from sale of fixed assets of THB 3.18 million.

3.3 Financing Activities

THB 181.76 million of cash was used in financing activities for the year 2011, the details as follow;

- Repay bank overdrafts and short-term loans from financial institutions of THB 23.75 million.
- Repay short-term loans from related parties of THB 11.62 million.
- Repay long-term loans from financial institutions of THB 113.86 million.
- Interest paid for long-term loans of THB 24 million.
- Paid for finance lease obligations of THB 8.44 million.

4. Financial Summary

As of December 31, 2011, the consolidated financial statements presented net profit for the year of Baht 23.53 million and net increase in cash and cash equivalents of Baht 47.32 million, but total current liabilities exceeded total current assets amount of Baht 1,322.53 million and a capital deficiency of Baht 57.99 million. These were caused by number of reasons, foremost of which were: the provisions for the damages claimed by the overseas bank, substantial delay in obtaining government approval of mining licenses, substantial government and royalty fees that exceeded the original concession agreements and a default of export contract. However, the Management believes that the financial statements prepared under the going concern basis assumption is appropriate because the Company and its subsidiaries have cash and cash equivalents, inventory and good assets such as land and investment property which could be realized to settle the debt and has the ability to continuously operate the business in the future. Moreover, the provision for estimated claimed of Baht 878.60 million is uncertain. The management will continue an application process for a new mining license (T-1-S) to improve operations and financial conditions.

In the current year, the Company and its subsidiaries adopt the revised and new financial reporting standards on the effective date, however the management is still considering the effect to the financial statements from the standards which are not effective on the current year in which year they are initially applied.

In 2012, the Company is subject to possible delisting and requires rehabilitation of its operations and financial conditions NC 1 (Non-Compliance 1) according to the SET's rules and regulations, the Company has decided to prepare a rehabilitation plan with the appointment of a financial advisor to propose to its shareholders and investors. The Company has to submit the rehabilitation progress report to the SET on a quarterly basis, or on the due date for submitting financial statement until the problems are solved.

10. Related Parties Transactions Entered Into By the Company

10.1 Necessary and Reason of Transaction

The connected transactions were continuations of financial assistance for the Company's working capital. Terms and conditions of transaction benefit the Company. For example, the Company pays interest charges at cost of borrowing rate to lender without any additional charge.

The transactions were re-approved by the Company's Board of Director, and reported to the Stock Exchange of Thailand (SET) following SET's regulations of connected transaction disclosure.

10.2 Policy of Connected Transaction Approval

The Company minimizes or avoids further financial assistance from connected and/or related parties. The transactions below provide the Company with credit facilities in case of unplanned working capital shortages to meet immediate financial commitments. Upon entering such transactions, controls are in effect pursuant to the Board of Director's resolution (meeting No. 2/2009, February 26, 2009) stating as follow:

10.2.1 On receiving or granting finance assistance transactions between related parties, do as follows concerning amounts and procedures for each transaction (Note: (1):

A) Between THB 1 M and THB 20 M; notify the SET immediately and obtain approval from the BOD.

B) THB 20 M (approximately USD 0.57 M) or more; notify the SET immediately, and obtain approval from the BOD and shareholders.

10.2.2 On purchasing goods or services, or entering into any kind of contracts or agreements, such as purchase, service, joint venture, or agent contract etc. do as follows concerning amounts and procedures (Note: (2):

C) Between THB 1 M. and THB 20 M (approximately USD 28,000 to USD 0.57 M.); notify the SET immediately. Also, BOD approval may be needed in certain cases, such as in transactions where the terms are not normal commercial terms (except in the lease of immovable assets where the lease period is not over 3 years), or in an asset/service transaction.

D) THB 20 M (approximately USD 0.57 M) or more; notify the SET immediately and obtain approval from BOD. Also, shareholders' approval may be needed in certain transactions such as in cases where the terms are not normal commercial terms, or in an asset/ service transaction.

(1) The amount is referred to in the financial statement and/or SET or SEC's announcement and can be changed as appropriate.

*(2) There is no need to inform or send the reports as mentioned above to the secretary if the transaction is an ordinary and normal business transaction with normal commercial term e.g. purchase of raw materials, purchase of supplies used in processing, purchase-selling inventories. **However, if the transaction is done between the related parties, normal commercial terms have to be applied**, otherwise the procedure- as in C) or D) above, must be applied regardless of the value involved.*

In the latter case, any involved parties must abstain from voting on the transaction(s); and said transaction(s) must be scrutinized by the Audit Committee and reported to the SET pursuant to SET regulations relating to the disclosure of related parties transactions.

10.3 Connected Parties

10.3.1 Loan from Sintana Holdings Limited, Sino Pac Development (Thailand) Limited and Mr. Ronald Ng Wai Choi with associated parties.

Tongkah Harbour Public Company Limited (THL)	Sintana Holdings Limited (SHL), Sino Pac Development (Thailand) (SPD), Mr. Ronald Ng Wai Choi with associated parties
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Transaction Type

SHL group advanced to THL short-term for working capital of gold mining operations in 2009. It was formalised as a long term loan in February 2010 and both parties agreed to roll-over the outstanding amount in November 2010.

Tongkah Harbour Public Company Limited (THL)	Sintana Holdings Limited (SHL), Sino Pac Development (Thailand) (SPD), Mr.Ronald Ng Wai Choi with associated parties
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Transaction Value & Criteria on Net Tangible Assets	The outstanding balance of short term loan as at December 31, 2011 amount Baht 56.8 million
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Reason for transaction	To extend the financial assistance rendered in support of THL group's working capital.
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Terms and conditions of transaction	<p>The roll-over was to maintain working capital for THL group.</p> <p>1) THL rolled-over the loan at 15% interest and 3% fee charge.</p> <p>2) First pledge on shares of Sea Minerals Ltd. 1,054,610 shares (par value THB 100.00)</p> <p>Second Pledge on shares of Sky Cliff Ltd. 314,454 shares (par value THB 100.00)</p> <p>The interest rate is based on the level of collateral and lax repayment schedule (no schedule for interest and principal repayment).</p>
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Scope of Connected Persons/ Relationships	<p>SHL is major shareholder of THL.</p> <p>Mr. Ronald Ng Wai Choi was THL's shareholder and directors of both THL and SHL at the time of the transaction.</p> <p>Per THL policy, these persons abstained from voting in connection with this transaction.</p>
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Tongkah Harbour Public Company Limited (THL)	Sintana Holdings Limited (SHL), Sino Pac Development (Thailand) (SPD), Mr.Ronald Ng Wai Choi with associated parties
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Transaction Transparency and approval process

This transaction was reported in THL's annual and quarterly financial statements and submitted quarterly to the SET. This transaction was reviewed by an external auditor, legal counsel, THL's Audit Committee, and Board of Directors who deemed the said transaction to be fair, reasonable, and in compliance with generally acceptable accounting procedures.

10.3.2 Compensation payment to Mr.Ronald Ng Wai Choi

Mr. Ronald Ng Wai Choi, Managing director of the Company had resigned on January 6, 2012. As of December 31, 2011, the Company had recorded the compensation payment to the managing director for the amount of Baht 6.08 million and Tungkum Limited recorded the compensation payment paid through Authong Enterprise Limited for the amount of Baht 19.53 million (Please see table in No.10.3.3). However, he has been invited to head the Company's Special Project Division and remains a Director and major shareholders of the Company.

10.3.3 Service agreement between TKL and AEL

Tungkum Limited (TKL)	Authong Enterprises Limited (AEL)
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Transaction Type

AEL provides services to TKL as follow:

- (1) To support TKL's geological and back-up for exploration
- (2) To advise on the plant processing facilities and expansion plans, hedging the companies' production and foreign currency
- (3) To introduce sources of overseas and local project financing and funding.
- (4) To help sourcing on suppliers i.e. for purchase of chemical products, and construction companies for the site preparation work.
- (5) To help expediting approval of TKL's applications for mining leases at each stage.
- (6) To introduce new investors to TKL for equity participation.

TKL pays monthly consult service fee to AEL

Transaction Value & Criteria on Net Tangible Assets

Services fee for year 2009 as follow:

- (1) Management fee Baht 4.68 million (monthly Baht 390,000)
- (2) Car Rental Baht 1.20 million (monthly Baht 100,000)
- (3) House Allowance Baht 0.696 million (monthly Baht 58,000)

Total Baht 6.576 million (monthly Baht 548,000)

This value represents less than 3% of the latest audited (30 June 2008) net tangible assets of THL as per the Stock Exchange of Thailand (SET)'s regulation (ref: BorJor: 52-2-01, clause 9 (1) and (2), page 122). The Transaction Value divided by THL's Net Tangible Assets derives a percentage of 0.66%.

AEL started service to TKL since August 1, 2008.

As of January 6, 2012, the agreement had terminated by retirement of the managing director. TKL has to pay compensation to AEL for the amount of Baht 19.53 million.

Tungkum Limited (TKL)**Authong Enterprises Limited (AEL)****Reason for Transaction**

Before that, SHL provided service to TKL

Then, THL and TKL agreed to have AEL replace SHL position in order to reduce the conflict of interest

The term and condition of the service fees was reasonable based on appropriateness and fairness.

Terms and Conditions of Transaction**Scope of Connected Persons/ Relationships**

Mr. R. Ng Wai Choi is a Managing Director and shareholder of THL but does neither hold shares nor being a director in AEL. However, he has controlled the TKL's management (THL hold shares 98.86% in TKL) and TKL pay AEL for the consultancy fee, and AEL pay the consultancy fees to him. Thus he is a related person who benefits from this transaction.

Transaction Transparency and approval process

This transaction was reported in THL's annual and quarterly financial statements and submitted quarterly to the SET. This transaction was reviewed by an external auditor, legal counsel, THL's Audit Committee, and Board of Directors who deemed the said transaction to be fair, reasonable, and in compliance with generally acceptable accounting procedures.

10.4 ONNECTED TRANSACTIONS WITHIN THE GROUP**10.4.1 Regular Commercial or Business-Supporting Items**

During the year, the following significant transactions were engaged in the normal course of business:

Transactions	Subsidiaries	2009 Value (Baht)	Necessity and Reason
Management Income	Sea Minerals	240,000.00	Prices were under agreement based on market competitiveness and reasonable conditions
Crushing Service	Cholsin	1,907,376.00	Prices were under agreement based on market competitiveness and reasonable conditions
Electricity	Cholsin	351,212.34	At cost, price comparable to the market prices

10.4.2 Property Leases

Subsidiaries	Tungkum Limited	Cholsin Limited	Sky Cliff Limited	Sea Minerals Limited
Rental Income (Baht)	1,200,000.00	660,000.00	0.00	60,000.00

The rates for such space leases were compatible with market rates.

10.4.3 Financial Assistance to Subsidiaries

The transactions within the Group relate mainly to inter-company loans from TongkahHarbour Public Company Limited to the subsidiaries. The terms of agreement between the parent entity and the subsidiaries are mainly as follows:

Transaction type : Long term loan

Reason for loan : To provide long term capital for the subsidiary's projects.

Terms : Interest charged on the average banking interest cost.

Disclosure : Reported to the SET and shareholders, quarterly and annually as incurred.

Approval Process : Reviewed by auditors, legal counsel, TongkahHarbour Public Company Limited's Audit Committee and Board of Directors who deemed said transaction to be fair, reasonable, and in compliance with generally acceptable accounting procedures.

Subsidiaries	Tungkum Limited	Cholsin Limited	Sky Cliff Limited	Sea Minerals Limited
Balance	Baht	Baht	Baht	Baht
31 Dec.2010				
Due from				
Principal		31,799,932.05	136,738,065.07	
Accrued interest	9,408,836.59	48,508,650.52	34,551,385.44	
Other receivable	15,681,318.87	4,121,717.51	11,305,056.91	1,114,567.93
Due to				
Principal	264,623,450.22			22,480,037.70
Accrued interest	4,366,559.96			2,764,182.62
Provision	9,408,836.59	79,154,637.43	0.00	0.00
Scope of Connected Persons/ Relationships	Share holders 98.94% Joint directors and shareholders	Share holders 72.10% Joint directors and shareholders	Share holders 75.00% Joint directors and shareholders	Share holders 99.99% Joint directors and shareholders

10.5 Future of Connected Transactions

The Company operates business based on Company benefit. Connected transactions with related companies or parties (financial assistance) will occur in significant circumstance. In future, the Company has no intent to do connected transactions, except where the Company encounters severe circumstances. However, the Company follows the policy of connected transaction approval as stated in clause 2.11.2 In addition, the Company will report connected transactions to SET.

11. Legal Disputation

1. Agricultural Land Reform Office (ALRO) Case.

The Regulations on fee rates for mining operations for the land use in ALRO areas were issued in year 1997 after the original Concession Agreement was signed. It was not included at the time of bidding. Said fees are divided into two parts: 1) 2% of the land price timed with the exploiting year and, 2) an amount equal to the royalty fees paid to DPIM.

Although THL disagreed with the payment of part 2 for land use in ALRO areas, THL had to sign the Land Use Agreement with ALRO on December 18, 2002 in order to proceed to obtaining the mining license and then submit to the Law Courts in protecting TKL's right pursuant to our mining concession.

We submitted the plaint for the cancellation of part 2 payments to the Administrative Court on September 12, 2008, and submitted a request for the prohibition of the ALRO order while TKL's case on the land-use fee payments is being considered. The Court accepted the plaint but discarded the prohibition request on September 25, 2008. Later on, ALRO testified to the Court and counter-claim the Company, ordered the Company to make payment for outstanding balance with interest.

On May 27, the Company submitted the opposing statement and an answer of Agricultural Land Reform Committee and ALRO and on September 9, 2009, the Company submitted additional answer to the Administrative Court that the Company has no outstanding balance with ALRO and reserve the right to collect principle and maximum interest rate which the Company had paid to ALRO.

Upon the case checking, on January 13, 2010, the Company found that, the Court's dismissed the ALRO's request for Mandatory Injunction to order TKL stop mining in ALRO's area because it does not seen that ALRO is seriously damaged.

On February 4, 2010, Khonkhen Administrative Court read the judgment to dismiss the ALRO's counter-claim and other relevant court's proceedings due to the following reasons.

1. ALRO does not have power to file the counter-claim.
2. According to Section 57 of Administrative Procedure Act, ALRO could use the administrative procedures to seize the asset and sell on the market to reimburse the unpaid land use fees.

However, the Court notes that ALRO should not use the power under Section 57 because the case is now under the Court's consideration.

On December 21, 2010, THL and TKL submitted the additional answer and amended the complaint to the Court.

The case was in the process of Court's gathering the evidence.

Later on, the Company had changed the lawyer to be Dr. Somsak Torugsa's Law Office and amended the complaint to the Court as follow;

1.1 Black case No. 251/2554 and Red case No. 63/2554, Udonthani Administrative Court, THL and 2 associates as Plaintiff and ALRO as 1st Defendant and 3 associates as Defendants.

Originally, the Complaint was filed at Khonkhen Administrative Court as Black case No. 371/2551 and Red case No. 127/2554. On May 4, 2011, Khonkhen Administrative Court transferred the case to Udonthani Administrative Court for further consideration. The Udonthani Administrative Court reissued the case number as a Black case No. 251/2554 and Red case No. 63/2554. The cases are under Udonthani Administrative Court consideration.

Later on, Udonthani Administrative Court dismissed the company's case. Dr. Somsak Torugsa's Law Office filed the appeal with the Court on June 30, 2011. The Udonthani Administrative Court accepted the appeal and sent the appeal to the Supreme Administrative Court for consideration on June 30, 2011. The appeal is now under the Supreme Administrative Court's consideration.

1.2 Black case No. 413/2554, Udonthani Administrative Court, the case between TKL as a Plaintiff and ALRO's Committee as a 1st Defendant and 2 associates as a Defendant.

Dr. Somsak Torugsa's Law Office by Dr. Somsak Torugsa filed a Complaint together with request of stay of execution and injunction to Central Administrative Court on July 5, 2011 as a Black case No. 1448/2554. Later on, the Central Administrative Court ordered to transfer the case to the Udonthani Administrative Court as Black case No. 413/2554 and the case is under Udonthani Administrative Court's consideration.

On September 29, 2011, The Udonthani Administrative Court investigated the request of stay of execution and injunction. On hearing date, Dr. Somsak and his team had prepared evidence and answer to the Court.

On October 14, 2011 The Udonthani Administrative Court has allow our request of stay of execution and injunction.

The Defendant submitted the request of extension for submission of answer, which will due on December 14, 2011.

On January 6, 2012, ALRO's Committee and Loei ALRO submitted the answer along with evidence. The Company received ALRO's answer on January 10, 2012. The Udonthani Administrative Court ordered the Company to submit the answer within 30 days upon January 10, 2012. On February 6, 2012, Dr. Somsak Torugsa's Law Office requested for extension for submission of answer for 30 days. The Court permitted the extension until March 9, 2012.

On February 24, 2012, the Company received copy of an appeal for stay of execution and injunction from Supreme Administrative Court. TKL must submit the answer and evidence to the Court within March 8, 2012. Dr. Somsak Torugsa's Law Office informed that they are in the process of gathering the information to present to the Court.

On February 29, 2012, Dr. Somsak Torugsa's Law Office submitted answer and evidence to Udonthani Administrative Court, and the case is under Udonthani Administrative Court's consideration.

2. Construction Cost Consultants Limited Partnership (CCC) case (Black Case no.2071/2548, Red Case No.2884/2549)

Construction Cost Consultants Limited Partnership (CCC) initiated legal action against Sky Cliff Limited, a subsidiary of the Company, in the Civil Court on 25 May 2005 for full payment of service fees amounting to Baht 491,531.24. Sky Cliff Limited rejected the claim stating that not all services had been rendered pursuant to agreement. However, the Civil Court ruled in favor of the CCC and ordered Sky Cliff to pay Baht 491,531.24, plus 7.5% of interest rate. Sky Cliff did not agree with the judgment and lodged an appeal to the Appellate Court on 11 October 2006.

On 19 September 2007, the Appeal Court and Civil Court summoned both parties to hear the court's decision on 20 November 2007. The Appeal Court ordered Sky Cliff Limited to put up a security with the court worth the same amount as specified by the Civil Court ruling, including interest calculated from the date of the ruling plus a year in advance (Approximately Baht 600,000). The Judge also made the next appointment for February 15, 2008 for the consideration of the security.

On February 15, 2008, the Appeal Court postponed the appointment for the consideration of the security to be on March 18, 2008. On that day, the Appeal Court permitted Sky Cliff Limited (SCL) to use land Title Deed No. 2615 at Bang Neaw Sub Districe, Muang District (Tungkah), Phuket Province, area of 1 Ngan 70 Wah where belong to TongkahHarbour Public Company Limited (THL) as a put down security to the Court for injunction. The Court next appointment would be within 15 days since March 18, 2008 for authorize THL's directors or the person who has the power of attorney to made a security contract with the Court and the Court will seized the land Title Deed as a security, otherwise, the Court will not permitted the injunction.

On 31 March 2008, SCL made a security contract with the Court whereby the Court was provided with the land Title Deed as a security for injunction during the Appeal Court's consideration process.

On May 26, 2011, the Appeal Court dismissed the case because the Plaintiff did not work according to assigned works. Therefore the Company requested the Appeal Court to release land title deed which put as a security to the Court. The Court granted as per request. On September 25, 2011, the Company received the appeal from the Supreme Court. The Company filed the answer to the Supreme Court on October 14, 2011. The case are in the Supreme Court's consideration.

3. Tai Chong Yih Court Case

I :Fact

On May 8, 2008, Mr. Bobby Tai Chong Yih, the Plaintiff, filed a plaint against TongkahHarbour Plc., the first Defendant; Sky Cliff Co., Ltd., the second Defendant; Sintana Holdings Co., Ltd., the third Defendant; Mr. Ronald Wai Choi NG, the fourth Defendant; Mr. John Peter Mills, the fifth Defendant; and Ms. MonthaKongkam, the sixth Defendant; on the grounds of a breach of the Joint Venture Agreement (JV). The Plaintiff requested that the Court order the first six defendants make paymentsamount of 349,399,623.03 Baht. The Court raised 4 topics to be discussed as follow;

1. Have the Plaint cover all topics?
2. Is the third Defendant a representative ofParon Holding Limited and Mr. Tan Chai Wah?
3. Are all six Defendants in default of Joint Venture Agreement?
4. Are all six Defendants havejoint liability to the Plaintiff? How?

On November 17, 2009, the Civil Court rules as follow;

1. The Plaint is not ambiguous.
2. The Third Defendant is Paron Holding Limited and Mr. Tan Chai Wah's representative, per the Plaintiff testimony.
3. The Court opined that Plaintiff and First & Third Defendant are willingly enteredinto the Joint Venture Agreement. Therefore, the termination of Joint Venture Agreement by First & Third Defendant was done in good faith, so cannot claim that all six Defendants are in default.
4. Do all six Defendants have joint liability and how much? The Court opined that even the Third Defendant act as a representative but the Third Defendant was the one who received the share's price. Therefore, the Third Defendant shall jointly liability as when terminated the agreement, the parties shall return to their own status. The First Defendant are parties in this agreement, therefore, shall jointly liable with Third Defendant. The Court ruled that TongkahHarbour PCL (THL) as Defendant No. 1 and Sintana Holding Limited as Defendant No. 3 shall jointly return the share's price of 36,500,000 Baht to the Plaintiff with the interest of 7.5% per annual since the date of receipt of payment until the payment is completed. Also, the Defendant no.1 and no.3 shall jointly pay the Court's fees calculated from the amounting claim which the Plaintiff won the case and specified the lawyer's fees in the amount of Baht 15,000. The Court, however, dismisses the claims against Sky Cliff Limited (Defendant no.2), Mr. Ronald Ng Wai Choi (Defendant no.4), Dr. John Peter Mills (Defendant no.5) and Ms. MonthaKongkum (Defendant no. 6). The Defendant nos.2, 4, 5, 6 shall not be responsible for cost of action. Other claims are dismissed.

However, the Company disagreed with the judgment because Defendant nos.1 is not the person who received payment from the Plaintiff and Defendant no. 3 is only a representative. Thus, on January 13, 2010, the Company submitted the appeal and petition requesting that the Court issue an order for a stay execution during appeal to the Appeal Court.

On February 1, 2011, the Court ordered for a stay of execution with condition that the Defendant no.1 and 3 to deposit the security equal to the payment given by the first court judgment by calculating an interest until February 1 plus next two years interest starting from February 1, 2011 within 30 days after receiving the order.

On February 28, 2011, put down TKL's shares certificate as security to the Civil Court for stay of execution value of 53,000,000 Baht. The next Court appointment for put down security consideration was on April 28, 2011 at 9.00 am.

On April 28, 2011, the Civil Court considered the security of THL which was the share certificate of TKL in the amount of Baht 53,000,000 for request of the stay from execution during the appeal. The Plaintiff's lawyer opposed such security by stating that the share's value might not in accordance with par value because of its loss in operation. In addition, the shares certificates are used as a security to the loan with Deutsch Bank. However, our lawyer replied to the Court that the shares had already paid up which the MOC certified and the shares were newly issued due to the capital increase and does not involve with the loan from DB. The share increase was approved by the shareholders and already registered with MOC. The Court considered and opined that share certificate, a security, may not be reliable and the Plaintiff opposed the value of the security and therefore ordered the Company to find the new security such as cash, land or bank guarantee equal to Baht 53 million to submit to the Court within June 3, 2011 otherwise it shall be deemed that the Company would not request the stay from the execution.

The Company therefore put down two title deeds of the office floor as security as follows:

- 1.1 No.415 room 252/252 7th Floor at Muang-Thai Phatra Office Tower, HuayKhwang, Bangkok, 10320 with the approximated area of 659.85 sq.m. and the estimated price is Baht15,176,550.
- 1.2 No.252/11 7th Floor at Muang-Thai Phatra Office Tower, HuayKhwang, Bangkok, 10320 with the approximated area of 1184.84 sq.m. and the estimated price is Baht40,284,560.

During we put down the 2 above title deeds we found that TCY has seized of the company's land in Phuket although the court granted the stay of execution. However our lawyer filed the request for the withdrawal of the seize of the said lands the court scheduled January 23, 2010 at 9.00 hrs. for consideration of our request.

On January 23, 2012, the Court had queried court staff regarding the withdrawal of security, East Tower and 3 plots of land at Phuket, whether there will be fee for seize security without auction or not. Unless Defendant and Plaintiff come to an agreement, by which Defendants will be responsible for the fee. If the Defendants would not withdraw the seized of security, the Plaintiff would be responsible for the fee.

Company lawyer stated that the land the Plaintiff had seized was mortgage to other person, which Defendant had fully paid but cannot withdraw. Therefore, the value of the put down security to the Court is sufficient for Civil Court, the Defendant requested for withdrawal of the put down security (Muang Thai Phatra Office), together with request for stay of execution.

Plaintiff's attorney stated that Defendants had no evident to support that the Defendants had already paid-up the debt and request for time extension to recheck the fact.

The Civil Court had considered and request Defendants' attorney to present document to Court on February 27, 2012 at 9.00 am.

The Civil Court considered the pay slip to Thanachart Bank which indicated that there is no outstanding balance and the Plaintiff's attorney has no objection on withdrawal of put down security and stay of execution. Therefore, the Civil Court ruled that the put down security was sufficient, so, the Court ordered to release Muang-Thai Phatra Office and stay of execution for East Tower apartment and 4 plot of land at Phuket. The Company will request for withdrawal of put down security.

II : The Civil Court, Black Case no. 5575/2552

On October 29, 2009, Otaione Strategic Co., Ltd by Mr. Tai Chong Yih filed the complaint against Sky Cliff Limited, the subsidiary company on the ground of breach of contract and requests the compensation in the amount of Baht 774,402.72. The Court scheduled December 14, 2009 for settlement of issue and examination of evidence by Plaintiff. However, Sky Cliff Limited will fight the case and confirm that Sky Cliff Limited has used the right of termination according to laws.

On December 14, 2009, the Court considered our petition regarding the extension period for filing the answer to another 30 days. The Court also postponed the settle of issues to February 8, 2010 at 9.00 a.m.

On January 13, 2010, the Company filed an answer with the Court. And on February 8, 2010, the Civil Court not ordered to specify the dispute issue because the issue is only to consider whether who is in the breach of the Agreement and his responsibility. Then, the Court schedules September 14 and 15, 2010 for examination of the Plaintiff' witnesses and schedules September 16 and 17, 2010 for the examination of witnesses.

On September 16 and 17, the examination of witness was not done and therefore the Court postponed the examination of witness to November 24, 2010.

On November 24, 2010, the examination of witness was done and the Court scheduled March 24, 2011 at 13.00 p.m. for the hearing of the judgment.

On May 3, 2011, the Court ordered the Defendant to compensate the Plaintiff in the amount of Baht 600,000 with interest of 7.5 percent commencing from December 26, 2007 until the payment is completed. The Defendant must repay the Plaintiff's court fees and lawyer fees of Baht 10,000.

On July 27, 2011, the Defendant filed an appeal to the Court and the case now is being considered by the Appeal Court.

Remark Legal Department recommend that to avoid the execution method we should deposit a security with the court in the amount with is not loss than the debt as mentioned in the judgment plus another 2 years interest.

4. Orica case

Civil Case at the Central Intellectual property and International Trade Court

On July 23, 2010, Orica Australia PTY Ltd. filed the complaint against TKL to the Central Intellectual property and International Trade Court on the ground of the breach of the Sale and Purchase Contract by requesting the payment of the products and its interest totaling Baht 18,752,852.21. The Company later filed the petition to the Court to dismiss the case reasoning the Plaintiff filed the complaint with the wrong court. However, the Court dismissed our petition.

On October 18, 2010, the Company, however, filed appeal to the Supreme Court. Now the Case is now under the Supreme Court's consideration.

On September 7, 2011, TKL entered into Settlement Agreement with Orica Australia PTY Ltd. The Company would pay an outstanding sum with two payments. Two payments have been made. On Orica withdrew the case.

5. Civil Case at Republic of the Philippines

On April 17, 2009, THL and Tungsum Limited ("TKL") filed in the Regional Trial Court in the Philippines a civil complaint against ("CRPI") and ("CRL") and their common directors, Kwa Boo Leong, George M. Osborne and Jeffrey W. Aucott.

The complaint seeks to recover from all defendants certain amounts (US\$580,000 and GBP50,000) advanced by THL and TKL to CRPI and CRL, plus interest, damages, attorney's fees, and costs of the suit. In the complaint, THL and TKL asked the court to attach the properties of the defendants to secure any judgment that they may obtain against the defendants and to annul any sale or disposition by defendants of any of their properties done in fraud of creditors.

However, on December 23, 2009, the Philippines Court opined that the case lacks a cause of action and, therefore, resolved to dismiss the case. The Company filed the Motion of Reconsideration on January 11, 2010. The Motion is now under the Court's consideration. However, since we filed a motion for reconsideration of the dismissal of the case. Pending resolution by the court of our motion for consideration, the dismissal of the case and the discharge of the attachment is not yet final.

On March 15, 2010, the Court denied our motion for reconsideration of the decision dismissing THL's complaint and lifting of the attachment. On March 27, 2010, the Company filed the appeal to Court of Appeals and now the Company are awaiting orders from the Court of Appeals to file our briefs.

6. Legal case with Deutsch Bank (DB) in London

On February 17, 2011, DB submitted a complaint to the High Court of Justice, Queen's Bench Division, Commercial Court against TKL, the subsidiary company, by claiming that TKL failed to pay the principal and interest due to the Facility Agreement dated April 18, 2008 when due and demanded on December 3, 2010. DB claims:

- (a) Payment of the USD16,382,978.72 of principal due on the Facility Agreement;
- (b) Payment of USD 169,297.31 of interest accrued from November 2010 up to and including February 17, 2011.
- (c) Interest from February 18, 2011 to judgment due on the Facility Agreement at the variable rate, currently being an annual rate of 4.71 percent giving a daily rate of USD 2,160.50 and
- (d) Payment of a DB's costs incurred as a result of the Event of Default on the Facility Agreement and of TKL's failure to pay sum due when demanded which yet to be quantified.

DB filed a case against THL as a guarantor to the Facility Agreement by claiming the whole amount as mention above.

On February 21, 2011, TKL received a letter from SNR Denton UK LLP acting for a DB, requesting for the Arbitration before the London Court of International Arbitration (“LCIA”) between DB, London Branch and TKL on the Agreement headed “Export Contract” dated April 18, 2008, made between TKL and DB, London Branch.

On August 24, 2011, High Court of Justice, Queen’s Bench Division, Commercial Court ordered to suspend the Court consideration due to awaiting an opinion by Arbitration.

Audit Committee's report

Dear Shareholders,

The Audit Committee assists the Board of Directors of Tongkah Harbour Public Company Limited in carrying out its responsibilities in relation to financial reporting requirements to ensure that these meet SET and other pertinent government standards and regulations; risk management; and the assessment of internal controls. The Audit Committee also reviews the effectiveness of the Company's internal audit function and manages the Company's relationship with the External Auditors.

In year 2011, The Audit Committee saw the departure of Mr. Krittapas Kanikanant as Chairman in late October and the resignation of Mr. Pramote Bunsit as member also in late October of 2011. In November 2011, the Audit Committee is composed of three independent directors: Mr. Reywat Floro as Chairman, Dr. Wichai Cherdshewasart and Mr. Bundit Sangsareethum as members.

The Audit Committee in 2011, held nine (9) formal meetings to effectively and responsibly carry out its duties. Each of these formal meetings was preceded by a working group meeting to discuss and thresh out relevant matters effecting financial disclosures in the interim and annual financial reports. By invitation of the Chairman of the Audit Committee, the Managing Director, Executive Directors and other executive officers including the Accounting and Treasury Officers, In-House Legal Officers and the Internal Auditor also attended the working group and formal Audit Committee meetings. The External auditors also attended meetings in connection with the presentation of the audited quarterly and yearend financial reports.

The Audit Committee has reviewed and discussed the audited 2011 financial reports with the External Auditors on major areas affecting the Company's operations, namely:

1. The Agricultural Land Reform Office (ALRO) civil case remained unresolved in 2011 and Tungkom Limited continue to accrue land usage fees claim in the books. The accrual of 15 million Baht in 2011 brought about a total accumulated accrual of approximately 216 million Baht.
2. The case with the Foreign Bank remained unresolved although progress has been made in 2011. The related legal cost of approximately 40 million Baht.
3. The one time retirement pay of around 24 million Baht to the retiring Managing Director of the Company incurred in 2011.
4. The delay in the shipment of the copper in December 2011 resulted in the lower revenue of approximately 90 million Baht.
5. The substantial delay in obtaining government approval of new mining licenses and continues to pay substantial government fees and royalties that have exceeded those prevailing at the commencement of the concession agreement.
6. The losses on Foreign Exchange in both the outstanding loan and claim from Foreign Bank amounted to approximately 67 million Baht in 2011. However, the losses are mostly recovered in the early part of 2012 when the US Dollars weaken against the Thai Baht.

The Audit Committee is also aware and keeping a close watch of the following developments in the year 2011:

1. In lieu of the series of events that resulted into a negative Equity of the Company, Tongkah Harbour Public Company Limited is required to perform a Rehabilitation process.

2. The Company was reported to SEC for non-compliance and was required to undergo a Special Audit by an Independent and accredited auditors in the top 4 of the industry.

The financial statements for the year ended 31 December 2011 were prepared by the management and audited externally by the appointed auditing firm of A.M.T. & Associates. Upon review of these financial statements and other activities of the company for the year 2011, the audit Committee concurred with the findings.

The planned activities of the Audit Committee for 2012 will be to re- establish and develop an effective internal audit program to ensure proper and appropriate internal control systems and procedures that will safeguard assets and enhance risk management in key areas of the companies' operations.

Up to this writing, the appointment of an External Auditor to conduct the audit of financial statement for the year ended December 31, 2012 is still uncertain. The continues internal and external factors prevented most of the 27 SEC accredited External Auditor to response negatively.



Mr. Reywat Floro

Independent Director and Chairman of the audit Committee,

Bangkok: March 12, 2012

TONGKAH HARBOUR PUBLIC COMPANY LIMITED

AND ITS SUBSIDIARIES

THAILAND

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

AND

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS' REPORT

EXPRESSED IN

THAI BAHT

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS' REPORT

To The Shareholders and Board of Directors of Tongkah Harbour Public Company Limited

(1) I have audited the consolidated statements of financial position of Tongkah Harbour Public Company Limited and its subsidiaries as of December 31, 2011 and 2010, the related consolidated statements of changes in shareholders' equity, comprehensive income and cash flows for the years then ended. I have also audited the Company's financial statements for the same periods of Tongkah Harbour Public Company Limited. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audit.

(2) I conducted my audits 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 audits provide a reasonable basis for my opinion.

(3) In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tongkah Harbour Public Company Limited and its subsidiaries and of Tongkah Harbour Public Company Limited as of December 31, 2011 and 2010, the results of their operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

Without qualifying my opinion, I draw attention regarding various matters as follows:

(4) As described in note No. 1.5.1 to the financial statements stated that in the current year, the Company and its subsidiaries have applied certain newly issued and revised financial reporting standards which are relevant to the Company and its subsidiaries. Accordingly, the comparative consolidated financial statements and separate financial statements for the year ended December 31, 2010 have been restated and presented in accordance with the financial statements for the year ended December 31, 2011. In my audit, the adjustments made to the financial statement for the year ended December 31, 2010 are appropriate and have been properly applied.

(5) As described in note No. 1.7 to the financial statements, As of December 31, 2011, the consolidated financial statements and separate financial statements have presented total current liabilities in exceed of total current assets amounting to Baht 1,322.53 million and Baht 347.49 million, respectively and a capital deficiency of Baht 57.99 million and Baht 126.38 million, respectively. However, these financial statements have been prepared on the basis that the Company and its subsidiaries is a going concern basis and that the conversion of the assets and the payment of liabilities are under the normal operations.

(6) As described in note No. 13 to the financial statements, in year 2008 the Company and Tungsum Limited (a subsidiary) had advanced cash totaling Baht 20.72 million (USD 580,000 and GBP 50,000) to Coral Resources Limited (CRL). In April 2009, the Company and a subsidiary had filed a civil court case in Philippines against CRL and its two Philippines subsidiaries as well as against three key directors of the Coral group, to recover the advances by attach the properties of the defendants and to annul any sale or disposition of their properties to secure judgment. Also in September 2009, CRL has been under liquidation and the Company has been given first refusal to acquire the shares of the CRL subsidiaries. However, the company and the appointed liquidator were unable to agree on the term of the share acquisition offer. On December 23, 2009, the Philippines Court resolved to dismiss the cases. Therefore, on January 11, 2010, the Company filed the Motion of Reconsideration for the Court reconsideration. In year 2009, the Company, however, had fully provided allowance for doubtful on the advances.

(7) As described in note No. 33.3 to the financial statements, On December 19, 2007, the Agricultural Land Reform Office, Loei Province (ALRO) gave notice Tungsum Limited (a subsidiary) to pay land usage fees for the period of January to November 2007 amounting to Baht 14.56 million. Tungsum Limited is of the opinion that the charges are unreasonably high and unfair. On September 12, 2008, Tungsum Limited submitted a plaint to the Administrative Court to cancel the demand for payment. On September 25, 2008, the Court accepted the plaint. ALRO responded by presenting arguments to the Court why Tungsum Limited must pay the outstanding fees with interest. On May 27, 2009, Tungsum Limited submitted a counter statement against the response of Agricultural Land Reform Committee and ALRO. On September 9, 2009, Tungsum Limited submitted additional information to the Court by testifying that Tungsum Limited does not have any outstanding payments due to ALRO instead it was presenting its right to obtain repayment of fees already paid, including interest. On January 13, 2010, Tungsum Limited found that ALRO requested the Administrative Court for a Mandatory Injunction to order Tungsum Limited to stop mining in ALRO's area. Later, the Court's dismissed the ALRO's request because it does not seem that ALRO has suffered any serious damages. On May 4, 2011, Khonkan Administrative Court transferred the Company's case to the Udon Thani Administrative Court for further consideration. On May 9, 2011 Tungsum Limited received the letter from the ALRO's officer terminating consent for the land use and request Tungsum Limited to remove the staff and building from ALRO land within 60 days commencing from the receiving date. On May 30, 2011, Tungsum Limited received the letter from the Department of Primary Industries and Mines (DPIM) informing Tungsum Limited to cease the mining in ALRO areas. Later, the Udon Thani Administrative Court denied indictment for consideration. However, the Company filed the appeal to the Udon Thani Administrative Court. On June 30, 2011, the Udon Thani Administrative Court accepted the appeal and transferred to the Supreme Administrative Court on July 19, 2011. The case is now under the consideration of the Supreme Administrative Court. On July 5, 2011, Tungsum Limited filed a complaint with the Central Administrative Court to withdraw Loei ALRO's order, together with the submission of petition for stay of execution and injunctions. Later, the Central Administrative Court ordered the transfer of the Case to the Udon Thani Administrative Court. The case is now under the Court's consideration. On October 14, 2011, Udon Thani Administrative Court granted the temporary injunction for the land use until the court gives judgment or order. Thus ALRO's termination of consent for land use will therefore not affect Tungsum Limited's operations and Tungsum Limited can operate as usual.

(8) As described in note No. 33.10 to the financial statements, On May 8, 2008, the Company, Sky Cliff Limited (a subsidiary) and Sintana Holdings Limited (a related company) were sued for breach of the joint venture agreement to develop the Sky Cliff real estate project. On November 17, 2009, the Civil Court dismissed the claim against Sky Cliff Limited but ruled that the Company and Sintana Holdings Limited shall jointly return the share purchase price paid by the Plaintiff of Baht 36.5 million with interest. However, the Company disagreed with the judgment because the company did not receive any payment from the Plaintiff and Sintana Holdings Limited acted only as an agent for the transaction. Thus, on January 13, 2010, the Company submitted an appeal and petition requesting that the Court issue a stay of execution of the Court's order pending the results of the Appeal Court. On

February 1, 2011, the Court ordered the Company and the related company to deposit the security equal to the payment given by the Primary Court judgment within 30 days after receiving the order. On June 3, 2011, the Company therefore put down two title deeds of the Company's office 7th floor at Muang - Thai Phatra Office Tower estimated price of Baht 55.46 million as a security. During the Company put down the above two title deeds the Company found that the plaintiff has seized the 4 plots of Company's land in Phuket and East tower condominium of Sintana Holdings Limited. The Company filed the request for the withdrawal of security and request for stay of execution. On February 27, 2012 the Court permit to withdraw the put down security, two title deeds of the office 7th floor at Muang-Thai Phatra Office Tower and permit for stay of execution of the East Tower condominium and 4 plots of land at Phuket.

(9) As described in note No. 33.10 to the financial statements, the Company put down the title deeds of the Company's office 7th floor at Muang - Thai Phatra Office Tower as security to the Court. This was ratified by the Company's board of director but the minutes not have authorized sign.

(10) Mr. Ronald Ng Wai Choi, Managing director of the Company had resigned on January 6, 2012. As of December 31, 2011, the Company had recorded the compensation payment to the managing director for the amount of Baht 6.08 million and Tungkum Limited recorded the compensation payment paid through Authong Enterprise Limited for the amount of Baht 19.53 million (as stated in the note No. 35 to financial statement).

(11) As described in note No. 1.6.4 to the financial statements, that as the Company submitted to the Stock Exchange of Thailand (SET) its annual financial statements for the year ended December 31, 2010 presented negative valuation on shareholders' equity. The Company's securities were therefore announced, according to the SET's rules as facing possible delisting. However on January 6, 2012, the Company has informed the SET that the Company has decided to prepare a rehabilitation plan with the appointment of a financial advisor to propose to its shareholder and investors. On January 9, 2012, the SET has allowed to trade the Company's security from January 9, 2012 to February 7, 2012 and the SET will maintain the SP (Suspension) sign on the Company's security to prohibit the trading from February 8, 2012 until the Company has succeeded in solving a trouble of financial conditions and operations in respect with the SET's rules.

(NATSARAK SAROCHANUNJEEN)

Certified Public Accountant

Registration No. 4563

A.M.T. & ASSOCIATES

Bangkok, Thailand

February 28, 2012

TONGKAH HARBOUR PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2011 AND 2010

		Thousand Baht			
		Consolidated financial statements		Separate financial statements	
	Note	2011	2010	2011	2010
			(Restated)		(Restated)
<u>ASSETS</u>					
CURRENT ASSETS					
Cash and cash equivalents	5	106,021	58,698	968	3,736
Trade receivables	6	29,790	26,370	2,838	545
Other receivables		15,616	20,572	1,284	1,276
Short - term loans to related party	4	647	697	-	-
Inventories, net	7	404,505	150,459	3,758	10,602
Other current assets					
- Deposit over estimate gold royalty fee - DPIM	8	618	-	-	-
- Input tax refundable		15,061	9,712	2,321	2,341
- Other		6,701	4,939	-	18
TOTAL CURRENT ASSETS		578,959	271,447	11,169	18,518
NON - CURRENT ASSETS					
Investments in subsidiaries, net	9, 19 and 21	-	-	252,509	257,030
Long - term investments					
- Bank deposits pledged as collateral	10, 19 and 23	3,955	3,852	1,982	1,959
Deferred expenditures of projects, net					
- Andesite mining	11	8,851	9,844	8,851	9,844
- Gold mining	12	183,039	220,676	-	-
Long - term loans to related parties, net	4	1,868	1,543	206,534	185,140
Advance to other company, net	13	-	-	-	-
Investment property	14	491,726	491,726	-	-
Property, plant and equipment, net	15, 19 and 21	676,153	734,571	91,416	94,433
Intangibla assets, net	16	916	1,112	431	534
Advance payment for purchase of land					
- andesite mining project	17 and 19	17,687	17,687	17,687	17,687
Goodwill		594	594	-	-
Other non - current assets	18	3,360	6,394	191	424
TOTAL NON - CURRENT ASSETS		1,388,149	1,487,999	579,601	567,051
TOTAL ASSETS		1,967,108	1,759,446	590,770	585,569

The accompanying notes to financial statements are an integral part of these statements.

DIRECTOR

DIRECTOR

TONGKAH HARBOUR PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION (Continued)
AS OF DECEMBER 31, 2011 AND 2010

		Thousand Baht			
		Consolidated financial statements		Separate financial statements	
Note		2011	2010	2011	2010
			(Restated)		(Restated)
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Bank overdrafts and short - term loans from financial institution	15 and 19	24,980	48,730	24,980	48,730
Trade payables - related party	4	-	-	4,932	4,996
- other parties		51,511	44,036	386	86
Other payables	20	356,690	149,643	8,178	5,127
Current portion of long - term loans	21	-	112,444	-	112,444
Current portion of finance lease obligations	22	8,372	8,357	460	584
Default loan	23	547,802	493,017	-	-
Short - term loans from related parties	4	26,605	429	6,333	-
Provision for estimated claims from breach of the contract	23	878,604	836,219	-	-
Provision for guarantee of subsidiaries debts	23	-	-	312,062	422,252
Other current liabilities					
- Deposit under estimate gold royalty fee - DPIM	8	-	7,674	-	-
- Other		6,929	5,952	1,330	1,258
TOTAL CURRENT LIABILITIES		1,901,493	1,706,501	358,661	595,477
NON - CURRENT LIABILITIES					
Long - term loans from related parties	4	56,800	68,095	351,034	122,173
Finance lease obligations	22	10,636	12,542	83	626
Employee benefit obligation	24	17,159	-	7,117	-
Provision for dismantling, removing and restoring	25	33,177	32,043	-	-
Provision for environmental restoration expenses	25	5,830	6,823	250	250
TOTAL NON - CURRENT LIABILITIES		123,602	119,503	358,484	123,049
TOTAL LIABILITIES		2,025,095	1,826,004	717,145	718,526
SHAREHOLDERS' EQUITY					
Share capital	26				
Authorized share capital					
756,939,463 ordinary shares of Baht 1 each		756,940	756,940	756,940	756,940
Issued and fully paid - up share capital		756,940	756,940	756,940	756,940
Premium on common stocks, net		358,607	358,607	358,607	358,607
Deficit from change in equity interest of subsidiary		(4,450)	(4,450)	-	-
Retained earnings (deficit)					
Unappropriated		(1,242,669)	(1,249,251)	(1,241,922)	(1,248,504)
Total Equity of Parent Company's Shareholders		(131,572)	(138,154)	(126,375)	(132,957)
Non - controlling interests		73,585	71,596	-	-
TOTAL SHAREHOLDERS' EQUITY (CAPITAL DEFICIENCY)	1.7	(57,987)	(66,558)	(126,375)	(132,957)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,967,108	1,759,446	590,770	585,569

The accompanying notes to financial statements are an integral part of these statements.

DIRECTOR

DIRECTOR

TONGKAH HARBOUR PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGE IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Thousand Baht							
Consolidated financial statements							
Equity holder of parent company							
Note	Issued and fully paid - up share capital	Premium on common stocks, net	Deficit from change in equity interest of subsidiary	Retained earnings (deficit)	Total equity attributable to the parent's shareholders	Non - controlling interests	Total
Beginning balance of year 2010	756,940	358,607	(4,450)	(386,412)	724,685	81,927	806,612
Restrospective adjustments from the changes in accounting policy	3	-	-	(10,356)	(10,356)	-	(10,356)
Beginning balance of year 2010 after adjustment	756,940	358,607	(4,450)	(396,768)	714,329	81,927	796,256
Total comprehensive income (loss) for the year	-	-	-	(852,483)	(852,483)	(10,331)	(862,814)
End balance of year 2010	756,940	358,607	(4,450)	(1,249,251)	(138,154)	71,596	(66,558)
Effect of changes in accounting policy	3	-	-	(14,955)	(14,955)	-	(14,955)
End balance of year 2010 after adjustment	756,940	358,607	(4,450)	(1,264,206)	(153,109)	71,596	(81,513)
Total comprehensive income (loss) for the year	-	-	-	21,537	21,537	1,989	23,526
End balance of year 2011	756,940	358,607	(4,450)	(1,242,669)	(131,572)	73,585	(57,987)

The accompanying notes to financial statements are an integral part of these statements.

TONGKAH HARBOUR PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGE IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

		Thousand Baht			
		Separate financial statements			
	Note	Issued and fully paid - up share capital	Premium on common stocks, net	Retained earnings (deficit)	Total
Beginning balance of year 2010		756,940	358,607	(385,665)	729,882
Restrospective adjustments from the changes in accounting policy	3	-	-	(10,356)	(10,356)
Beginning balance of year 2010 after adjustment		756,940	358,607	(396,021)	719,526
Total comprehensive income (loss) for the year		-	-	(852,483)	(852,483)
End balance of year 2010		756,940	358,607	(1,248,504)	(132,957)
Effect of changes in accounting policy	3	-	-	(14,955)	(14,955)
End balance of year 2010 after adjustment		756,940	358,607	(1,263,459)	(147,912)
Total comprehensive income (loss) for the year		-	-	21,537	21,537
End balance of year 2011		756,940	358,607	(1,241,922)	(126,375)

The accompanying notes to financial statements are an integral part of these statements.

TONGKAH HARBOUR PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

		Thousand Baht			
		Consolidated financial statements		Separate financial statements	
	Note	2011	2010	2011	2010
			(Restated)		(Restated)
REVENUES					
Revenue from the sale of					
- Andesite sales		13,270	5,608	13,270	5,608
- Gold sales		922,430	837,182	-	-
- Copper sales		134,703	109,489	-	-
Gain on exchange rate	29	-	50,495	14	37
Reversal doubtful debts		-	-	54,252	-
Reversal loss on decline in value of inventory		13,910	-	2,885	-
Reversal loss for guarantee of subsidiaries debt		-	-	117,359	-
Other income					
- Interest income	4	343	177	5,203	14,746
- Other	4	14,596	5,301	5,629	2,708
TOTAL REVENUES	27	<u>1,099,252</u>	<u>1,008,252</u>	<u>198,612</u>	<u>23,099</u>
EXPENSES					
Cost of the sales of					
- Cost of andesite sales	4	11,668	5,288	12,393	4,746
- Cost of gold and copper sales		484,499	467,281	-	-
Selling expenses		223,346	210,668	4,727	4,033
Administrative expenses	4	196,149	116,793	56,904	52,586
Loss on exchange rate	29	65,544	-	-	-
Doubtful debts		26	-	-	33,844
Adjustment for increase in impairment on investment in subsidiaries		-	-	76,521	347,145
Amortization on exploration expenditures of gold mining project	12	38,999	25,930	-	-
Loss on decline in value of inventory	7	-	15,461	-	1,428
Estimated loss for guarantee of subsidiaries debts		-	-	-	411,896
Incurred compensation for shortfall of gold delivered	23	-	134,491	-	-
Estimated claims from breach of the contract	23	-	836,219	-	-
Finance costs	4	55,495	58,935	26,530	19,904
TOTAL EXPENSES	28	<u>1,075,726</u>	<u>1,871,066</u>	<u>177,075</u>	<u>875,582</u>
PROFIT (LOSS) FOR THE YEARS		<u>23,526</u>	<u>(862,814)</u>	<u>21,537</u>	<u>(852,483)</u>
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEARS		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEARS		<u>23,526</u>	<u>(862,814)</u>	<u>21,537</u>	<u>(852,483)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO :					
EQUITY HOLDERS OF THE PARENT		21,537	(852,483)	21,537	(852,483)
NON - CONTROLLING INTERESTS		1,989	(10,331)	-	-
		<u>23,526</u>	<u>(862,814)</u>	<u>21,537</u>	<u>(852,483)</u>
BASIC EARNINGS (LOSS) PER SHARE (BAHT PER SHARE)					
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		<u>0.03</u>	<u>(1.13)</u>	<u>0.03</u>	<u>(1.13)</u>
THE WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES (THOUSAND SHARES)					
		<u>756,940</u>	<u>756,940</u>	<u>756,940</u>	<u>756,940</u>

The accompanying notes to financial statements are an integral part of these statements.

TONGKAH HARBOUR PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOW
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
		(Restated)		(Restated)
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit (loss)	23,526	(862,814)	21,537	(852,483)
Adjustment to reconcile net loss to net cash inflow (outflow)				
from operating activities :-				
Depreciation and amortization	99,009	106,246	6,713	6,700
Doubtful debts (reversal)	-	-	(54,252)	33,844
Amortization on expenditures of andesite mining project	993	992	-	992
Amortization on exploration expenditures of gold mining project	38,999	25,930	-	-
Loss on in impairment on investment in subsidiaries	-	-	76,521	347,145
Estimated loss for guarantee of subsidiaries debts (reversal)	-	-	(117,359)	411,896
Loss on decline in value of inventory (reversal)	(13,910)	15,461	(2,285)	1,428
Loss (gain) on sale fixed assets and intangible assets	(2,508)	(302)	(84)	-
Unrealised loss (gain) on exchange rate	48,416	(6,966)	(14)	(37)
Estimated claims from breach of the contract	-	836,219	-	-
Disposal of fixed assets	2,204	-	(670)	-
Interest income	(343)	(177)	(5,203)	(14,746)
Interest expenses	50,192	52,290	26,530	17,411
	246,578	166,879	(48,566)	(47,850)
<u>Decrease (increase) in operating assets :-</u>				
Trade accounts receivable	169	(5,363)	(2,293)	1,227
Short - term advances to related parties	50	-	-	-
Advance payment	-	(11,466)	-	-
Inventories, net	(240,136)	(32,995)	9,129	1,089
Other current assets	(2,416)	12,688	44	1,323
Other non - current assets	2,922	151	215	(2)
<u>Increase (decrease) in operating liabilities :-</u>				
Trade payables - related party	-	-	(64)	2,428
Trade payables - other parties	6,912	(39,391)	300	(131)
Other current liabilities	241,513	79,943	2,810	(506)
Other non - current liabilities	(993)	-	-	-
Income tax paid	-	-	-	-
Interest paid for short - term loans	-	(2,782)	-	(97)
Net cash inflow (outflow) from operating activities	254,599	167,664	(38,425)	(42,519)

The accompanying notes to financial statements are an integral part of these statements.

DIRECTOR

DIRECTOR

TONGKAH HARBOUR PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOW (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	Note	Thousand Baht			
		Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
		(Restated)	(Restated)		
CASH FLOWS FROM INVESTING ACTIVITIES					
Decrease (increase) in investment in subsidiaries		-	-	(72,000)	(144,000)
Decrease (increase) in long - term investment - bank deposits pledged as collateral		(77)	168,489	(23)	3,256
Decrease (increase) in long - term loans to related parties		-	-	38,062	139,245
Payment for expenditures of gold mining projects		(1,361)	(8,968)	-	-
Payment for purchases property, plant and equipment		(27,223)	(24,320)	(297)	(365)
Payment for purchases intangible assets		20	(672)	-	-
Proceeds from sales fixed assets		3,178	2,000	84	-
Interest received		-	177	-	52
Net cash inflow (outflow) from investing activities		(25,463)	136,706	(34,174)	(1,812)
CASH FLOWS FROM FINANCING ACTIVITIES					
Increase (decrease) in bank overdrafts and short - term loans from financial institutions		(23,750)	833	(23,750)	834
Increase (decrease) in short - term loans from related parties		(80)	(86,234)	-	(189)
Increase (decrease) in long - term loans from related parties		(11,620)	68,390	228,861	97,010
Increase (decrease) in long - term loans		(113,859)	(207,090)	(114,729)	(33,816)
Increase (decrease) in finance lease obligations		(8,441)	(13,143)	(668)	(609)
Interest paid for long - term loans		(24,008)	(47,914)	(19,883)	(16,360)
Net cash inflow (outflow) from financing activities		(181,758)	(285,158)	69,831	46,870
EFFECT OF EXCHANGE RATE CHANGE ON CASH AND CASH EQUIVALENT					
		(55)	1,033	-	-
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, NET		47,323	20,245	(2,768)	2,539
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		58,698	38,453	3,736	1,197
CASH AND CASH EQUIVALENTS AT END OF YEAR	4	106,021	58,698	968	3,736

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The accompanying notes to financial statements are an integral part of these statements.

Tongkah Harbour PCL

DIRECTOR

DIRECTOR

The transactions with related parties for the years ended December 31, 2011 and 2010 are as follows :

	Thousand Baht				Transfer Pricing policies
	Consolidated financial statements		Separate financial statements		
	2011	2010	2011	2010	
<u>Transactions with subsidiary companies :-</u>					
(eliminated from the consolidated financial statements)					
Interest income	-	-	5,187	14,686	Average actual cost of funds provided
Rental income	-	-	1,920	1,920	} At cost, contract price
Management income	-	-	240	240	
Interest expenses	-	-	4,986	659	Average actual cost of funds provided
Crushing cost	-	-	1,901	2,708	Baht 45 per ton
Electricity	-	-	327	389	At cost, price comparable to the market prices
Sales of fixed assets	-	-	-	1,789	At the rate agreed upon by the management
<u>Transactions with related companies :-</u>					
Management fee	6,296	6,576	-	-	At cost, contract price
Consulting fee	445	445	-	-	At the rate agreed upon by the management
Interest expenses	11,071	12,425	11,071	295	Minimum Overdraft Rate of a local bank + 1%

MANAGEMENT BENEFIT EXPENSES

“Management benefit expenses” consist of salary, bonus and other benefits of directors and the group management.

Management benefit expenses for the years ended December 31, 2011 and 2010 are as follows :

Description	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Management benefit expenses	22,048	26,897	10,262	12,002
<u>Less</u> Include in cost of the sales	(2,673)	(9,546)	-	-
	19,375	17,351	10,262	12,002

DIRECTOR

DIRECTOR

14. INVESTMENT PROPERTY

The movement during the year ended December 31, 2011 are as follows

	Thousand Baht		
	Consolidated financial statements		
	Land	Work in progress	Total
As of December 31, 2010			
- at cost	78,996	83,156	162,152
- incremental appraisal value	329,574	-	329,574
Total			491,726
Increase (Decrease)			
- at cost	-	-	-
- incremental appraisal value	-	-	-
As of December 31, 2011			
- at cost	78,996	83,156	162,152
- incremental appraisal value	329,574	-	329,574
Total			491,726

The appraisal value of the land which appraised by 2 independent valuers are as follows :

- Appraised land only on December 27, 2010 amounted to Baht 517.50 million.
- Appraised land include bored pile which included in work in progress on December 23, 2010 amounted to Baht 642.40 million

15. PROPERTY, PLANT AND EQUIPMENT, NET

	Thousand Baht									
	Consolidated financial statements									
	Land	Land improvement	Building and building improvement	Furniture and office equipment	Machinery and equipment	Vehicles	Cost of dismantling, removing and restoring	Other	Work in progress and machinery in progress	Total
Cost or appraisal value										
As of December 31, 2010 (Restated)	61,567	98,270	90,193	17,795	716,723	141,651	26,928	49,934	225	1,203,286
Increase	-	3,202	18	1,238	18,689	195	-	428	2,071	25,841
Decrease	-	-	-	(22)	-	(7,900)	-	-	-	(7,922)
Transfer	-	-	-	-	2,183	-	-	-	(2,183)	-
As of December 31, 2011	61,567	101,472	90,211	19,011	737,595	133,946	26,928	50,362	113	1,221,205
Accumulated depreciation										
As of December 31, 2010 (Restated)	-	(39,809)	(33,466)	(16,364)	(240,666)	(108,265)	(7,920)	(22,225)	-	(468,715)
Increase	-	(11,624)	(3,988)	(1,285)	(52,146)	(9,004)	(1,584)	(3,969)	-	(83,600)
Decrease	-	-	-	6	-	7,257	-	-	-	7,263
Transfer	-	-	-	-	-	-	-	-	-	-
As of December 31, 2011	-	(51,433)	(37,454)	(17,643)	(292,812)	(110,012)	(9,504)	(26,194)	-	(545,052)
Closing net book amount										
As of December 31, 2010 (Restated)	61,567	58,461	56,727	1,431	476,057	33,386	19,008	27,709	225	734,571
As of December 31, 2011	61,567	50,039	52,757	1,368	444,783	23,934	17,424	24,168	113	676,153

Depreciation charges for the year ended December 31, 2011 and 2010 are included in determining earnings as follow:

Included in production costs

Included in administrative expenses

Thousand Baht	
2011	2010
75,451	87,061
8,149	8,084
83,600	95,145

As of December 31, 2011 and 2010, the gross carrying amount of fully depreciated property and equipment that is still in use amount of Baht 117.19 million and Baht 140.80 million respectively.

DIRECTOR

	Thousand Baht							
	Separate financial statements							
	Land	Land improvement	Building and building improvement	Furniture and office equipment	Machinery and equipment	Vehicles	Other	Total
At cost								
As of December 31, 2010	48,283	6,026	62,676	6,511	4,451	21,674	1,498	151,119
Increase	-	-	-	249	44	-	4	297
Decrease	-	-	-	-	-	(628)	-	(628)
Transfer	-	-	-	-	-	-	-	-
As of December 31, 2011	48,283	6,026	62,676	6,760	4,495	21,046	1,502	150,788
Accumulated depreciation								
As of December 31, 2010	-	-	(24,277)	(5,302)	(4,138)	(21,548)	(1,421)	(56,686)
Increase	-	-	(2,954)	(262)	(57)	(30)	(11)	(3,314)
Decrease	-	-	-	-	-	628	-	628
Transfer	-	-	-	-	-	-	-	-
As of December 31, 2011	-	-	(27,231)	(5,564)	(4,195)	(20,950)	(1,432)	(59,372)
Closing net book amount								
As of December 31, 2010	48,283	6,026	38,399	1,209	313	126	77	94,433
As of December 31, 2011	48,283	6,026	35,445	1,196	300	96	70	91,416

Depreciation charges for the years ended December 31, 2011 and 2010 are included in determining earnings as follow:

Included in production costs

Included in administrative expenses

Thousand Baht	
2011	2010
-	-
3,314	4,092
3,314	4,092

As of December 31, 2011 and 2010, the gross carrying amount of fully depreciated property and equipment that is still in use amount of Baht 33.97 and Baht 27.85 million respectively.

As of December 31, 2011 and 2010, in the consolidated financial statements, a part of land and construction, office condominium units and a part of machinery are mortgaged to secure the Company's loans and bank overdrafts from several local banks and bank guarantees of the Company, its subsidiary and related company

As of December 31, 2011 and 2010, in the Company's financial statements, a part of land and construction and office condominium units are mortgaged to secure the Company's loans and bank overdrafts from several local banks.

TONGKAH HARBOUR PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

1. GENERAL INFORMATION

1.1 General matter

The Company was incorporated as a limited company under the Thai Civil and Commercial Code on January 7, 1976, and changed its status to a public company limited under the Public Company Limited Act on June 6, 1994. The address of its head office is 252/11, Muang Thai - Phatra Office Tower I, 7th Floor, Ratchadapisek Road, Huaykhwang, Bangkok. The Company and its subsidiaries operate in Thailand, and its principal activity is tin mining, gold mining, igneous rock quarrying, and rental building and service residence.

1.2 Basis for preparation of financial statements

The financial statements of the company have been prepared in accordance with financial reporting standards and guidelines promulgated by the Federation of Accounting Professions.

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

An English language version of the financial statements has been prepared from the statutory financial statements that were issued in Thai language. In case of conflict or difference in understanding, the financial statements in Thai language shall prevail.

These consolidated financial statements include the financial statements of Tongkah Harbour Public Company Limited and its subsidiaries. Significant intercompany transactions are eliminated. The Company has subsidiaries as follows :

Name	Share holding (%) as of December 31		Type of Business	(Percent)			
				Percentage of			
				Total assets included in the consolidated total assets as of December 31		Total revenues included in the consolidated total revenue for the years ended December 31	
				2011	2010	2011	2010
Sky Cliff Limited	75.00	75.00	Rental building and service residence	25	28	-	-
Tungkum Limited (direct and indirect)	98.94	98.93	Gold mining	68	63	84	99
Cholsin Limited	73.67	73.67	Crushing	-	-	-	-
Sea Minerals Limited	99.99	99.99	Tin mining	-	-	-	-

The excess of the investment in subsidiaries over the book value were presented as “Goodwill” in the consolidated statement of financial position and test for impairment annually.

.....DIRECTOR.....DIRECTOR

1.3 Related parties

As of December 31, 2011, enterprises are controlled by or under common control with the company and the related parties through shareholding and/or directors as follows:

Name	Type of Business	Relationship	% of Shares Held
<i>Subsidiary Companies:</i>			
Tungkum Limited (Tungkum)	Gold mining	Holding and Joint Director	98.94
Cholsin Limited (Cholsin)	Crushing andesite	Holding and Joint Director	73.67
Sky Cliff Limited (Sky Cliff)	Property development	Holding and Joint Director	75.00
Sea Minerals Limited (Sea Minerals)	Tin mining	Holding and Joint Director	99.99
<i>Related Parties:</i>			
Sintana Holdings Limited	Investment	Through director and shareholder	-
Paron Holdings Limited	Investment	Joint director and shareholder	-
Sino Pac Investment (Labuan) Limited	Investment	Joint director and shareholder	-
Paron Resources Inc.	Exploration and mining	Joint director and shareholder	-
Sintana Resources Limited	Exploration and mining	Joint director and shareholder	-
Authong Enterprise Limited	Investment	Through director and shareholder	-
Cheing Rai Riverside Limited	Property development	Joint director and shareholder	-
Sintana Minings Limited	Exploration and mining	Joint shareholder	-
Aspac Construction Limited	Property development	Joint director and shareholder	-
Sino Pac Development (Thailand) Co., Ltd.	Investment	Through director and shareholder	-
<i>Related person:</i>			
Mr. Rawat Chamchalerm	-	Director	-
Mr. Ronald Ng Wai Choi	-	Director	-

1.4 Trading of the Company's ordinary shares

The Company has registered to trade the Company's ordinary shares under American Depositary Receipt (ADR) program in the U.S. Security Exchange. The Company has appointed Deutsche Bank Trust Company Americas to be the depositary for ADR program.

.....DIRECTOR.....DIRECTOR

1.5 Adoption of new financial reporting standards

1.5.1 Financial reporting standards which are effective for the current year

During year 2010 and the 1st quarter of year 2011, the Federation of Accounting Professions has issued a number of revised and new financial reporting standards which are effective for financial statements periods beginning on or after January 1, 2011 and relevant to the Company and its subsidiaries' business as follows:

TAS	1	Presentation of Financial Statements (revised 2009)
TAS	2	Inventories (revised 2009)
TAS	7	Statement of Cash Flows (revised 2009)
TAS	8	Accounting Policies, Changes in Accounting Estimates and Errors (revised 2009)
TAS	10	Events after the Reporting Period (revised 2009)
TAS	16	Property, Plant and Equipment (revised 2009)
TAS	17	Leases (revised 2009)
TAS	18	Revenue (revised 2009)
TAS	19	Employee Benefits
TAS	23	Borrowing Costs (revised 2009)
TAS	24	Related Party Disclosures (revised 2009)
TAS	27	Consolidated and Separate Financial Statements (revised 2009)
TAS	33	Earnings per Share (revised 2009)
TAS	34	Interim Financial Reporting (revised 2009)
TAS	36	Impairment of Assets (revised 2009)
TAS	37	Provisions, Contingent Liabilities and Contingent Assets (revised 2009)
TAS	38	Intangible Assets (revised 2009)
TAS	40	Investment Property (revised 2009)
TFRS	3	Business Combinations (revised 2009)
TFRS	6	Exploration for and Evaluation of Mineral Resources

Adoption of the above financial reporting standards in the current year do not have material effect on the financial statements except as stated in note No. 2.7, 2.8, 2.19 and 3 to the financial statements.

1.5.2 Financial reporting standards which are not effective for the current year

During year 2010 and the 1st quarter of year 2011, the Federation of Accounting Professions has issued the revised and new financial reporting standards which are effective for financial statements periods beginning on or after January 1, 2013 as follows:

TAS	12	Income Taxes
TAS	20	Accounting for Government Grants and Disclosure of Government Assistance (revised 2009)
TAS	21	The Effects of Changes in Foreign Exchange Rates (revised 2009)
TI	10	Government Assistance - No Specific Relation to Operating Activities
TI	21	Income Taxes - Recovery of Revalued Non - Depreciable Assets
TI	25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

The Company and its subsidiaries shall adopt the above financial reporting standards on the effective date, however, the management considers that TAS 20 (revised 2009) and TI 10 do not have material effect on the financial statements. This excludes TAS 12, TAS 21 (revised 2009), TI 21 and TI 25 for which the management is still considering the effect to the financial statements for the year in which they are initially applied.

.....DIRECTOR.....DIRECTOR

1.6 The operation of the Company and its subsidiaries

- 1.6.1 Tungkum Limited has received government approval to operate two gold deposits in its leased area under License Number: 26968/15574 (T-1) and 26973/15560 (T-1-8). The operating results and gold recovery rate vary according to the grade and quantity of the ore mined and processed. In any given period, therefore, the Company may be able to mine and process high-grade ore at a high tonnage throughput, and with low production costs. Tungkum's revenue generation is subject to the uncertainty resulting from fluctuations in world market commodity prices.

In year 2010, Tungkum Limited continued its application process for a new license (T-1-S). To date the very initial requirement of local community acknowledgement to allow the license application has been met, however the Mining License Application (MLAs) is still being process of Environmental Impact Assessment (EIA).

In February 2011, the Cabinet has agreed to temporarily delay Tungkum Limited's application for the expansion of its mining area until the cause of contamination, the result of natural resource evaluation and royalty fee with way of life of villagers, along with sufficient economic and sustainable environmental and Health Impact Assessment are concluded. Tungkum Limited has worked with the Department of Primary Industries and Mines on a proposal to engage a Third Party consultant to evaluate the environmental context of Tungkum's operations.

- 1.6.2 On April 23, 2010, the construction permit of Sky Cliff Limited had expired. The extension request had been submitted to the Bangkok Metropolitan Administration (BMA) and still awaiting for approval.

- 1.6.3 As of November 9, 2011 the Securities and Exchange Commission (SEC) ordered the Company to do a special audit by the auditor who has been approved from the SEC and is under Big Four audit firms on the subject of management and internal control system, the appropriateness on entering into transactions with related parties and the company's assets control management. The special audit report must be submitted to the SEC within 9 December 2011 and disseminated through the electronic information reporting system of the Stock Exchange of Thailand (SET).

The aforesaid order is the SEC has suspicious that the Company's internal operation management may not appropriated in various issues, which are (1) the placement of Company's assets as collateral for stay of legal execution against related company, (2) high-interest rate loan agreement with related company, (3) other transactions with related company (4) asset management, and (5) internal management control. The said matters can tarnish the credibility of Company's management and internal audit system while connected transactions with related entities can also cause conflicts of interest, which could subsequently affect shareholders' rights and investors' decision making. Therefore, the SEC has ordered the Company to do the above special audit.

Presently, the Company has not submitted the special audit report. Meanwhile, the SEC dose not extend the deadline upon the Company's request. The SEC will institute legal proceedings against the Company and persons who are responsible for the Company because the Company has not appointed the auditor who will do the special audit on the due date and there is no progress.

- 1.6.4 Notification of procedures for the Company to be resolving the financial status (NC-Stage 1)

The Stock Exchange of Thailand (SET) established procedures and guidelines in dealing with listed companies whose their operations or financial conditions call for possible delisting according to the SET's rules and regulation regarding with Delisting of Securities, 1999 by considering the latest audited company's financial statements that show shareholder's equity less than zero.

.....DIRECTOR.....DIRECTOR

According to the Securities and Exchange Commission (SEC) 's order, the Company has to amend its financial statement for the year ended 31 December 2010 by recording the provision for estimated claims from breach of the gold export contract. Later, the Company has submitted the amended audited company's financial statements for the year 2010 to the SET, showing our shareholders' equity being less than zero. As a result, the Company is subject to resolving financial status and operations.

The SET had been proceed as follows:

- (1) Announce that the Company is subject to possible delisting and requires rehabilitation of its operations and financial conditions. NC (Non-Compliance) sign will be posted from 9 December 2011 onwards while SP (Suspension) sign will remain posting to suspend trading of the Company's securities.
- (2) Suspend trading of the Company's securities for thirty (30) days from the announcement date specified in (1), or until 7 January 2012 to allow the company's management to thoroughly decide on a course of action to maximize benefit of the company and its shareholders.
- (3) On January 6, 2012 the Company submitted its decision to the SET and SET announced to public on January 9, 2012 that the Company has decided to prepare a rehabilitation plan with the appointment of a financial advisor to propose to its shareholders and investors.
- (4) Allow the trading of the Company's securities for 30 days during January 9, 2012 to February 7, 2012.
- (5) Suspend trading of the Company's securities from February 8, 2012 until the company's qualification meet bourse's criteria to resume trading. The Company has to submit the rehabilitation progress report to the SET on a quarterly basis, or on the due date for submitting financial statement until the problems are solved.
- (6) Allow the company to undertake rehabilitation for three (3) years, going through three (3) stages (each of 1 year) and the name of company in each stage will be publicly announced as being in NC-Stage1, NC-Stage2 and NC-Stage3. The company may apply for one-time extension to remain in the same stage for not exceeding (1) one year (Maximum period in rehabilitation may not exceeding 4 years). If within the given period, the company is unable to resolve its delisting grounds, the SET will proceed on considering delisting the company's securities.

1.7 The operating results of the Company and its subsidiaries

As of December 31, 2011, the consolidated financial statements and separate financial statements presented total current liabilities exceeded total current assets amount of Baht 1,322.53 million and Baht 347.49 million, respectively and a capital deficiency of Baht 57.99 million and Baht 126.38 million, respectively. These were caused by number of reasons, foremost of which were: the provisions for the damages claimed by the overseas bank, substantial delay in obtaining government approval of mining licenses, substantial government and royalty fees that exceeded the original concession agreements and a default of export contract. However, the Management believes that the financial statements prepared under the going concern basis assumption is appropriate because the Company and its subsidiaries have cash and cash equivalents, inventory and good assets such as land which could be realized to settle the debt and has the ability to continuously operate the business in the future. Moreover, the provision for estimated claimed of Baht 878.60 million is uncertain.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and deposit at banks on saving accounts, current accounts and fixed deposits terms to be matured within 3 months which are not pledged.

2.2 Revenue recognition

Revenue from sale of goods is recognized as revenue when goods are delivered and the risk and reward of goods ownership are transferred to customer.

2.3 Inventories

Inventories are stated at the lower of cost (average method) or net realisable value.

2.4 Investments in subsidiaries

Investments in subsidiaries in the separate financial statements are recorded under the cost method.

Allowance for impairment of investments have provided by taking the net book value and other relevant factors into consideration.

2.5 Deferred exploration and development expenditure of andesite mining

Deferred exploration and development expenditure of andesite mining project consists of andesite mining licenses, application expense, project consultant fee and exploration and development expenditures.

Deferred exploration and development expenditure of andesite mining are amortized over the period of 25 years on straight line method.

2.6 Deferred exploration and development expenditure of gold mining

The subsidiary recorded the related expenditures of exploration and development of gold mining which are expected to have future economic benefits, such as acquisition of rights to explore, exploratory drilling expenses and other direct related expenses, to “Deferred exploration and development expenditure of gold mining”.

If there is any indication that the above expenditure shall not be recovered by its’ future benefit, the subsidiary shall write-off all deferred expenditure to expenses in the periods.

Deferred exploration and development expenditure of gold mining are amortized when the subsidiary start to derive income from operation at the portion of the production units to the total of gold ore reserve estimated by an expert.

2.7 Investment property

Prior to year 2011, the Company and its subsidiaries presented an undeveloped land and work in progress under property, plant and equipment and since year 2011, present under investment property.

The Company and its subsidiaries selected to recognize the investment property at cost.

However, in the consolidated financial statements the land of a subsidiary is stated at the appraisal value by an independent valuer on November 4, 2005 due to the value of the investment in the subsidiary exceeded the book value at the purchase date.

.....DIRECTOR.....DIRECTOR

2.8 Property, plant and equipment

Property, plant and equipment are stated at cost.

Depreciation is calculated on the straight line method based on the estimated useful lives of the assets as follows:

	YEARS
Land improvement	10
Building, temporary building and dry dock	10 - 20
Furniture and office equipment	3 - 10
Machinery and equipment	5 - 15
Vehicles	5
Other	5 - 10

Tailing ponds are amortized at the portion of the production units to the total capacity of the tailing ponds.

Beginning 1 January 2011, the Company has adopted an accounting policy in accordance with TAS 16 to account for dismantling removing restoring. Under the policy, the estimated costs of dismantling removing restoring mine properties and residual ponds and removing any related assets and site restoration. This cost is amortised on the straight line method over the remaining life of mining licenses. The cost and provision is reviewed at the end of each reporting period.

The impact of first time adoption of the accounting policy is shown in note no. 3 to the financial statement.

2.9 Intangible assets

Computer software is stated at cost net of accumulated amortization. Amortization is calculated on the straight line method based on the estimated useful lives of 5 years.

2.10 Deferred environmental restoration expenditures

Deferred environmental restoration expenditures consisted of:

- Expenditure for rehabilitation of the concession area which are amortized on the straight line method over the remaining life of mining licenses.
- Expenditure for forest restoration which are amortized on the straight line method over the remaining life of the permit for mining operation in the concession forest area.

2.11 Deferred loan arranging fee

Deferred loan arranging fee is amortized over the loan agreement period of 2 - 4 years on the straight line method.

2.12 Financial lease agreements

The Company and subsidiaries record vehicles under financial lease agreements as assets and liabilities in the balance sheet at the lower amount of fair value of the leased asset at the inception date of the lease agreement or the present value of the minimum lease payments. The discount factor used for calculation of the present value of the minimum lease payments, is the interest rate implicit in the lease. The interest charge is recorded to periods during the lease term based on the remaining balance of the liability for each period.

2.13 Financial instruments

Financial instruments carried in the statement of financial position include cash and cash equivalents, investments, trade accounts receivable and payable, bank overdrafts, loans, account payable for purchase of assets, accrued expenses, and finance lease obligations. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

2.14 Foreign currency transactions

Transactions in foreign currency are converted at the exchange rate of the transaction date. Assets and liabilities in foreign currencies at the end of years are converted at average bank buying and selling rate at that date respectively.

Gain or loss from translation are included in determining earnings.

2.15 Impairment of assets

The Company and subsidiaries review impairment of assets when there is an indication that the carrying amount of the assets may exceed the recoverable amount. Should the carrying amount of an asset be higher than the recoverable amount, the Company and subsidiaries recognize the impairment loss in the statement of income. The reversal of impairment loss is accounted for “Other Income”, when there is an indication that impairment losses is no longer exist or decrease.

2.16 Basic earnings (loss) per share

Basic earnings (loss) per share is determined by dividing the profit (loss) for the year by the weighted average number of shares outstanding.

2.17 Accounting judgments and estimates

The preparation of financial statements in conformity with generally accepted accounting principles may require the management to make subjective judgments and estimates for impact of future uncertainty that might have financial effect to the presentation and notes to the financial statements. Thus the actual results may differ from the estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgments and estimates are as follow:

(1) Gold ore reserve

The Company and its subsidiaries estimated gold ore reserve based on its best estimate that can be economically extracted from the relevant mining area. Estimates are supported by geological studies and drilling samples to determine the reserve by an expert.

(2) Allowance for diminution in value of inventory

The determination of allowance for diminution in the value of inventory requires management to exercise judgment in estimating losses on outstanding inventory, based on the selling price expected in the ordinary course of business; minus selling expenses.

(3) Impairment of equity investments

The Company and its subsidiaries treat investment in subsidiaries as impaired when the management considers 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.

(4) Provision for dismantling, removing and restoring

The Company estimated provision for dismantling, removing and restoring, using the present value of future cash flows to be required to settle this expenditure, discounted by rate of government bond which determined based on reviews and estimates by the Company’s own maiming engineers and managerial judgment.

(5) Provision for environmental restoration

Where future expenses relating to environmental liabilities have arisen as a result of past events, the Company establishes a provision over the period in which the obligation is incurred and covers the remains of useful life of mining right and permission. The provision is made at the best estimation for expenses which will be paid according to the current incurred obligation on the statement of financial position date.

(6) Litigation

The Company and subsidiaries have contingent liabilities as a result of litigation. The Company's management have used judgment to assess of the results of each litigation cases and believe that no loss will result. Therefore no contingent liabilities for those cases are recorded as of the statement of financial position date.

2.18 Employee benefits

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

Severance Payments are recognized as expenses along the service period of employees. The Company's post - employment benefit obligations are estimated under the actuarial assumption. Previously, the obligations were recognized as expenses when incurred.

2.19 Employee benefit obligation

The Company and its subsidiaries recorded post - employment benefit obligations (not separated fund from the Company's assets) as specified in the Thai Law which estimated under the actuarial assumptions by a qualified actuary. However, the actual benefit obligations may be different from the estimate.

The Company and its subsidiaries selected to recognized the said employee benefit obligations as of December 31, 2010 amounted Baht 14.96 million of the Company and its subsidiaries, and Baht 7.79 million of the Company by adjust to the retained earnings (deficit) as of January 1, 2011, in accordance with the transitional treatment of TAS 19 as disclosed in note No. 3 to the financial statements.

.....DIRECTOR.....DIRECTOR

3. EFFECT FROM INITIAL ADOPTION OF FINANCIAL REPORTING STANDARDS

In the current year, the Company and its subsidiaries adopted the revised and new financial reporting standards as stated in note 1.5.1 to the financial statements which had the effects on the financial statements as follows:

	Thousand Baht	
	<u>Consolidated financial statements</u>	<u>Separate financial statements</u>
- Statement of financial position as of December 31, 2010		
- Increase in property, plant and equipment, net	19,008	-
- Provision for guarantee of subsidiaries debts	-	(13,035)
- Increase in provision for dismantling, removing and restoring	(32,043)	-
- Increase in deficit	13,035	13,035
- Statement of financial position as of December 31, 2011		
- Increase in employee benefit obligation, net	(17,159)	(7,117)
- Increase in deficit as of January 1, 2011	14,955	7,787
- Statement of comprehensive income for the year ended December 31, 2010		
- Increase in depreciation	1,584	-
- Increase in estimated loss of subsidiaries debts	-	(2,680)
- Increase in interest expenses	1,096	-
- Increase in loss for the year	(2,680)	(2,680)
- Increase in deficit per share (Baht)	(0.004)	(0.004)
- Statement of comprehensive income for the year ended December 31, 2011		
- Increase in employee benefit expenses resulting to:		
- Increase in administrative expenses	4,447	1,573
- Decrease in profit for the year	(4,447)	(1,573)
- Decrease in basic earnings per share (Baht)	(0.006)	(0.002)
- Presentation of financial statements		

According to TAS 1 Presentation of Financial Statements (revised 2009) requires “Changes in shareholder’s equity, not arising from transaction with shareholders, only for the transactions that are not recognized in profit or loss” to be presented as “ items of other comprehensive income ” as a part of statement of comprehensive income.

The comparative data were represented to comply with the requirements of revised financial reporting standards.

.....DIRECTOR.....DIRECTOR

4. RELATED PARTIES TRANSACTIONS

The Company had significant business transactions with the related parties (related by way of common shareholders and/or common directors). Such transactions, which were concluded on the terms and basis as determined between the Company and those companies and persons or in the ordinary course of business, are summarized below:-

Loans to Tungcum Limited are for the purpose of gold exploration and mining. The result of gold exploration by an independent explorer was concluded that the gold is existence.

Since 1998, loans have been made to Cholsin Limited for working capital to operate rock crushing at the Company's andesite mining in Saraburi Province. The loans are secured by pledging of common shares certificates of Tungcum Limited, that are held by Cholsin Limited, and most of the machinery and equipment of Cholsin Limited.

As of December 31, 2011 and 2010, the Company and its subsidiaries (Tungcum Limited and Sky Cliff Limited) entered into a long-term loan agreement with related parties (Sintana Holding Limited, Sino Pac Development (Thailand) Limited, Mr. Ronald Wai-Choi Ng (RNWC) and Parties associated with RNWC) for renewal of a loan amounting to Baht 56.80 million and Baht 67.80 million respectively for working capital purpose. With interest at the rate of 15% p.a. and loan arrangement fee of 3%, since the loan is less than adequately secured with a second ranking charge over the company's land in Phuket and Sky Cliff Limited, a first ranking charge over Sea Minerals Limited shareholding with a book value of Baht 18.5 million, and no repayment schedule.

Mr. Ronald Ng Wai Choi, Managing director of the Company had resigned on January 6, 2012. As of December 31, 2011, the Company had recorded the compensation payment to the managing director for the amount of Baht 6.08 million and Tungcum Limited recorded the compensation payment paid through Authong Enterprise Limited for the amount of Baht 19.53 million (as stated in the note to financial statement No. 35).

Related Party Transaction Outstanding Balances	Thousand Baht					Pricing Policies (Year 2010)
	Consolidated financial statements					
	2010	Increase	Decrease	Transfer	2011	
Short-term loans to related party						
- Other receivable - related company	697	-	(50)	-	647	
Long-term loans to related parties						
- Other receivable - related companies	1,543	325	-	-	1,868	
Short - term loans from related parties						
- Advances from related person	100	-	-	-	100	
- Accrued expenses						
Related company	-	6,296	(5,654)		642	
Related persons	329	-	(80)	-	249	
	329				891	
- Accrued retirement expenses						
Related company	-	19,530		-	19,530	
Related persons	-	6,084		-	6,084	
	-				25,614	
	429				26,605	
Long - term loans from related parties						
Principle	67,800	11,000	(22,000)	-	56,800	15%p.a. + loan arrangement fee 3%
Accrued interest expenses	295	11,071	(11,366)	-	-	
	68,095				56,800	

Related Party Transaction Outstanding Balances	Thousand Baht					Pricing Policies (Year 2011)
	Separate financial statements					
	2010	Increase	Decrease	Transfer	2011	
Long-term loans to related parties, net						
- Other receivable - related parties						
Subsidiaries	18,683	14,311	(772)	-	32,222	
Related companies	1,543	325	-	-	1,868	
	20,226				34,090	
- Long - term loans to subsidiaries						
Principal	220,062	10,916	(62,440)	-	168,538	2.75% - 9.00%p.a.
Accrued interest receivable	87,678	4,791	-	-	92,469	
	307,740				261,007	
Less allowance for doubtful account	(142,826)	-	54,263	-	(88,563)	
Long - term loans to subsidiaries, net	164,914				172,444	
Long - term loans to related parties, net	185,140				206,534	
Trade payables - related party						
Subsidiary	4,996	2,034	(2,098)	-	4,932	
Short - term loans from related parties						
- Accrued expenses - related person	-	6,333	-	-	6,333	
Long - term loans from related parties						
Subsidiaries						
Principal	51,933	264,623	(29,453)	-	287,103	2.75% p.a.
Accrued interest expenses	2,145	4,986	-	-	7,131	
	54,078				294,234	
Related company						
Principal	67,800	11,000	(22,000)	-	56,800	15% p.a.+ loan arrangement fee 3%
Accrued interest expenses	295	11,071	(11,366)	-	-	
	68,095				56,800	
	122,173				351,034	

.....DIRECTOR.....DIRECTOR

5. CASH AND CASH EQUIVALENTS

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Cash and cheque on hand	252	232	90	70
Saving and current bank accounts	105,764	58,461	878	3,666
Fixed deposits with banks	5	5	-	-
Total cash and cash equivalents	106,021	58,698	968	3,736

6. TRADE RECEIVABLES

As of December 31, 2011 and 2010, there are 1 and 2 trade receivables that have been overdue over than 3 months, classified by aging as follows :

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<u>Andesite mining</u>				
Current	514	26	514	26
Overdued - less than 3 months	2,313	118	2,313	118
- 3 months to 6 months	11	390	11	390
- over than 12 months	-	11	-	11
Total	2,838	545	2,838	545
<u>Gold mining</u>				
Current - Trade receivable - foreign	26,952	25,825	-	-
Total trade receivables	29,790	26,370	2,838	545

7. INVENTORIES, NET

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Andesite mining				
Finished goods	1,750	7,561	1,750	7,561
Work in process	3,855	8,220	3,855	8,220
Supplies	1,892	1,335	791	343
Total	7,497	17,116	6,396	16,124
Less allowance for declining in value	(2,638)	(5,522)	(2,638)	(5,522)
Inventories - andesite mining, net	4,859	11,594	3,758	10,602
Gold mining				
Finished goods	259,132	92,794	-	-
Work in process	4,114	4,345	-	-
Raw material	73,541	10,411	-	-
Supplies and other	65,867	45,348	-	-
Total	402,654	152,898	-	-
Less allowance for declining in value	(3,008)	(14,033)	-	-
Inventories - gold mining, net	399,646	138,865	-	-
Inventories, net	404,505	150,459	3,758	10,602

As of December 31, 2011 and 2010, Tungkom Limited has finished goods; Gold 8,574 Ounces and 4,415 Ounces respectively and Copper 1,955,305 Pounds and 788,487 Pounds respectively.

The movement of allowance for declining in value of inventories for the year ended December 31, 2011 are as follows :

	Thousand Baht	
	Consolidated financial statements	Separate financial statements
Balance as of December 31, 2010	19,555	5,522
Decreased due to sales inventories	(13,909)	(2,884)
Balance as of December 31, 2011	5,646	(2,638)

8. DEPOSIT OVER (UNDER) ESTIMATED GOLD ROYALTY FEE (DPIM) AND ACCRUED THE LAND USAGE FEE (ALRO)

Deposit of gold royalty fee is imposed by the Department of Primary Industries and Mines (DPIM) upon the issuance of the gold and copper concentrate transportation permit to Tungkom Limited in accordance with the Minerals Act B.E 2510 and related laws during the period, while waiting for the final assaying result.

The estimated gold royalty fee and accrued land usage fees are calculated by Tungkom Limited based on its laboratory assaying results at the rate specified under the Minerals Act B.E. 2510 and related laws.

	Thousand Baht	
	Consolidated financial statements	
	2011	2010
Gold royalty fee levies by DPIM		
Deposits paid	10,494	20,325
Less Estimated royalty fee	(9,876)	(27,999)
Excess of deposit over (under) estimate fee	618	(7,674)
Accrued land usage fee due to ALRO	201,136	114,082

9. INVESTMENTS IN SUBSIDIARIES, NET

As of December 31 2011 and 2010, investments in subsidiaries are as follows:

Investment in subsidiaries, net	Paid up Share Capital (Million Baht)		Share Holding (%)		Thousand Baht Separate financial statements	
	2011	2010	2011	2010	2011	2010
<i>Tungkum Limited</i>						
Investment at cost	725	650	95.93	95.93	685,306	613,306
<u>Less</u> Allowance for impairment loss					(685,306)	(613,306)
Net					-	-
<i>Sky Cliff Limited</i>						
Investment at cost	42	42	75.00	75.00	321,709	321,709
<u>Less</u> Allowance for impairment loss					(92,347)	(88,300)
Net					229,362	233,409
<i>Sea Minerals Limited</i>						
Investment at cost	105	105	99.99	99.99	56,501	56,501
<u>Less</u> Allowance for impairment loss					(33,354)	(32,880)
Net					23,147	23,621
<i>Cholsin Limited</i>						
Investment at cost	150	150	73.67	73.67	62,001	62,001
<u>Less</u> Allowance for impairment loss					(62,001)	(62,001)
Net					-	-
Investment in subsidiaries, net					252,509	257,030

In January 2011 the Company has additional invested in Tungkum Limited for 2,880,000 ordinary shares at Baht 100.00 each, paid-up Baht 25.00 each totaling Baht 72 million from the increasing share capital of the said company.

In December 2010 the Company has additional invested in subsidiaries as follows :

- Cholsin Limited for 23,572 ordinary shares at Baht 0.01 each totaling Baht 235.72 from the acquisition from other company.
- Tungkum Limited for 1,440,000 ordinary shares at Baht 100.00 each totaling Baht 144 million from the increasing share capital of the said company.

As of December 31, 2011 and 2010, the Company has pledged 314,454 shares of its investment in Sky Cliff Limited to secure short - term loan from a local bank, pledged 1.05 million shares its investment in Sea Minerals Limited and 314,454 shares its investment in Sky Cliff Limited to secure loans from related companies and pledged 4.5 million shares of its investment in Tungkum Limited to secure the subsidiary's loans from a foreign bank.

.....DIRECTOR.....DIRECTOR

10. LONG - TERM INVESTMENTS - BANK DEPOSITS PLEDGED AS COLLATERAL

As of December 31, 2011 and 2010, bank deposit of the Company amounting to Baht 0.50 million has been pledged to secure letters of guarantee issued by a bank on behalf of Tungsum Limited and bank deposit of the Cholsin limited amounting to Baht 0.40 million has been pledged to secure letters of guarantee issued by a bank for Cholsin limited.

As of December 31, 2011 and 2010, bank deposit of the Company amounting to Baht 1.46 million has been pledged to secure credit facilities from a local bank.

As of December 31, 2011 and 2010, a bank deposit of Tungsum Limited amounting to USD 0.05 million was pledged to secure an export contract with a foreign bank. Since May 2010, the bank deposit amounting to USD 4.95 million has been decreased due to deducted by the bank in order to compensate with the difference in the gold price in compliance with the contract amounting to USD 1.51 million and withdrawn for working capital amounting to USD 3.44 million regarding the letter for temporary suspend the Company's obligation to raise the bank deposit and maintain it at USD 5 million, in accordance with the agreement (as stated in the note 23 to the financial statements).

11. DEFERRED EXPENDITURES FOR ANDESITE MINING PROJECT, NET

Deferred expenditures for the andesite mining project of the Company are as follows:

Deferred Andesite Mining Expenditures	Thousand Baht	
	2011	2010
Deferred expenditures	23,653	23,653
Less amortization	(14,802)	(13,809)
Net	8,851	9,844

The Company determines any impairment in the value of the property, plant and equipment, and deferred expenditures relating to the operations of the andesite mining by taking into account the survey result of the remaining deposits to calculate the net present value of projected free cash flow from the mining, using a discounted rate of 3.66 percent. Moreover a review of the appraisal value of the land was indicated that it exceeded the net book value of the assets.

As of the statement of financial position date, the mining rights granted to the Company are as follows:

Mining right no.	Area			Expiry date	Status
	Rai	Ngan	Sp. Wah		
28675/15632	154	2	67	January 2017	-
28676/15268	88	3	81	May 2009	Under the process of renewal

On October 1, 2008, the Company submitted a formal request for renewal of mining right no. 28676/15268 which mining right temporary suspended and expired in May 2009. The renewal is under the process. However, Due to the current economic climate is not worth the investment, the Company slow down the process.

12. DEFERRED EXPLORATION EXPENDITURES FOR GOLD MINING, NET

Tungkum Limited has deferred exploration expenditures for gold mining as follows:

Expenditure Items	Thousand Baht	
	Consolidated financial statements	
	2011	2010
Exploration expenditures	230,323	230,323
Development costs	24,598	24,598
Land purchase	42,118	42,118
Special prospecting license fee and other initial costs	6,206	6,206
Mining lease application fees and related expenses	5,575	5,575
Benefit to the Department of Primary Industries and Mines	12,290	12,290
Interest cost	83,732	83,732
Subtotal	404,842	404,842
<u>Less</u> Amortization	(232,133)	(193,134)
Exploration and development expenditures, net	172,709	211,708
Exploration expenditures - new license	10,330	8,968
Deferred exploration expenditures of gold mining, net	183,039	220,676

For the year ended December 31, 2011 and 2010, the amortization expenditures of Baht 39.00 million and Baht 25.93 million, respectively, was derived from production volume of 432,243 Tons and 287,387 Tons, respectively, out of the estimated volume of gold ore reserve of 4.49 million Tons researched by reliable professionals.

“Land purchases” represents the cost of land for which no land possessor rights of title deeds have yet been issued. These plots of land are the site of Tungkum Limited’s mining operations.

Six mining licenses under the name of Tungkum Limited were officially approved by the Ministry of Industry with licensing period of 25 years that shall expire in 2027 and 2028.

The concession agreement for exploration and development of gold mining entered into by Tungkum Limited and the Department of Mineral Resources stipulates that upon receiving the first batch of mining license, Tongkum Limited shall give the right to the Government to purchase at par value 5 to 10 percent of total registered share capital of the Tongkum Limited.

13. ADVANCE TO OTHER COMPANY - NET

In 2008, the Company and Tungsum Limited advanced in foreign currencies equivalent to Baht 22.07 million to Coral Resources Limited (CRL), an Isle of Man registered Company with gold mining subsidiaries in the Philippines. The purpose of these advances was to signify an interest in potentially investing in the Philippine mining companies. An analysis of these advances is presented below.

Analysis Of Advances to Coral Group				
Date	Baht	Historical FX Rates	Foreign Currencies	
			USD	GBP
In Baht at actual historical rates:				
January 7, 2008	3,351,000	33.51	100,000	
January 25, 2008	3,319,000	33.19	100,000	
March 28, 2008	1,577,000	31.54	50,000	
April 11, 2008	950,700	31.69	30,000	
April 23, 2008	6,308,000	31.54	200,000	
June 13, 2008	3,320,000	33.20	100,000	
June 13, 2008	3,240,000	64.80		50,000
Total	22,065,700		580,000	50,000
Foreign currencies translated into Baht at the foreign exchange rates as of:				
December 31, 2010	19,725,719			
<u>Less</u> Allowance for doubtful account	(19,725,719)			
Net	-			
December 31, 2011	20,724,620			
<u>Less</u> Allowance for doubtful account	(20,724,620)			
Net	-			

In the ensuing due diligence investigation, the Company was not satisfied with data provided by CRL and decided not to invest in the Philippine subsidiaries followed by a demand for repayment of the advances. CRL disregarded the Company's demand for repayment.

On April 17, 2009, the Company and Tungsum Limited filed a civil for a court injunction in a Philippine Court filed against CRL and its Philippine subsidiaries as well as against three key directors of the Coral Group. The civil case, which was accepted by the court, seeks to attach the assets of the defendants and to annul any sale or disposition of their properties unless the advances are repaid with interest and reimbursement of related legal and court expenses.

On September 22, 2009, CRL appointed a liquidator who offered to sell the shares of the Philippine subsidiaries that were held by CRL to the Company. However, the Company and the appointed liquidator were unable to agree on the terms of the purchase and sale of the said shares.

On December 23, 2009, the Philippines Court resolved to dismiss the cases. On January 11, 2010, the Company filed the Motion for the Court Reconsideration. On March 15, 2010, the Court denied the motion for reconsideration. However, on March 27, 2010, the company submitted the Notice of Appeal to the trial court and the trial court ordered to transmit the records of the case to the Appeal Court. The Company is waiting for orders from the Appeals Court to file the brief case. In year 2009, the Company, however, had fully provided allowance for doubtful recovery of the advances.

.....DIRECTOR.....DIRECTOR

16. INTANGIBLE ASSETS, NET

	Thousand Baht	
	Consolidated financial statements	Separate financial statements
<u>Computer software</u>		
<u>Cost</u>		
As of December 31, 2010	5,872	1,145
Increase	3	-
Decrease	-	-
Transfer	-	-
As of December 31, 2011	5,875	1,145
<u>Accumulated amortization</u>		
As of December 31, 2010	(4,760)	(611)
Increase	(199)	(103)
Decrease	-	-
Transfer	-	-
As of December 31, 2011	(4,959)	(714)
<u>Net book value</u>		
As of December 31, 2010	1,112	534
As of December 31, 2011	916	431

Amortization charge for the years 2011 and 2010, in consolidated financial statements amounted to Baht 0.20 million and Baht 0.27 million respectively and in separate financial statements amounted to Baht 0.10 million are included in determining earnings.

As of December 31, 2011 and 2010, the gross carrying amount of the fully-amortized computer software that is still in use are, in consolidated financial statements amounted to Baht 4.79 million and Baht 4.26 million respectively and in separate financial statements amounted to Baht 0.18 million and Baht 0.07 million respectively.

17. ADVANCE PAYMENT FOR PURCHASE OF LAND - ANDESITE MINING PROJECT

Advance payment for purchase of land is the cost of title deeds and land possessory rights (Nor. Sor. 3 and Nor. Sor. 3 Kor) which are under the name of a related company. These were supposed to be transferred to the Company by June 1998 and June 2001 in accordance with the underlying Sale and Purchase Agreement and Assignment of Claim made with that related company. However, due to the tight liquidity in the financial markets and the material sum of the balance payable upon title transfer, the Company decided to postpone the transfer.

Part of the title deeds and land possessory rights (Nor. Sor. 3 and Nor. Sor. 3 Kor) have been pledged to secure the Company's loan from a local bank and credit facilities of a related company with a bank for the Company's exclusive use, and some are pledged to secure bank guarantees of the Company and its subsidiary and related companies.

.....DIRECTOR.....DIRECTOR

18. OTHER NON - CURRENT ASSETS

Nature of Deferred Expenses	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2010	2010
Deferred expenditure for rehabilitation of the concession area	2,403	2,403	250	250
Less Amortization	(820)	(709)	(165)	(148)
Balance as at end of year	1,583	1,694	85	102
Deferred expenditure for forest restoration	9,954	9,954	-	-
Less Amortization	(9,954)	(9,954)	-	-
Balance as at end of year	-	-	-	-
Deferred expenditures, net	1,583	1,694	85	102
Other	1,777	4,700	106	322
Total other non - current assets	3,360	6,394	191	424

The quarrying operations of the Company and the gold mining operations of Tungkom Limited, a subsidiary must follow the regulations of the office of Environmental Policy and Planning regarding environmental protection and rehabilitation of the concession areas, and take such measures in these areas as were proposed by them in their environmental impact assessment.

The subsidiary is committed to pay fees for 10 years' land use, started on August 31, 2000 which is to be paid within 10 years.

Amortization charged for the years 2011 and 2010 amounted to Baht 0.11 million and Baht 1.77 million respectively are included in determining earnings.

Cholsin Limited (a subsidiary) has other non-current assets amounting to Baht 30.5 million related to its underground gold mining operations at Toh Moh District, Narathiwat Province, Thailand. The subsidiary set aside a full provision for loss on impairment in value of these assets in its accounts since it ceased its gold mining operation.

19. BANK OVERDRAFTS AND SHORT - TERM LOANS FROM FINANCIAL INSTITUTION

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Bank overdrafts	14,980	1,730	14,980	1,730
Promissory notes (interest at the rate of MOR + 2% p.a. as of December 31, 2011 and 2010 = 9.9% p.a. and 8.875% respectively)	10,000	47,000	10,000	47,000
Total	24,980	48,730	24,980	48,730

As of December 31, 2011 and 2010, the Company has bank overdraft facilities amounting to Baht 15 million and commercial loan (promissory note) amounting to Baht 47 million with a local bank which are secured by titles to land and office condominium units, subsidiary's land including any construction thereon, a subsidiary and a director.

.....DIRECTOR.....DIRECTOR

20. OTHER PAYABLES

	Note	Thousand Baht			
		Consolidated financial statements		Separate financial statements	
		2011	2010	2010	2010
Accrued expenses		60,140	29,730	7,108	4,983
Accrued the land usage fee - ALRO	8	201,136	114,082	-	-
Advance receive for inventory		90,491	-	-	-
Other		4,923	5,831	1,070	144
		356,690	149,643	8,178	5,127

As of December 31, 2011, Tungkum Limited had an advance for purchasing inventory from a foreign customer amounting to USD 2.84 million (Baht 89.97 million). According to this advance, Tungkum Limited oblige to deliver copper concentrate 1,100 ton to the foreign customer within February 2012.

21. CURRENT PORTION OF LONG - TERM LOANS

Description of loan	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Loan from a local bank (Existing facility)	-	1,096	-	1,096
Loan from a local bank (New facility)	-	113,633	-	113,633
Less Deferred arranging fee, net	-	(2,285)	-	(2,285)
	-	111,348	-	111,348
Total	-	112,444	-	112,444
Less Current portion of long - term loans	-	(112,444)	-	(112,444)
Long - term loans - net	-	-	-	-

	Interest Rate	Repayment term	Collateral
Loan from a local bank : (Existing facility)	MLR + 0.5% p.a.	Monthly installment The final installment due in year 2011	The company's office premises Joint guarantee by Tungkum Ltd. and the group Chief executive officer
Loan from a local bank : (New facility)	MOR + 1% p.a.	Monthly installment Installment 1 - 12 totaling Baht 2.86 million Installment 13 - 23 totaling Baht 5.72 million The final installment for the remaining, due in year 2011.	The company's office premises Lands of the company and a subsidiary Common shares of a subsidiary Joint guarantee by Tungkum Ltd., Sky Cliff Ltd., and the group Chief executive officer

According to the loan from a local bank-new facility, there was facility fee and mortgage fee of Baht 4.99 million that has been capitalized and amortized over the two-year duration of the loan.

.....DIRECTOR.....DIRECTOR

22. FINANCIAL LEASE OBLIGATIONS

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<u>Vehicle</u>				
Financial lease obligations	22,717	24,641	564	1,315
<u>Less</u> Deferred interest	(2,291)	(2,369)	(21)	(105)
Deferred input VAT	(1,418)	(1,373)	-	-
	19,008	20,899	543	1,210
<u>Less</u> current portion of finance lease obligations	(8,372)	(8,357)	(460)	(584)
Finance lease obligations	10,636	12,542	83	626

As at December 31, 2011 and 2010, the Company and a subsidiary have financial lease obligation which have detail of payment as following.

	BAHT					
	2011			2010		
	Principal	Deferred interest/ input vat	Total	Principal	Deferred interest/ input vat	Total
Due within 1 year	8,393	(21)	8,372	8,441	(84)	8,357
Due 1 year to 5 years	14,324	(3,688)	10,636	16,200	(3,658)	12,542
Total	22,717	(3,709)	19,008	24,641	(3,742)	20,899

Under condition of some contracts, the Company and a subsidiary have purchase option at the end of contract, and the Company and its subsidiary shall comply with the restriction and conditions as stated in such contracts.

23. DEFAULT LOANS

Description of loan	Thousand Baht	
	Consolidated financial statements	
	2011	2010
Loans from a foreign bank -Credit lines of USD 35 million (Outstanding balance is USD 16.38 million)	521,501	496,343
<u>Less</u> Deferred arranging fee, net	(1,038)	(5,190)
	520,463	491,153
Accrued interest (USD 0.86 million as of December 31, 2011 and USD 0.06 million as of December 31, 2010)	27,339	1,864
Total default loans	547,802	493,017

	Interest Rate	Repayment term	Collateral
Loan from a foreign bank (New facility)	Libor + 2.45% (as of 31 December 2011 default rate = 4.71%)	Monthly installment The final installment due in year 2012	Common shares of Tungkum Ltd., at 90% of shares held by the Company Bank deposit of USD 5 million guarantee by the Company

In April 2008, Tungkum Limited entered into loan and other related agreements with the Bangkok branch of a foreign bank to restructure the existing loan from USD 25 million to USD 35 million. The interest rate was reduced from LIBOR + 2.5% + mandatory cost (if any) per annum to LIBOR + 2.45% + mandatory cost (if any) per annum. In addition, the final payment is extended from within 2011 to March 2012.

According to the new facility loan, there was arrangement fee of Baht 16.61 million that has been capitalized and amortized over the four-year duration of the loan.

.....DIRECTOR.....DIRECTOR

According to the loan agreement, the loan repayment is made by selling of gold to the lender on a monthly basis at the agreed quantity and hedged price, as detailed in the following table. There is a minimum guaranteed price at USD 500 per troy ounce. The settlement for the sales of gold is repaid at the amount after netting off the loan installment. However the borrower has to pay for the short-fall quantities of gold delivered at the difference of the market price and the hedged price plus the short of loan repayment, if any.

Period Covered	Minimum Delivery (Troy Ounce)	Ceiling Price Per Troy Ounce (In US Dollars)	
		Current	Previous
March 2008 - February 2009	2,083.33	862	712
March 2009 - February 2010	2,500.00	825	725
March 2010 - February 2011	2,083.33	815	735
March 2011 - February 2012	2,500.00	805	

During the year ended December 31, 2010, the required minimum monthly gold delivery by Tungsum had shortfalls. As a result, Tungsum had to bear the equivalent compensation for difference price amounting to a total cost of Baht 134.49 million (USD 4,130,732).

Tungsum Limited requested for waiving of repayment for the loan principal to a foreign bank for May and June 2010, amounting to Baht 48.53 million (USD 1.49 million). However, the repayment for the loan interest is on due.

On August 27, 2010, the foreign bank issued a letter of Holiday Period for temporary suspend the obligations for the period from July 30, 2010 to November 30, 2010 as following :

- all repayment of loan installment USD 744,681 per month
- gold deliveries 2,083.33 ounces per month
- maintain at least USD 5 million in the Offtake account
- maintain the equivalent of one month's loan principal and interest in Collection account

Moreover, no later than October 29, 2010 Tungsum shall have agreed with the foreign bank to revise and extend repayment schedule for all repayment of loan installment and gold delivery schedule. If Tungsum fail to revise and extend that schedule by October 29, 2010, the Holiday Period shall automatically terminate.

On October 27, 2010, the Board of Directors had no objection, in principle, to the latest terms for re-profiling of Tungsum Limited's loan. However, any details and any substances of the settlement and the agreement will comply with the shareholders' interests, with the laws of Thailand, and with the regulations of the Stock Exchange of Thailand and the Securities Exchange Commission of Thailand. Furthermore, the Board of Directors requires Tungsum Limited to seek the opinion of an external independent legal counselor before entering into any settlement and agreement

The re-profiling with the foreign bank has reached an outcome, the below is what both parties have mutually agreed in principle:

- Extension of the Loan Repayment by another 24 months (Ending March 31, 2014, previously March 31, 2012).
- Reduction of monthly gold delivery
- Increase of interest rate (Not final)
- Propose of the fulfillment in the offtaker's account (USD 5 million) without time specification.

On November 9 and 12, 2010, a foreign bank proposed the additional terms which is different from those principally accepted by the Board of Directors on October 27, 2010 for the Board of Directors' consideration as follows:

- 1) Proceeds from the sale of Skycliff's project to build up the DSR and cash collateral.
- 2) Consideration of additional CAPEX for opening up additional new ore deposits to be a deductible item from accelerated proceeds (for pre-payment).
- 3) Negotiations for discount on the legal fees for drafting the re-profiling agreement.

On November 12, 2010, Board of Directors considered the above terms in the re-profiling program and disagreed with some terms because it was unfair to the Company. However, the Board of Directors agreed with some terms offered by a foreign bank to smooth the negotiation and requested the Company's representative to inform a foreign bank on the unsettled terms for further negotiation.

Later, on November 17, 2010, the Company received the drafted re-profiling from a foreign bank which there were some significant changes in terms and conditions previously agreed especially in the Facility Agreement as follows:

- 1) Additional condition precedents are incorporated including obtaining approvals from Government agencies and the Bank of Thailand, plus leaving any related legal burdens with the Company.
- 2) They changed the structure by making the Company the co-debtor under the Agreement. In this manner, new terms are surfaced at the eleventh hour and forced upon us.
- 3) In the draft documents, all the funds arising from sale of Sky Cliff Limited or its land, after deduction of payments to a local Bank, must be transferred to the collateral account regardless of other creditors of Sky Cliff Limited. This statement is contrary to our Letter of Undertaking wherein a local Bank is to be addressed first, followed by other creditors and working capital requirements of Tungkom Limited.
- 4) They have also changed the jurisdiction of all associated documents to the United Kingdom.

Thus, the Company recalled the Board of Directors' Meeting on November 19, 2010 for consideration of the drafted re-profiling. After the Board of Directors' consideration, the Board disagreed with the further amendment which is different from those previously agreed, especially the change of the Company's status from a guarantor to a co-debtor and resolved to wait for an advice from our external legal counsel pursuant to reviewing and evaluating all terms and conditions, with all work being done in good faith. In addition, the Board set up a Special Committee, empowered by the Board, to decide how the Company should proceed after receiving the external legal counsel's opinion on a foreign bank's re-profiling program.

After the Board received the legal opinion from legal counsel, on December 3, 2010, the Special Committee met and considered the proposed Re-Profiling Agreement; it was concluded that the Agreements cannot be signed. The legal counsel advised that a foreign bank's Agreements may be not in accordance with Band of Thailand regulations and Thai Law and the Company also informed the a foreign bank.

Later on December 7, 2010, the Company received the Default Notification of the Facility Agreement from a foreign bank requesting Tungkom Limited as a debtor and the Company as a guarantor to pay the principal in the amount of USD 16,382,979 and unpaid interest in the amount of USD 8,566.93. In the same day, the Company also received the early termination letter of the Export Contract from a foreign bank requesting Tungkom Limited for delivery of the undelivered gold dore.

On December 11, 2010, the Company received the letter by calculating the total amount which must be paid to a foreign bank under the early termination letter of the Export Contract equal to USD 27,601,366 which damages were calculated from the undelivered gold dore of 47,081 ounces. However, the management opined that the calculation of damages was unfair to the Company.

The Company called the Board of Directors' meeting on December 14, 2010 to acknowledge the Special Committee's resolution which could not agree with a foreign bank on the drafted re-profiling and to find appropriate measures of which the Company must take after receiving Default Notification and Early Termination Letter of Export Contract with our legal counsel.

The management has its opinion that the calculation of damages was unfair to the company and external legal counsel has opined that the complaint and arbitration under English law is not enforceable in Thailand until a judgment is made by Thai Court. The company is therefore unable to specify the losses on the claim; accordingly, the company considers the amount a contingent liability instead of a liability.

.....DIRECTOR.....DIRECTOR

Furthermore, the Audit Committee opined that the loss value or damages arising from the termination of the Export Contract claimed by the foreign bank according to the termination letter is neither accuracy nor clear because the damages and the results from the Arbitration is uncertain and also other legal issues such as enforcement of foreign judgment and validity of the Export Contract and Facility Agreement under Thai laws. Dr. Wichai Cherdshewasart and Mr. Pramote Bansit who are independent director and member of the Audit Committee submitted the letter complaining on Financial Business Institution's act in relation with the Export Contract and Facility Agreement between the Company and the foreign bank. The case is now under the Bank of Thailand's investigation. In addition, Mr. Pramote Bansit personally opines that the Company or shareholders should file the complaint against the foreign bank in the Thai Court.

On February 17, 2011, a foreign bank submitted a complaint to the High Court of Justice, Queen's Bench Division, Commercial Court in United Kingdom against Tungkum Limited, the subsidiary, by claiming that Tungkum Limited failed to pay the principal and interest due to the Facility Agreement dated April 18, 2008 when due and demanded on December 3, 2010, with the following claims:

- (a) Payment of the USD16,382,978.72 of principal due on the Facility Agreement;
- (b) Payment of USD 169,297.31 of interest accrued from November 2010 up to and including February 17, 2011.
- (c) Interest from February 18, 2011 to judgment due on the Facility Agreement at the variable rate, currently being an annual rate of 4.71 percent giving a daily rate of USD 2,160.50 and
- (d) Payment of a foreign bank's costs incurred as a result of the Event of Default on the Facility Agreement and of Tungkum Limited's failure to pay sum due when demanded which yet to be quantified.

On February 17, 2011, a foreign bank submitted the compliant to the High Court of Justice, Queen's Bench Division, Commercial Court in United Kingdom against the Company under the Guarantee dated April 18, 2008 by claiming payment of the whole amount in (a) (b) (c) and (d) as a guarantor.

On February 21, 2011, Tungkum Limited received a letter from SNR Denton UK LLP acting for a foreign bank requesting for the Arbitration before the London Court of International Arbitration ("LCIA") between a foreign bank, London Branch and Tungkum Limited on the Agreement headed "Export Contract" dated April 18, 2008, made between Tungkum Limited and a foreign bank, London Branch demanded payment of the Early Termination Amount of USD 27,601,366 with interest.

The foreign bank contacted the company in March 2011 to initiate an out of court settlement. A meeting was eventually set up in April 2011 in Bangkok. The foreign bank sent two representatives who informed Management and the Chairman of the Audit Committee that they are willing to consider a settlement offer. A preliminary proposal was communicated to the foreign bank which, declined the initial amount however, in the closing of their letter (May 2011), they reiterated that they remained open to reaching a settlement.

On August 24, 2011, the High Court of Justice, Queen's Bench Division, Commercial Court ordered that Facility Agreement shall be stayed to Arbitration to be held with the Export Contract. However, High Court still have a jurisdiction on consideration of Guarantee.

.....DIRECTOR.....DIRECTOR

24. EMPLOYEE BENEFIT OBLIGATION

The movement during the year ended December 31, 2011 are as follow :

	Thousand Baht	
	Consolidated financial statements	Separate financial statements
Beginning balance	14,955	7,787
Increase	4,448	1,574
Decrease	(2,244)	(2,244)
End balance	17,159	7,117

25. PROVISION FOR DISMANTLING, REMOVING AND RESTORING AND PROVISION FOR ENVIRONMENTAL RESTORATION

Expense Classifications	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<u>Provision for dismantling, removing and restoring</u>				
Beginning balance (Restated)	32,043	30,948	-	-
Increase	1,134	1,095	-	-
Decrease	-	-	-	-
End balance	33,177	32,043	-	-
<u>Provision for environmental restoration</u>				
Beginning balance	6,823	6,823	250	250
Increase	-	-	-	-
Decrease	(993)	-	-	-
End balance	5,830	6,823	250	250

26. SHARE CAPITAL

Subsidiary

At the Special General Meeting of the shareholders of Tungku Limited on January 7, 2011 the shareholders approved the special resolution to increase the authorized share capital from Baht 650 million (6,500,000 ordinary shares of Baht 100.00 each) to Baht 950 million (9,500,000 ordinary shares of Baht 100.00 each); call-up Baht 25.00 each. This was registered with the Ministry of Commerce on January 17, 2011.

At the Annual general Meeting of the shareholders of Tungku Limited on April 2, 2010 the shareholders approved the special resolution to increase the authorized share capital from Baht 500 million (5,000,000 ordinary shares of Baht 100.00 each) to Baht 650 million (6,500,000 ordinary shares of Baht 100.00 each). This was registered with the Ministry of Commerce on December 22, 2010.

.....DIRECTOR.....DIRECTOR

27. REVENUES

Revenues from the BOI - promoted and non - promoted industry for the years ended December 31, 2011 and 2010 are as follows:

	Thousand Baht Consolidated financial statements 2011		
	Promoted industries	Non - promoted industries	Total
Export sales - gold and copper sales	1,057,133	-	1,057,133
Local sales	-	13,270	13,270
Gain on exchange rate	-	-	-
Other income	-	28,849	28,849
Total	1,057,133	42,119	1,099,252

	Thousand Baht Consolidated financial statements 2010		
	Promoted industries	Non - promoted industries	Total
Export sales - gold and copper sales	946,670	-	946,670
Local sales	-	5,609	5,609
Gain on exchange rate	-	50,495	50,495
Other income	-	5,478	5,478
Total	946,670	61,582	1,008,252

28. EXPENSES BY NATURE

The expenditure items of expenses for the years ended December 31, 2011 and 2010 which categorized by nature are as follows :

Expense Classifications	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Changes in inventories of finished goods and work in process	(155,932)	(25,258)	10,175	946
Raw material and supplies used	500,078	288,916	2,809	3,040
Depreciation and amortization	85,404	124,082	4,410	5,185
Employee benefits expenses	125,209	108,572	28,154	23,599
Ming Development for production	157,906	-	-	-
Legal fee	52,721	7,827	1,140	4,747
Electricity	80,726	75,395	1,380	1,417
Gold royalty fee - DPIM*	90,946	82,863	-	-
Land usage fee - ALRO*	90,276	82,396	-	-
Production sharing - The Ministry of Finance*	14,335	16,147	-	-

* These expenses are include in selling expenses

.....DIRECTOR.....DIRECTOR

29. GAIN (LOSS) ON EXCHANGE RATE

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Realized gain (loss)	(17,128)	1,594	-	-
Unrealized gain (loss)	(48,416)	48,901	14	37
Total	(65,544)	50,495	14	37

30. INCOME TAX EXPENSES

No income tax was payable of the Company and the subsidiary, Tungsum Limited because of the utilization of the tax benefits arising from loss carry forward of the Company and because of the exemption from income tax on net profit from the promotion business of the subsidiary.

31. INDUSTRIAL PROMOTIONAL PRIVILEGES

Tungsum Limited (a subsidiary) is granted promotion privileges by the Board of Investment in accordance with the Investment Promotion Act. B.E. 2520 (1977), for the gold mining and production on February 25, 2003 and addition for Copper Sulphide Concentrate on April 21, 2009, obtaining exemption from import duty, and exemption from income tax on net income from the promoted business for 8 years counting from September 15, 2006 and reduction of income tax on net income from the promoted business equivalent to 50 percent of the normal rates for the 5 years, counting from the expire date of the exemption from income tax. In addition, a subsidiary is permitted to deduct for twice the amount of transportation and utilities for 10 years counting from September 15, 2006.

A subsidiary thus has to comply with the conditions specified in the promotion certificate.

32. BUSINESS SEGMENT INFORMATION

Mining is the core business of the Company and three of its four subsidiaries. This includes andesite mining in Saraburi Province, gold exploration and mining in Loei Province and tin mining in Phuket Province. Another subsidiary, Sky Cliff Limited, is in the property development business.

Sales and cost of sales classified by segment for the years ended December 31, 2011 and 2010 were presented in the statements of income for the years. The classification of the assets of the Company and its subsidiaries by segment as of the respective statement of financial position date are presented below:

	Million Baht											
	Core Business: Mining											
	Tin Mining		Gold Exploration and Mining		Andesite Mining							
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Deferred expenditures of other projects, net												
Tin mining	-	-	-	-	-	-	-	-	-	-	-	-
Andesite mining	-	-	-	-	8.9	9.8	-	-	-	-	8.9	9.8
Gold mining	-	-	183.0	220.7	-	-	-	-	-	-	183.0	220.7
Phuket project	-	-		-	-	-	-	-	-	-	-	-
Property, plant and equipment, net	43.7	43.8	579.6	634.3	17.3	18.0	491.7	491.7	-	-	1,132.3	1,187.8
Other assets	50.9	51.3	917.6	304.1	45.4	51.2	412.1	410.8	(818.6)	(514.8)	607.4	302.6
General assets	-	-	-	-	-	-	-	-	-	-	35.5	38.5
Total assets	94.6	95.1	1,680.2	1,159.1	71.6	79.0	903.8	902.5	(818.6)	(514.8)	1,967.1	1,759.4

.....DIRECTOR.....DIRECTOR

33. COMMITMENTS AND CONTINGENT LIABILITIES

Guarantee

- 33.1 As of December 31, 2011 and 2010, the Company and its subsidiaries has the contingent liabilities to banks for letters of guarantee as follows :

	Million Baht			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Secured by the Company's deposit account in the same amount of guarantee	0.50	0.50	-	-
Secured by a subsidiary's deposit accounts in the same amount of guarantee	0.40	0.40	-	-
Non - secured	11.14	11.14	0.59	0.59
Total	12.04	12.04	0.59	0.59

Commitments and contingent liabilities as a result of quarrying and gold mining operations

- 33.2 The Company and Tungkom Limited have contingent liabilities relating to possible costs of rehabilitating the concession areas used for the quarrying operations of the Company and gold mining operations of Tungkom Limited. These rehabilitation measures are in accordance with the regulations of the Office of Environmental Policy and Planning on environmental protection and rehabilitation proposed in the environmental impact assessments for these concession areas.

Tungkom Limited is also obliged to act in compliance with the regulations of the Forestry Department regarding environmental protection and rehabilitation of the concession areas, and is liable for damage of the environment up to Baht 0.8 million.

Tungkom Limited also entered into a Memorandum of Understanding with Kao - Luang local council in Loei Province that Tungkom Limited shall compensate for any damage to the environment caused by its gold mining operations.

- 33.3 Under an agreement with the Forestry Department and the Agricultural Land Reform Office (ALRO), Tungkom Limited has the following commitments and contingent liabilities regarding its gold mining operations.

Tungkom Limited is obliged to pay the land usage fee in the same amount as the royalty fee paid to DPIM to ALRO.

On December 19, 2007, Loei Province ALRO gave notice to Tungkom Limited to pay land usage fees for the period of January to November 2007 amounting to Baht 14.6 million. Tungkom is of the opinion that the charges are unreasonably high and unfair. On September 12, 2008, Tungkom submitted a plaint to the Administrative Court to cancel the demand for payment and defer implementation of the ALRO order while the case is being considered. On September 25, 2008, the Court accepted the plaint but discarded the request to stay the order but instead to proceed immediately with court investigation. ALRO responded by presenting arguments to the Court why Tungkom must pay the outstanding fees with interest.

.....DIRECTOR.....DIRECTOR

On May 27, 2009, Tungsum Limited submitted a counter statement against the response of Agricultural Land Reform Committee and ALRO. On September 9, 2009, the Company and Tungsum submitted additional information to the Court by testifying that Tungsum does not have any outstanding payments due to ALRO instead it was presenting its right to obtain repayment of fees already paid, including interest.

On January 13, 2010, Tungsum found that ALRO requested the Administrative Court for a Mandatory Injunction to order Tungsum to stop mining in ALRO's area. Later, the Court's dismissed the ALRO's request because it does not seem that ALRO has suffered any serious damages.

On May 4, 2011, Khonkan Administrative Court transferred the Company's case to Udon Thani Administrative Court for further consideration. The Udon Thani Administrative Court reissued the case number as a black case no. 251/2554. The transfer resulted as a request from Loei ALRO's officer on the ground of the specification of jurisdiction upon the establishment of Khonkan Administrative.

On May 9, 2011, Tungsum Limited received a letter from the ALRO's officer, terminating consent for the land use and request Tungsum Limited to remove the staff and building from ALRO land within 60 days commencing from the receiving date.

On May 30, 2011, Tungsum Limited received the letter from DPIM informing Tungsum to cease the mining in ALRO areas under the letter dated May 25, 2011.

Later, the Udon Thani Administrative Court denied indictment for consideration. However, the Company filed the appeal to the Udon Thani Administrative Court. On June 30, 2011, the Udon Thani Administrative Court accepted the appeal and transferred to the Supreme Administrative Court on July 19, 2011. The case is now under the consideration of the Supreme Administrative Court.

On July 5, 2011, Tungsum Limited filed a complaint with the Central Administrative Court to withdraw Loei ALRO's order, together with the submission of petition for stay of execution and injunctions. Later, the Central Administrative Court ordered the transfer of the Case to the Udon Thani Administrative Court. The case is now under the Court's consideration.

On October 14, 2011, Udon Thani Administrative Court granted the temporary injunction for the land use until the court gives judgment or order. Otherwise ALRO's termination of consent for land use will therefore not affect Tungsum's operations and the Tungsum Limited can operate as usual.

- 33.4 In accordance with the Minerals Act B.E 2510 and related laws, Tungsum Limited must pay a gold royalty to the Department of Primary Industries and Mines (DPIM) at the rate and price of the published gold royalty rate.
- 33.5 Under the Concession agreement for exploration and development of gold mining dated November 5, 1991 and the terms and conditions of an agreement dated March 30, 2007 between Tungsum Limited and DPIM, Tungsum shall pay the "extra benefit" in cash of 1.5 percent of fine gold sold at each time, using the daily published gold royalty rate on each selling date. The payment shall be made within 30 days after the end of each calendar quarter.
- 33.6 Tungsum Limited has a contractual commitment relating to independently monitor and evaluate Tungsum's compliance with environmental preservation requirements at the site of its gold mining project. On January 1, 2011, Tungsum Limited has entered into a contract with the Environmental Management Center, Khonkaen University for the duration of 2 years, commenced in January 2011 amounting to Baht 4.51 million.

.....DIRECTOR.....DIRECTOR

Construction and other services agreements

- 33.7 Due to the uncertainty of the global financial markets and the political instability in Thailand, Sky Cliff Limited mutually agreed with a foreign contractor to suspend all previously-signed agreements effective October 17, 2008. These rescinded agreements related to various services to be performed by the contractor (i.e., design and development, construction, sales and marketing, and project financing) on Sky Cliff's planned condominium project.

At the same time, Sky Cliff informed other contractors who have signed contracts about the suspension of the condominium project and therefore the rescindment of the said contracts that were never commenced. The commitments under the said contracts are totaling Baht 12.47 million as of December 31, 2011 and 2010.

Other

- 33.8 In September 2009 the Company refinanced a Baht 5 million credit facility with a bank into a promissory note of Baht 47 million with another bank. Land belonging to Sky Cliff Limited was released from mortgage with the first bank and used as collateral to secure the new promissory note of Baht 47 million. Since the Company owns only 75% of the equity of Sky Cliff, the Company has an agreement with the minority shareholders owning the balance of 25% that in the event the collateral is foreclosed by the bank in any way, the Company compensate the minority shareholders for the equivalent of 25% of the property value or the right of redemption in accordance with the agreement between parties.

- 33.9 Tungkum Limited has guaranteed of Baht 25 million for bank overdraft facilities for the Company.

- 33.10 On May 8, 2008, the Company, Sky Cliff Limited (a subsidiary) and Sintana Holdings Limited (a related company-Sintana) were sued for breach of the joint venture agreement to develop the Sky Cliff real estate project amounting to Baht 349.40 million. On November 17, 2009, the Civil Court dismissed the claim against Sky Cliff Limited but ruled that the company and Sintana Holdings Limited shall jointly return the share purchase price paid by the Plaintiff of Baht 36.5 million with interest. However, the Company disagreed with the judgment because the company did not receive any payment from the Plaintiff and Sintana Holdings Limited acted only as an agent for the transaction. Thus, on January 13, 2010, the Company submitted an appeal and petition requesting that the Court issue a stay of execution of the court order pending the results of the Court appeal. The petition is now under the Court's consideration.

On June 14, 2010, Sintana received a letter from the executor officer that the East Tower condominium, which is owned by Sintana, will be forced sale by auction in next 4 - 5 months. Sintana's lawyer, therefore, issued a letter to oppose and sustain the action with a reason that the case is under consideration by the Appeal Court. The Company has received a letter from Sintana confirm that Sintana will not to claim damages from the Company if Sintana suffers damages from the actions of the executor.

On February 1, 2011, the Court ordered the Company and Sintana to deposit the security equal to the payment given by the first court judgment within 30 days after receiving the order despite the aforementioned seizure of property.

Prior to the roll-over of the loan from Sintana to the Company, both parties agreed that the Company's office would be released as collateral for the Sintana loan in order for it to be utilised as security. On July 4, 2011, the Company therefore put down two title deeds of the office 7th floor at Muang - Thai Phatra Office Tower estimated price of Baht 55.46 million as a security. Sintana gave a further undertaking, that if the Company were to pay down the loan owing to Sintana and return Sintana's assets used by the Company to secure credit lines with financial institutions, it would provide security for Sintana's share of the liability. During the Company put down the above two title deeds the Company found that the plaintiff has seized the 4 plots of Company's land in Phuket and East tower condominium of Sintana.

Subsequent event

The Company filed the request for the withdrawal of security and request for stay of execution.

On February 27, 2012 the Court permit to withdraw the put down security, two title deeds of the office 7th floor at Muang-Thai Phatra Office Tower and permit for stay of execution of the East Tower condominium and 4 plots of land at Phuket.

- 33.11 Sky Cliff Limited has a contingent liability in a court case where the plaintiff claims non-payment of services amounting to Baht 491,531 plus interest. The Company has provided a land title deed in Phuket as a security deposit.

On May 26, 2011, the Appeal Court dismissed the case. Later, the plaintiff file the petition to the Supreme Court. The case is now under the consideration of the Supreme Court.

- 33.12 On October 29, 2009, a company filed a complaint against Sky Cliff Limited on the grounds of breach of contract and requested compensation amounting to Baht 774,403.

On December 14, 2009, the Court considered the Company's petition for an extension of 30 days period for filing a response and granted the extension to January 14, 2010. On January 13, 2010, the Company filed a response with the Court. The Court scheduled the settlement of the issue on February 8, 2010, schedule the examination of evidence to November 16, 17 and 24, 2010.

On May 3, 2011, the Court order Sky Cliff Limited to compensate the plaintiff in the amount of Baht 600,000 with interest at the rate of 7.5% commencing from December 26, 2007.

On July 27, 2011, Sky Cliff Limited filed an appeal to Appeal Court and the case is now being considered by the Appeal Court.

- 33.13 On July 28, 2010, a foreign trade payable of Tungkum Limited filed Tungkum Limited to the Central Intellectual Property and International Trade Court for settlement of account payable of USD 538,562.04 (equivalent to Baht 18.6 million) and late payment interest at 7.5% p.a. or USD 39,728.17 (equivalent to Baht 1.3 million).

Tungkum Limited later filed the petition to the court to dismiss the case reasoning the plaintiff filed the complaint with the wrong court. However, the Court dismissed the petition.

On October 18, 2010, Tungkum Limited filed an appeal to the Supreme court.

On August 30, 2011, Tungkum Limited entered into a settlement Agreement with a foreign trade payable that Tungkum agreed to pay the outstanding balance in two payments. In September 2011, The foreign trade payable filed a request of withdrawal for the case from the Court as part of the settlement terms. And Tungkum Limited concluded payment to a foreign trade payable. The matter is now resolved.

- 33.14 As of December 31, 2011, the Company has a commitment with a company for financial advisory service for business rehabilitation plan amounting to Bath 1.2 million.

- 33.15 The Company and a subsidiary had an outstanding commitment of approximately Baht 225 million in respect of the uncalled portion of investment in a subsidiary.

- 33.16 As of December 31, 2011, Tungkum Limited has commitment with two companies for legal service regarding new license and advisory service in management and coordinate with government agencies amounting to Baht 1.8 million.

34. FINANCIAL INSTRUMENTS

Foreign currency risk

As of December 31, 2011 and 2010, the Company is exposed to foreign currency risk primarily to foreign currency denominated assets and liabilities, as follows:

	Unit : Million			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<u>Foreign currency denominated asset</u>				
Deposits at banks				
- US DOLLAR	0.58	0.05	-	-
Trade account receivable, net				
- US DOLLAR	0.85	0.86	-	-
Advance to other company				
- US DOLLAR	0.58	0.58	0.58	0.58
- POUND STERLING	0.05	0.05	0.05	0.05
<u>Foreign currency denominated liabilities</u>				
Other payable				
- POUND STERLING	0.23	-	0.02	-
Default				
- US DOLLAR	17.24	16.44	-	-
Provision for estimated claims from breach of the contract				
- US DOLLAR	27.60	27.60	-	-
Advance receives for inventory				
- US DOLLAR	2.84	-	-	-

Interest rate risk

The interest rate risk is the risk that future movements in market interest rates will affect the results of the operations of the Company and its subsidiaries and their cash flows. The Company's and its subsidiaries exposure to interest rate risk relates primarily to their deposits with financial institutions, bank overdrafts and short - term loans from financial institution, lendings and borrowings. However, these financial assets and liabilities bear interest rates at market interest rates that the Company and its subsidiaries anticipate would not present material risk.

Credit risk

The Company is exposed to credit risk deal with the trade accounts receivable. However, due to the Company sales to creditworthy customers, they do not anticipate material losses from their collection from trade accounts receivable.

Fair value

The management believes that the fair value of the Company's financial assets and liabilities does not materially differ from their carrying value.

35. AGREEMENTS

In August 2008, Tungkum Limited signed the operating and management agreement with related parties (Authong Limited and a managing director). This agreement shall be continued until either party gives written notice of its termination. Under the agreement, the subsidiary shall pay a certain fee stipulated in the agreement.

Subsequent event

As of January 6, 2012, the agreement had terminated by retirement of the managing director.

.....DIRECTOR.....DIRECTOR

36. RECLASSIFICATION OF ACCOUNTS

Certain accounts in the financial statements as presented herein for comparative purpose have been reclassified to conform with the current period's classifications, with no effect on the net profit (loss) or shareholders' equity as previously reported. The significant reclassifications are as follows:

THOUSAND BAHT						
	CONSOLIDATED FINANCIAL STATEMENTS			SEPARATE FINANCIAL STATEMENTS		
	As previously reported	Reclassification	After Reclassification	As previously reported	Reclassification	After Reclassification
Statement of financial position						
as of December 31, 2010						
- Investment property	-	491,726	491,726	-	-	-
- Property, plant and equipment	1,207,289	(491,726)	715,563	94,433	-	94,433
- Other receivable	-	20,572	20,572	-	1,276	1,276
- Other current assets						
- General advance	3,213	(3,213)	-	549	(549)	-
- Advance payment	11,466	(11,466)	-	-	-	-
- Other	10,832	(5,893)	4,939	745	(727)	18
- Other payables		149,643	149,643	-	5,127	5,127
- Other current assets						
- Accrued expenses	31,594	(29,730)	-	4,983	(4,983)	-
		(1,864)				
- Accrued the land usage fee - ALRO	114,082	(114,082)	-	-	-	-
- Other	11,782	(5,831)	5,951	1,402	(144)	1,258
- Current portion of long - term loan	603,597	(491,153)	112,444	-	-	-
- Default loan	-	491,153	493,017	-	-	-
		1,864				
Statements of income						
for the year ended December 31, 2010						
- Administrative expenses	97,858	17,351	115,209	40,584	12,002	52,586
- Management benefit expenses	17,351	(17,351)	-	12,002	(12,002)	-

37. APPROVAL OF FINANCIAL STATEMENTS

The financial statements for the year ended December 31, 2011 have been approved by the board of directors and the authorized directors on February 28, 2012.

.....DIRECTOR.....DIRECTOR

List of Information Required in the Form 56-2 (Index)

(Pursuant to the Regulations and Notification of the Securities and Exchange Commission Ref. Kor Jor 46/254 on the Rules, Conditions and Procedures Governing Preparation and Filing of Financial Statements and Reports Concerning Financial Status and Results of Business Operations of Listed Companies)

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