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1. Management Statement

Message from Chairman of the Board of Committee and Chairman of the Executive Board

The year 2012 is the year of significant change. It started with a letter sent from the minor shareholders to the company date 2/5/2012 to request the company to held for an extra-general meeting on 22/6/2012. The purpose was to dismiss the foreign directors who might cause a great damage to the company. They also propose 3 representatives from the minor shareholders, including Wijit Jiemwijitkul, Sumed Wattanarungaun and Tanaphum Datavandamrong to replace those seats.

The change resulted in possible access to the hidden company information during the past and resulted in more understanding of the company management. They also requested for a second extra-general meeting on 13/12/2012 to dismiss 2 directors and replace with 3 more representatives from the minor shareholders, including Police-General Somyot Poompanmoung, Assoc.Prof. Tharinee Pongsupatt and Mr.Amnuay Thawornwong.

The changes in the board director members were go on in accordance with the current management under the stress atmosphere to the company status.

There was announcement of a new set of Audit committee members, including Police-General Somyot Poompanmoung, Assoc.Prof. Tharinee Pongsupatt and Mr.Amnuay Thawornwong.

The 2012 financial report showed a net lost, worse than 2011 with profit record. This resulted in more accumulated lost. The financial record of Deutsche Bank AG debt resulted in negative value of the company shares and thus the Stock Market had suspended the company shares from trading until the financial report show profit together with the positive value of the company shares.

The cause of lost was mainly due to the mining business in Loei under the operation of Tungcum Co., Ltd. at T1 which contain low grade ore in deeper pit which resulted in higher cost of operation. The financial analysis revealed the mining business did not cause a significant lost but the management cost did, especially the expense and the legal fee based on the request of the minor shareholders to sue the previous management who had hidden agenda during management period, which resulted in final lost of the company.

The main legal case was the Arbitration at London Arbitration Court. The company and Tungcum Co., Ltd. was sued by Deutsche Bank AG on the matter of breaching the Export Contract and the Facility Agreement. The company had changed the lawyer from British to Thai to save cost because the cash balance of the company was very limited. The final process was done during 14-16/1/2012. The Arbitrator had granted reward to DB which resulted in a force payment of 51 million USD to DB.

Tungcum Co., Ltd had sued Deutsche Bank AG at The Central Intellectual property and International Trade Court under the unfair agreement basis, to ask for the fair-treated to the shareholders. The process is under the court act.

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The other significant legal case was the court case with Sintana Holdings Co., Ltd. and SinoPac Developments Co., Ltd. at The Central Intellectual property and International Trade Court.

The Special Audit under Securities and Exchange Commission (SEC) order had opened clear evidences of mismanagement inside the company. The company had started legal acts via District Police, Police Department of Business Crime, court and DSI (by a request from one share holder), for provide compensation to the company.

Tungkum Co., Ltd had operated gold and copper concentrate production derived from T1 ore. The company had launched the first public hearing (EHIA) of T1-S and T-1-8, and successes with the process on 23/12/2012. The next public hearing is being prepared. Then the company will submit for mining license in 2014.


The company has successes in EHIA process of T3 on 8 September 2013. The company had also investigated the potential areas for gold, copper, iron charcoal and tin mine in Myanmar and Laos for the future expansion of mining business.

There were changes in the directors of subsidiary companies replacement with directors from minor shareholders. This resulted in reshuffle of the business which is one of the strategy to create profit to the company which is one of the conditions to resume trading of the company shares.

The company is in the status of preparation of the rehabilitation resolution. The company had approached the major debtor for negotiation. There might be a financial reshuffle to create positive value of the company shares which is also one of the conditions to resume trading of the company shares.

The management of the company in 2012 had passed more than one management team. It happened among continuously serious problems. The present management team had derived from minor shareholders and had strong willing to cope with these serious problems. We aim to initiate rapid debt negotiation with the major debtor and also rapid resume operation of the gold and copper mine. This will help a continuous operation of the company and resume trading of the company shares and help the shareholders to regain from investment in the company shares.

On behalf of Board of Directors, we would like to thank the shareholders, business partners and company staffs for best support to the company.



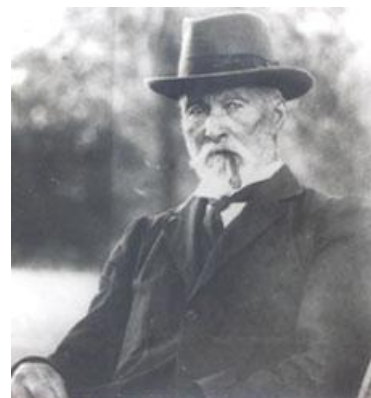
Dr. Wichai Cherdshewasart
Chairman of the Board of Committee



Mr. Wjit Jiemwijitkul
Chairman of the Executive Board

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, Tungkum 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

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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 Tungsum 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, Tungsum'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 Depositary 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.

In December 2012, Tungsum has been successfully completed the public scoping for Environmental and Health Impact Assessment (EHIA) first round for mine plot T1S which is expected deposition of gold ore around 94,000 ounce and copper ore around 1,153,015 ton. Tungsum will conduct the EHIA second round by the end of October 2013.

On November 5, 2012, Tungsum has received a notice from Department of Primary Industry and Mines (DPIM) to temporary cease the whole operation due to the collapse of the embankment. On March 25, 2013, Tungsum has started operation after completed repairing the embankment of tailing storage facilities.

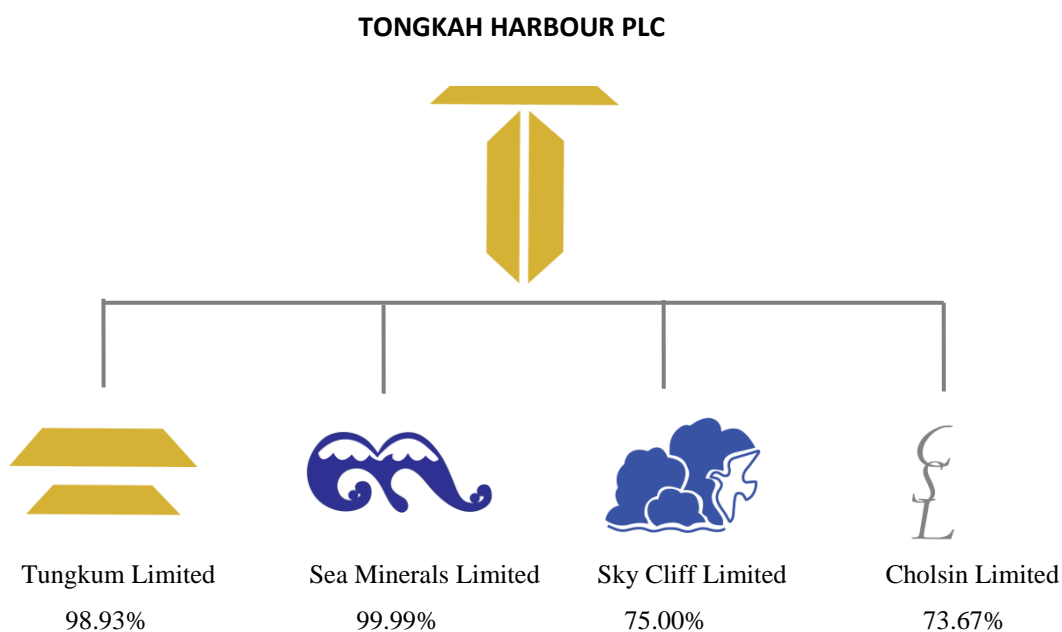
In 2013, Tungsum have a plan to conduct the public scoping for Environmental and Health Impact Assessment (EHIA) first round for mine plot T3 which is expected deposition of gold ore around 96,300 ounce and copper ore around 1,864,377 ton.

The company is improving quarry process in Saraburi plant in order to increase efficiency and productivity of Ballast and Aggregate.

In 2013, the company will set up the business plan for tin sea-mining in Phangnga province and expect to operating by 2015.

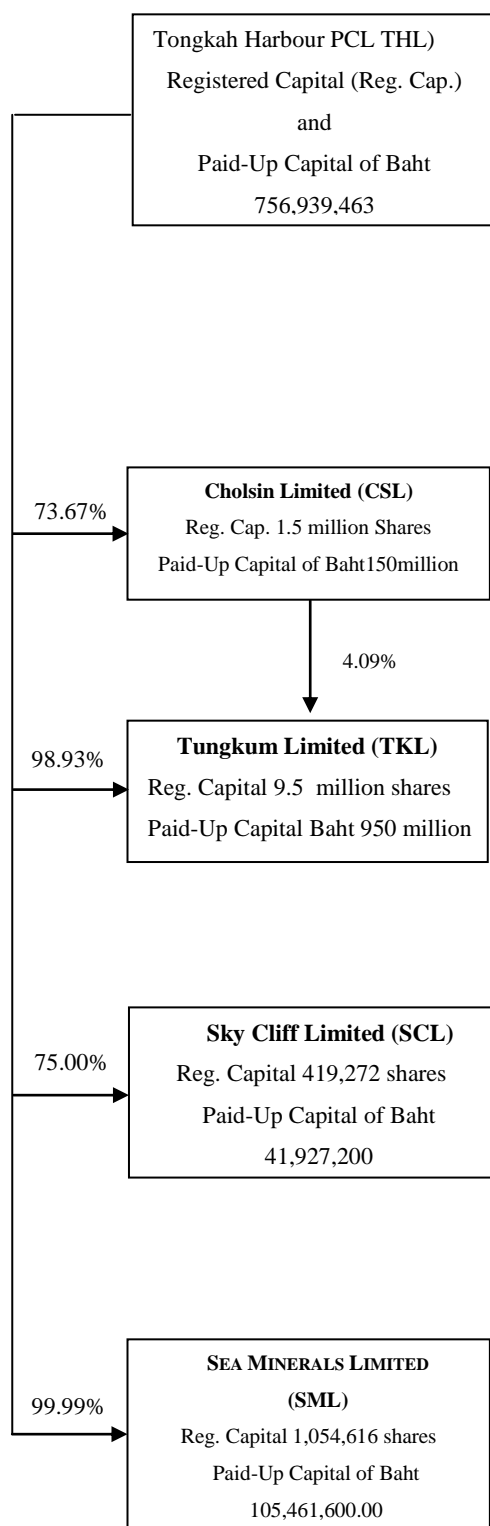
3. Group Organization & Business Operations

3.1 THL Group Organization: Structure



Tongkah Harbour Public Company Limited (THL) is the parent company of Tungcum Limited (TKL), Sea Minerals Limited (SML), Sky Cliff 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



Business Type :Mining Operation

Igneous Rock Mining : Igneous rock mining (Andesite) currently in operation at Kaeng Khoi, Saraburi Province, Thailand. Surveyed resources are about 12 M tons and open to depth and laterally indicating a further 15 M tons. Operating under a 10-year mining license granted on May 1999, and a second 10-year mining application granted in 2003. 100% owned by THL.

Land Holding : Phuket : two parcels total 22 Rai 1 Ngan 49.1 sq. wah (35,796.4 sq. m.) located on sea front with potential for development. 100% owned by THL.

Business Type: Rock Crushing

Crushing plant operator at the igneous rock quarry. 72.10% owned by THL with remaining shares held by CPB Equity Co.,Ltd. (a subsidiary of the Crown Property Bureau), the Ministry of Finance, and others.

Business Type: Gold Exploration and Mining

Gold Mining, Block 4 concession, Loei Province, Thailand. Six applications of the first batch were approved in January 2003. The mining licenses are valid for a 25-year term. Resources: 4.49 M tons at 4.14 g/t gold. Open pit operation with resource base open laterally and to depth.

Business Type: Property Development

In Bangkok : a 75% holding in SCL, which owns a 3 rai 1 ngan 61.9 sq wah (5,447.60 sq m) of land on Ratchadapisek Road. Sky Cliff plans to develop a 29 storey office and service apartments. The site is strategically located near the Phra Ram 9 subway station entrance, Rama III expressway and motorway entrances leading to the Suvarnabhumi airport.

Business Type: Offshore Tin Mining

In Phuket: Company owns 99.99% in SML. Application has been filed for a lease area of 50,000 rai with minable resources of about 64,320 tons, cutoff at 0.10 kg/cu m. Verification studies pending. Subsequently, the company increased its capital through shareholders' meeting in February 2007, to Baht 288 million from Baht 72 million.

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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
11.	Operations Office	Operations Office 1: 12 Soi Saphan Hin, Muang, Phuket 83000, Thailand. Phone: +66 7621 2355 Fax: +66 7621 1214 Operations Office 2: 68/6 Moo4 Tahtoom, Kangkoi, Saraburi 18110, Thailand. Phone: +66 3622 7209 Fax: +66 3622 7209
12.	Subsidiaries:	1. TUNGKUM LIMITED <u>Registered and Operations Office:</u> 1 Moo 3, Tambol Khaoluang, Amphur Wang Sapung, Loei, 42130, Thailand. Phone: +66 89 892 6126-28

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No	Item	Description
		<p>Fax: +66 89 814 1025</p> <p><u>Branch Office 1:</u></p> <p>7 Floor, MuangThai-PhatraOfficeTower 1 252/11 Ratchadapisek Road, Huay Kwang, Bangkok, 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, Na-Ann, Muang, Loei, 42000, Thailand.</p> <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 1 252/11 Ratchadapisek Road, Huay Kwang, Bangkok, 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, Kaeng Khoi, Saraburi, 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>7 Floor, MuangThai-PhatraOfficeTower 1 252/11 Ratchadapisek Road, Huay Kwang, Bangkok, 10320, Thailand.</p> <p>Phone: +66 2695 4912-28</p> <p>Fax: +66 2695 4901</p> <p>4. SEA MINERALS LIMITED</p> <p><u>Registered and Operations Office:</u></p> <p>7 Floor, MuangThai-PhatraOfficeTower 1 252/11 Ratchadapisek Road,</p>

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No	Item	Description
		Huay Kwang, Bangkok, 10320, Thailand. Phone: +66 2695 4912-28 Fax: +66 2695 4901
13.	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
14.	Auditors	Professor. Kesree Narongdej CPA Thailand Registration No.76 Mrs. Natsarak Sarochanunjeen CPA Thailand Registration No. 4563 Mr. Chaiyuth Angsuwithaya CPA Thailand Registration No. 3885 Mr. Sumit Korphaibool CPA Thailand Registration No.4885 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 Fax: +66(0) 2237-2133
15.	Principal Bankers	SIAM COMMERCIAL BANK PCL. Ratchadapisek 3 Branch 18 True Tower, Ratchadapisek Road, Huay Kwang, Bangkok, 10320, Thailand. Phone: +66 2643 0130 Fax: +66 2643 0144 DEUTSCHE BANK AG, BANGKOK BRANCH 208, Wireless Road, Bangkok, 10330, Thailand.

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No	Item	Description
		Phone: +66 2646 5000 Fax: +66 2651 5215
16.	Legal Consultant	Dej Udom and Associates 9 th Floor, IsaraTower 942/142-3 Rama 4 Khet Bangruk, Bangkok 10500 Phone 02 233 0055 , 02 233 0068 Hunton & Williams 34 th Floor, Q.House Lumpini Building 1 South Sathorn Road Thungmahamek, Sathorn Bangkok 10120 Phone 02 645 8816 PHATARA THAMARAT OFFICE CO.,LTD. 2154/42 Sukhumvit Rd, Bangjak, PraKhanong Bangkok 10260 Mr. Yod Nakwang 31 Moo 3, Dongprakhram, Phromphiram Phitsanulok Tel. 081-4426203 Mr.Rungroj Daengsawat 336 Taladnanglerng, Watsommanus, Pomprab Bangkok Tel. 087-9959009
17.	Website	www.tongkahharbour.com
18.	E-mail	info@tongkah.co.th

Subsidiary Profile

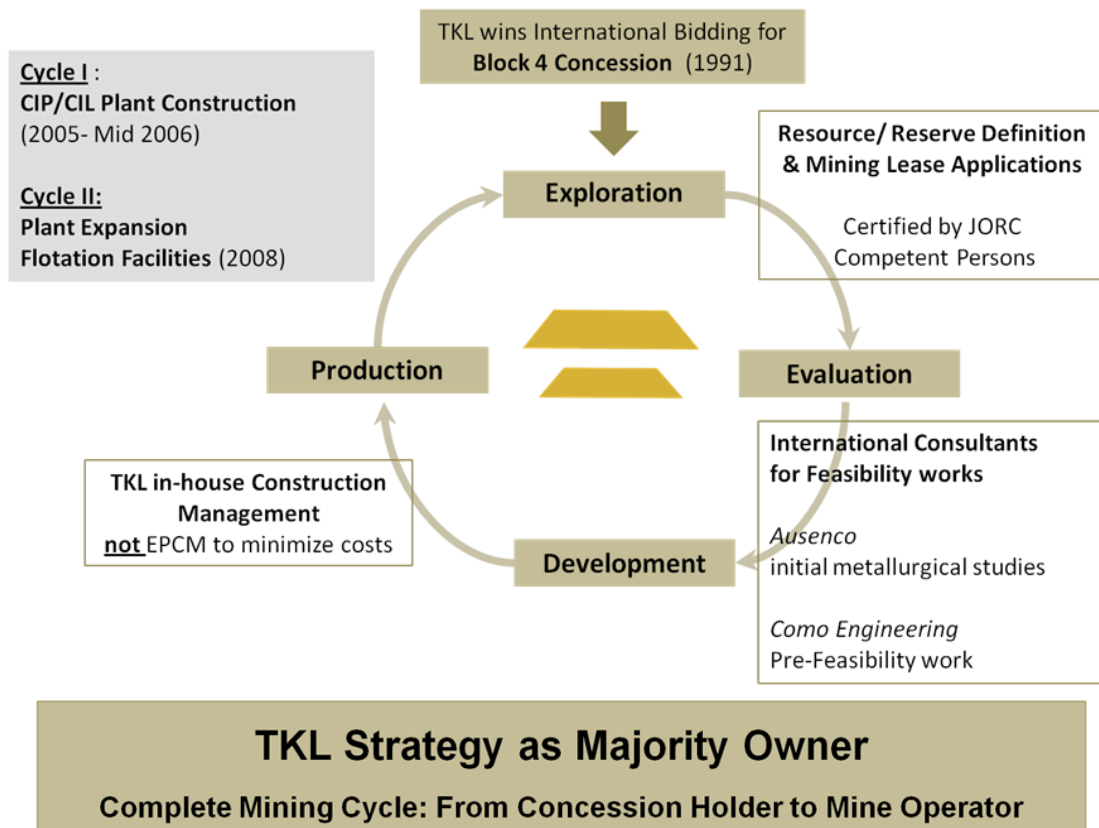
1. Gold Mining Asset: Tungkum Limited

Tungkum 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 Tungkom 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%.



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

Tungkum Limited won bidding of the Block 4 concession totaling about 545 sq. km. in October 1991. Later the company was granted the first 6 plot of gold mining licenses (totaling 2.07 sq. km.) and submitted a further mining licenses of 106 plots together with 8 special prospecting licenses (totaling 42 sq. km.) to cover the remaining prospective target in the concession area., as shown in table 1



Figure 1 Map showing location for Special Mineral Prospecting License of Block 1-4

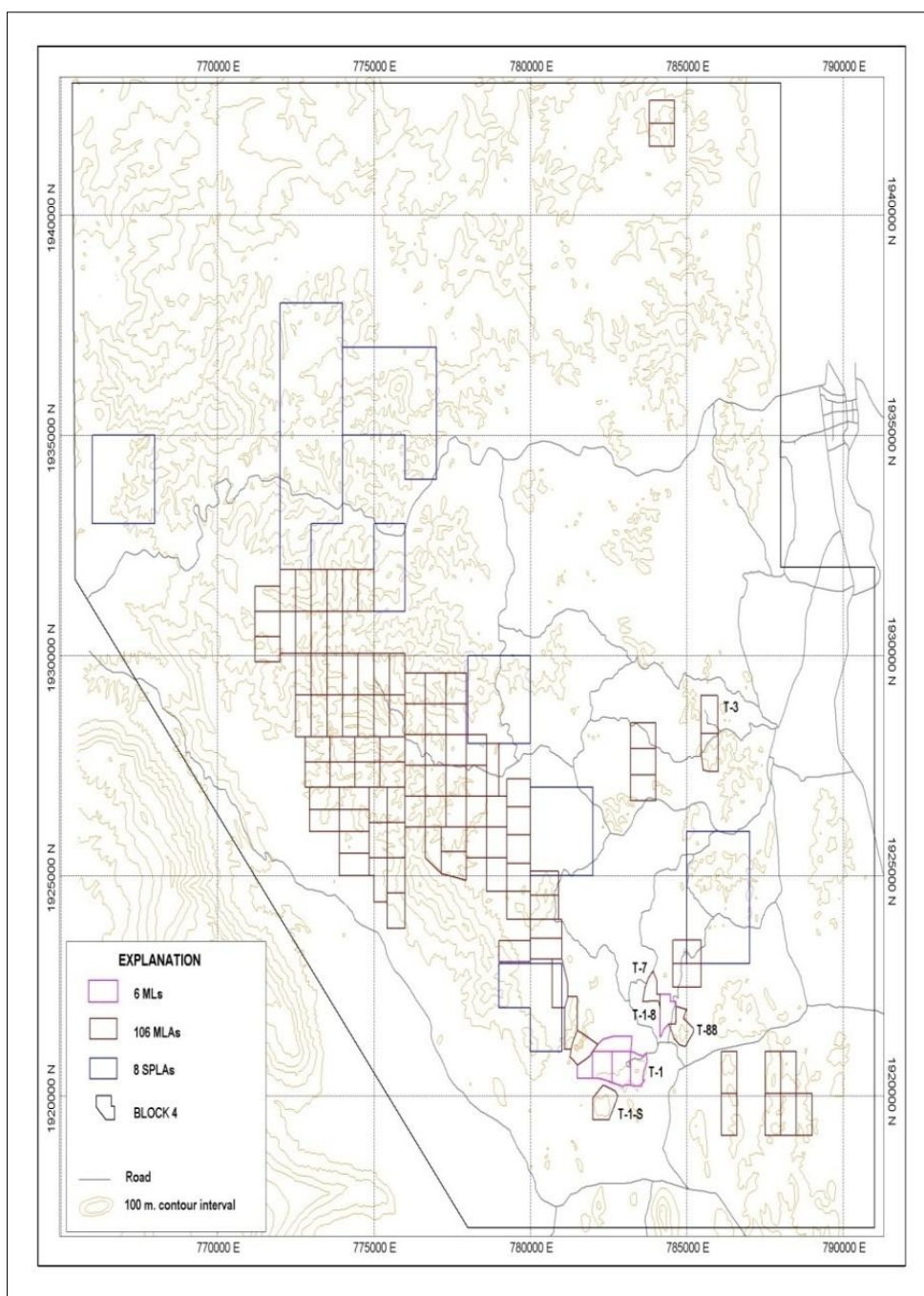


Figure 2 Map showing location of Mining Lease, Mining Lease Application and Special Mineral Prospecting License, Block 1-4, Loei Province

Tungkum Limited Gold Mining License and License Application			
Description	Quantity	Status	Area sq km
Mining Licenses	6	Granted for 25 years	2.07
Mining License Application	106	Under application	49.02
Special Prospecting License	8	Under application	42.00
Total Gold Mining License and License Application (Block 4)			93.09

Table 1 Area of Mining Licenses, Mining License Application and Special Prospecting Licenses

Remark: The mining licenses are valid for 25 years (with an option for extension more 25 years upon ore reserves confirmation)

General Geology and Mineralization

General Geology

In general, mining lease area consists of 6 concessions including ML no 26968/15574, 26969/15575, 26970/15576, 26971/15558, 26972/15559 and 26973/15560. All were combined as one project area for gold silver and copper mine of Tungkhum Co. Ltd. Majority of the concessions is generally comprised of sedimentary rock named "Pha Dua Formation" in Ratburi Group, Middle-Upper Permian Age. The formation was intruded by igneous rock of Permo-Triassic Age. It was partly deformed and became metamorphic rock and meta-sedimentary unit, Rocks in the concession are as followed.

Sedimentary Rocks

Sedimentary rock consists of gray to deep gray siltstone, gray to dark gray shale, light gray to light brown of fine grained sandstone, showing obvious thin bedding to non-bedding. It covers 80 percent of concession. In addition, gray limestone lens were found in ML no 26971/15558 and 26972/15559 along with locally recrystallization formed coarse grained crystals since metamorphism affected by locally intrusion of igneous body like stock. Sedimentary rock formed complex fold structure in this area exhibits bedding in NE-SW trend with dipping of 30-90 degree in NW and SE, but most are nearly vertical.

Igneous Rock

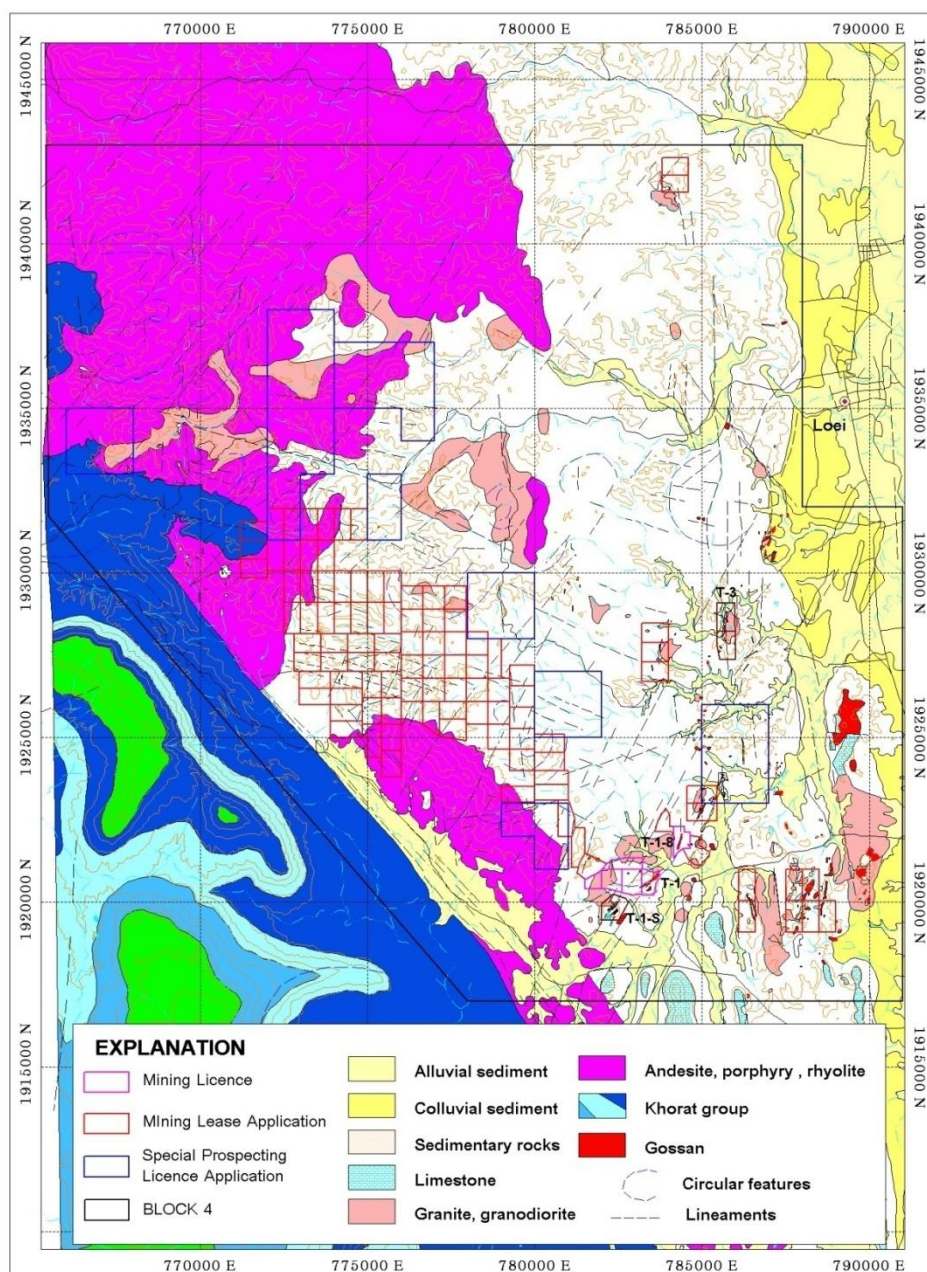
Igneous rock is mainly granodiorite, very light gray to deep gray, medium-coarse grain, showing xenoliths, main mineral constituents are quartz, feldspar, hornblende and biotite. Granodiorite was formed as stock, intruding into sedimentary rock, In central part of ML no 26968/15574 and 26969/15575. In the north of mining concession, granodiorite exhibits highly weathered where it exposed to the ground surface. Some boulders are found as hard rounded broken rock with high resistant to weathering. In addition, it shows porphyry in small dyke and sill cutting into sedimentary and skarn rock. Phenocrysts in granodiorite are mainly feldspar and hornblende. Igneous rock was assumed occurring during Triassic to Permo-Triassic Age and it was directly related to the occurrence of gold, silver and copper.

Metamorphic Rock

Metamorphic rock in the concession area mainly consists of skarn which was metamorphosed from high carbonate content rock, greenish gray, reddish brown and brown. It is composed of garnet, pyroxene very fine to coarse crystal. It sometimes shows perfectly euhedral crystal of garnet. In addition, hornfels was also found in the area. It occurred from highly metamorphosed country rocks near the contact during igneous intrusion into sedimentary rocks. Metamorphism process changed the country rock to very fine crystal with dense and high resistant. The metamorphic rock generally was found in association with gossan and massive sulfide along with ore vein in ML no. 26971/15558 and 26972/15559

Geology of mineral deposits

Mineral deposits in Loei province such as copper, iron, lead and zinc, related with intrusive igneous rock that leading mineralizing fluids and fill in open-space. Intrusive igneous rock is a cause of occurrence vein or replacement in country rock. However process depends on physical and chemical properties of country rock. Gold deposits in area of Mining License Application Group have similar occurrence. There are granodiorite and porphyritic igneous rock, intruding into sedimentary rock including sandstone, siltstone shale and limestone. Pressure and temperature from intrusion can change composition of country rock. To intrude hydrothermal fluids into limestone lens, it can react with interbedded limestone and some calcareous rock. Carbonate rock is sensitive to chemical reaction. Upon intruding, it occurs process that is called metasomatism. Chemical composition of original minerals has been changed such as garnet and pyroxene altered from carbonate rocks which product is called skarn, while minerals are leached and deposit together i.e. Iron Sulfides (pyrrhotite), Copper Sulfides (chalcopyrite), Bonite and little gold. In Addition, calcareous sedimentary rock such as siltstone and shale can react with hydrothermal fluids. In late state of crystallization, it has dilute hydrothermal fluids that bring gold, copper and bismuth, intruding into skarn or sulfide ore as a result of grade of gold in this area increase. Besides crystallization of some hydrothermal fluids has tiny veins such as quartz, calcite, pyrite, chalcopyrite, bismuth and molybdenite. Weathering product of sulfide ore is reaction between oxygen and ore (Oxidation reaction) as a result of lifting up and exposing to surface. After that sulfide ore changes to oxide ore which is called Gossan. Then, weathered gossan is transported to foot hill and causes eluvial deposit along occurrence of primary veins and so some gold is transported and deposited in those places.



Geology in BLOCK 4

Figure 3 Geologic map of Block 4 showing plots of mining license, mining license application and special prospecting license

1.3 Minalbe ore reserves and Ore production

As the result of gold prospecting, it showed high potential area for gold mining in 8 plots and ore reserve was estimated in whole plot. It comprised of 2,984,886 tons of oxide ore at average grade of 2.07 gm/ton, 171,872 tons of transition ore at grade of 3.3 gm/ ton and 3,113,024 tons of sulfide ore at average grade of 2.42 gm/ton.

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Tungkum Limited Prospecting Areas and Ore Reserves (Modify, 2013)						
Prospecting Area	Ore Type	Wet Tons	Average grade		Contained Gold	Strip Ratio
			Gold (g/t)	Copper (%)	(oz)	Ore : Waste
T-1	Oxide	463,665	2.40		35,777	
	Transition	128,269	3.57		14,722	
	Sulfide	1,385,658	2.63	0.17	117,166	
	Total	1,977,592	2.64	0.17	167,666	1 : 6.75
T-1-8	Oxide	569,097	2.05		37,509	
	Transition	33,603	2.06		2,226	
	Sulfide	389,551	1.04	0.26	13,025	
	Total	992,251	1.65	0.26	52,759	1 : 5.24
T-1-S	Oxide	1,188,690	1.71	0.10	65,189	
	Sulfide	439,255	2.96	0.07	41,837	
	Total	1,627,946	2.04	0.09	107,027	1 : 8.29
T-3	Oxide	585,693	2.22	0.13	41,863	
	Sulfide	891,560	2.36	0.17	67,646	
	Total	1,477,254	2.31	0.16	109,509	1 : 3.44
T-7	Oxide	35,000	4.90		5,514	
	Transition	10,000	4.59		1,476	
	Sulfide	7,000	6.92		1,557	
	Total	52,000	5.11		8,547	1 : 4.97
T-88	Oxide	42,651	3.11		4,265	1 : 4.80
Q-spur	Oxide	67,450	3.03		6,571	1 : nil
G-cap	Oxide	32,639	1.53		1,606	1 : nil
Grand total	Oxide	2,984,886	2.07		198,293	
	Transition	171,872	3.33		18,424	
	Sulfide	3,113,024	2.41	0.17	241,232	
	Total	6,269,782	2.27	0.15	457,949	1 : 6.00

Table 2 Showing Ore Reserve of prospecting areas (Updated in January 2013 by Company's Geologists)

Tungkum Limited applied for the first Mining License. Later in 1995, the company was granted the gold mining license of a total 6 plots, i.e. mining license number 26968/15574, 26969/15575, 26970/15576, 26971/15558, 26972/15559 and 26973/15560 in 2006 covering 5 prospective areas (T-1, Q-Spur, G-Cap, T-1-8 and T-88).

Tungkum Limited opened gold mine in October 2006 until temporarily stopped operation in 26 December 2012 because the company has been waiting for granting to use areas in the national forest for gold mining.

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Since 2006 gold mine was operated and ore production was a total of 2,999,310 tons at average grade of 1.99 gm/ton, containing gold metal totally 191,450 oz, as detailed shown in table 3:

Tungkum Limited						
Ore production since 2006-2012						
(Updated in January 2013)						
Prospectig Area	Ore Type	Wet Tons	Average grade		Contained Gold	Strip Ratio
			Gold (g/t)	Copper (%)	(oz)	Ore : Waste
T-1	Oxide	938,746	1.88		56,741	
	Transition	164,582	1.33		7,038	
	Sulfide	1,118,794	2.13		76,616	
	Total	2,222,122	1.97		140,395	1 : 4.96
T-1-8	Oxide	539,800	2.17		37,660	
	Transition	38,612	2.35		2,917	
	Sulfide	48,475	1.39		2,166	
	Total	626,887	2.12		42,744	1 : 2.21
T-88	Oxide	45,227	2.00		2,908	1 : 4.42
Q-spure	Oxide	78,569	1.86		4,698	1 : nil
G-cap	Oxide	26,505	0.83		705	1 : nil
Grand Total	Oxide	1,628,847	1.96		102,713	
	Transition	203,194	1.52		9,955	
	Sulfide	1,167,269	2.10		78,782	
	Total	2,999,310	1.99		191,450	1 : 4.24

Table 3 Showing ore production since 2006 to 2012

Ore remain which can be mined is approximately 570,561 tons, average grade of 1.58 gm/ton, containing gold metal totally 28,988 oz, detailed show in table 4:

Tungkum Limited						
Ore remain						
(Updated in January 2013)						
Prospecting Area	Ore Type	Wet Tons	Average grade		Gold contained	Strip Ratio
			Gold (g/t)	Copper (%)	(oz)	Ore : Waste
T-1	Sulfide	241,610	2.52	0.06	19,575	1 : 6.08
T-1-8	sulfide	328,951	0.89	0.31	9,413	1 : 11.72
Total		570,561	1.58	0.20	28,988	1 : 9.33

Table 4 Showing ore remain in mining concession area (T-1 and T-1-8 (Modify, January 2013)

Mining plan for 2013-2020

In the present, license for use areas in the national forest of Tungkim Limited expired since 25 December 2012. If the company grant the license, gold mine will normally open in T-1 and T-1-8 which areas have ore remaining. Besides, T-1 and T-1-8 areas are asking for mining license. Therefore, ore reserve have total about 3,683,016 tons that average cut off grade 2.08 g/t gold and 0.13% copper, strip ratio (ore:waste) about 1:6.49 period of mine about 7 years, detailed show in table 5:

Tungkim Limited								
Mining Plan period 7 years								
year	Prospecting area	Ore Mined				Waste	Total Product	Strip Ratio
		Wet Tons	Gold (g/t)	Copper (g/t)	Silver (g/t)	Wet Tons	Wet Tons	Ore : Waste
1	T-1,T-1-8&T-1-S	351,632	1.88	1,303.28	1.40	3,548,368	3,900,000	1 : 10.09
2	T-1-8&T-1-S	544,158	1.17	1,711.02	1.21	6,255,842	6,800,000	1 : 11.50
3	T-1-S	600,000	1.80	1,070.01	1.66	5,250,000	5,850,000	1 : 8.75
4	T-1-S	640,914	2.69	861.38	1.80	3,559,086	4,200,000	1 : 5.55
5	T-3	619,058	2.21	1,234.55	5.37	1,859,692	2,478,750	1 : 3.00
6	T-3	487,254	2.35	1,709.59	11.41	1,802,746	2,290,000	1 : 3.70
7	T-3	440,000	2.36	1,739.51	11.88	1,621,643	2,061,643	1 : 3.69
Total		3,683,016	2.08	1,342.94	4.73	23,897,377	27,580,393	1 : 6.49

Table 5 Show mining plan of Tungkim Limited, Period 7 years

1.4 General Operation & Production Overview

The gold mining method is an open pit mine. Ore has been mined out by excavating ground surface down below. Ore consists 2 types such as oxide ore (ore from weathering process) and sulfide ore (most sulfide ore that non chemical reaction with oxygen) Mined ore will be fed into pulverizing machines (crusher, ball mill and sag mill). Then, very fine particle ore will be passed into ore dressing and processing plant to extract copper, gold and silver. All are in closed process known as “zero discharge”.

Oxide ore will be processed to extract gold known as Carbon – In – Pulp (CIP) at throughput of 2400 ton/day with recovery efficiency of 80 % and product is gold dore with gold content at average grade of 60-80%. Later, chemical agent used in the process will be detoxified with INCO process. Then slurry from the process has been drained in to tailing dam (TSF) and drained water will be treated and re-use in processing plant.

Copper will be extracted from Sulfide ore by flotation process to reduce interference to cyanidation process before Gold will be dissolved from Sulfide ore by CIP process. Gold mine started flotation process in September 2009 at which capacity was 1,920 tons/day, average recovery at 80% copper and 55% gold. Moreover, another product is CuS concentrate, average grade 15% copper and 70

gm/ton gold. The flotation process have lesser cost of chemical agent than CIP process about 50% and waste rock from sulfide ore can be fed back into operation process for value-added.

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 operation pay royalties on gold, copper and silver production, calculated on the value of each commodity at the point of transport. Out of the total Bath ~98.8 million that was paid as royalties to DPIM,

For our contributions to the Mining Industry, Tungkum Limited has received certain Board of Investment (BOI) approvals from the Royal Thai Government. Most significantly, Tungkum 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. Nowadays, it has to import duty exemption for 5 years and expires January 31, 2014.
- 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

1.6 Property Development

As the licensing and bureaucratic process of converting mining Lease Application into Mining License within the thai mining industry is both uncertain and lengthy, The Group needs to repeat the strategy of the 1990's and sell this entry to support the casg flow position of the Group until the next set of mining licenses are attained at Tungkum Ltd.

The subsidiary owns a plot of land near the intersection between Rama 9 Road and Ratchadapisek Road. Around this area have so many store and office along with comfortable communication, reasonable in property Development.

2. Igneous Rock (Andesite) Quarry

2.1 Operation of 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	Status
28676/15268	88.952	142,323.20	May, 2009	In the process
28675/15632	154.667	247,467.20	January, 2017	Renewed

Mine area of igneous rock (Andesite) Quarry consists 2 Mining Licenses including mining license number ML 28635/156532; area about 154 rai 2 ngan 67 square wah which the company lease for 10 years mining license from Sintana Resource Company Limited. The last renewal on 21 Jan 2007 and expire on 20 Jan 2017. Another mining license is number ML 28676/15268; area about 88 rai 3 ngan 81 square wah which mining license owner is Tongkah Harbour Public Company Limited. It expired in 2009 and is waiting for renewal of mining license because the company considered that business opportunity is not so sound. However, the currently aggregate business has changed because demand of igneous rock (Andesite) aggregate increases. In the future, the Company plan to expand production by investing for construction of new crushing plant, as production line no 2.

2.2 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 100 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.

2.3 Aggregate Sales

In 2012, demand of igneous rock (andesite) increase for construction and repair many roads because of flooding. Therefore in 2011 product sale has increased 45.17%, as the followings:

Table show sale & circulation of product in 2012 compare with 2011

Sale in 2012 (ton)					
Product	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total
Total	26,476.57	51,587.28	34,375.27	33,364.21	145,803.33
Sale in 2012 (ton)					
Product	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total
Total	8,815.73	13,107.78	50,523.04	27,987.19	100,433.74
Circulation in 2012 (bath)					
Product	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total
Total	3,477,905.12	6,776,373.20	3,511,613.31	6,457,864.45	20,223,756.10
Circulation in 2012 (bath)					
Product	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total
Total	1,169,807.76	1,023,788.77	7,394,210.06	4,522,862.13	14,110,668.72

2.4 Marketing and Competition

I. Policy & Marketing

Currently, demand of andesite has increased because of flooding in 2011. Since road surfaces were widely damaged. In particular roads in area of Phra Nakhon Si Ayutthaya, Pathum Thani and northern of Bangkok, they are located near to igneous rock (Andesite) Quarry in Saraburi. As a result, demand of andesite for construction and repair of many roads increases in 2011. Besides, Department of Highways has improved a new standard of road surface pavement. Previously, andesite(dacite) was not determined in composition of road surface to new standard. So Andesite/Dacite was used in composition of modified asphaltic concrete on surface of road. Therefore demand of Andesite/Dacite increases from 2012 which product sale was only Ballast.

Besides, government has policy to enhance railway system, especially dual gang railway and high speed train construction project from Bangkok to northern and northeastern of Thailand

Now, State Railway of Thailand is looking for contractors to join a construction project for Dual Gauge Railway to north eastern of Thailand, which this railway project will pass kaeng khoi area; far from Company's Igneous rock (Andesite) Quarry less than 20 km. Therefore the company has advantage in term of portage for sale. And another advantage is only one competitor who has Andesite/Dacite that passed requirement of State Railway of Thailand and near the project area. That is Italian – Thai Development PLC. In addition, the Company produces 3/8 inch aggregate, which being researched in order to mixing in Pre-stressed Concrete.

Besides, the government has a policy to construct high speed train from Bangkok to Nakhon Ratchasima province. Therefore, if the project starts, demand of ballast will increase.

The company is approved by board of directors which has conclusion to investment for increasing capacity of Igneous rock (Andesite) Quarry from capacity of 180 ton/hr. upto 250 ton/hr. By the company plan to build second plant for support an increasing demand of Andesite. In the future, trend of demand to use andesite will increase, which is expected to develop operation capacity by March, 2014.

II. Competition

Andesite of the company has many advantages in marketing such as lower cost of transportation because quarry location is near Bangkok and quarry located between industry areas in northern and northeastern of Bangkok. Besides, around the region it has only igneous quarry located at Wihan Daeng District, but the products are used for its own project.

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.

2.5 Resources and Products

I. Product Acquisition

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.

II. 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 will be allowed as following guidance of mining plan submitted to Department of Primary Industries and Mines (DPIM) and in accordance with measures to reduce environment impact of Office of Natural Resources and Environmental Policy and Planning (ONEP).

- 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 Tungsum 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.

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.Kungval Kusoltammaratana | Independent Director & Chairman of the Board
<i>(Appointed on February 8, 2013)</i> |
| 2. Mr.Wijit Jiemwijitkul | Managing Director & Chairman of the Executive Committee |
| 3. Mr. Sukhaponng Palagawong Na Ayudhya | Managing Director <i>(Retired on December 13, 2012)</i> |
| 4. Dr. John Peter Mills | Director <i>(Retired on June 22, 2012)</i> |
| 5. Mr. Ronald Ng Wai Choi | Director <i>(Retired on June 22, 2012)</i> |
| 6. Mr. Pramote Bansit | Director |
| 7. Mr. Reywat Floro | Independent Director <i>(Retired on June 22, 2012)</i> |
| 8. Mr. Bundit Saengsareethum | Executive Director |
| 9. Dr. John Yangpichit | Director <i>(Retired by rotation AGM no.18/2012 April 30, 2012)</i> |
| 10. Mr. Tavee Aisoornpisarnsiri | Director |
| 11. Ms. Atchareeya Bansit | Executive Director <i>(Appointed on February 20, 2012)(Retired on rotation AGM 18/2012)</i> |
| 12. Mr. Naveee Rattanaporn | Audit Committee and Independent Director
<i>(Appointed on February 20, 2012)(Retired on rotation AGM 18/2012)</i> |
| 13. Mrs. Charunee Tiensai | Audit Committee and Independent Director
<i>(Appointed on February 20, 2012)(Retired on December 13, 2012)</i> |
| 14. Mr. Krittapas Kanikanant | Executive Director
<i>(Appointed on February 8, 2013)</i> |
| 15. Mr. Sumed Wattanarungsun | Independent Director <i>(Resigned on June 26, 2013)</i> |
| 16. Mr. Tanaphum Datavandamrong | Independent Director |
| 17. Mr. Sutthichai Sungkamanee | Director |
| 18. Dr. Wichai Cherdshewasart | Executive Director <i>(Appointed on February 8, 2013)</i> |
| 19. Police-General Somyod Poompanmoung | Independent Director & Chairman of the Audit Committee <i>(Appointed on January 23, 2013)</i> |
| 20. Mr. Amnuay Thawornwong | Independent Director & Member of the Audit Committee <i>(Appointed on January 23, 2013)</i> |
| 21. Assoc.Prof. Tarinee Pongsuphat | Independent Director & Member of the Audit Committee <i>(Appointed on January 23, 2013)</i> |

Executive Director

- | | |
|------------------------------|--|
| 1. Mr. Wijit Jiemwjitkul | Managing Director & Chairman of the Executive Committee (<i>Appointed on May 11, 2012</i>) |
| 2. Mr. Bundit Saengsareethum | Executive Director (<i>Appointed on February 20, 2012</i>) |
| 3. Ms. Atchareeya Bansit | Executive Director (<i>Resigned on February 20, 2012</i>) |
| 4. Dr. Wichai Cherdshewasart | Executive Director (<i>Appointed on February 8, 2013</i>) |
| 5. Mr. Krittapas Kanikanant | Executive Director (<i>Appointed on February 8, 2013</i>) |

Independent Director and Audit Committee

- | | |
|---------------------------------------|---|
| 1. Mr. Sumed Wattanarungsun | Independent Director & Chairman of the Audit committee (<i>Appointed on May 11, 2012 and Resigned on December 25, 2012</i>) |
| 2. Mr. Navee Rattanaporn | Independent Director & Member of the Audit Committee (<i>Appointed on February 20, 2012</i>) (<i>Retired on rotation AGM 18/2012</i>) |
| 3. Mrs. Charunee Tiensai | Independent Director & Member of the Audit Committee (<i>Appointed on February 20, 2012</i>) (<i>Retired on EGM 2/2012</i>) |
| 4. Mr. Tanaphum Datavandamrong | Independent Director & Member of the Audit Committee (<i>Appointed on May 11, 2012</i>) (<i>Resigned on December 25, 2012</i>) |
| 5. Police-General Somyod Poompanmoung | Independent Director & Chairman of the Audit Committee (<i>Appointed on January 23, 2013</i>) |
| 6. Mr. Amnuay Thawornwong | Independent Director & Member of the Audit Committee (<i>Appointed on January 23, 2013</i>) |
| 7. Assoc. Prof. Tarinee Pongsuphat | Independent Director & Member of the Audit Committee (<i>Appointed on January 23, 2013</i>) |

Remuneration Committee

1. Dr. Wichai Cherdshewasart
2. Mr. Wijit Jiemwjitkul
3. Mr. Tanaphum Datavandamrong
4. Mr. Bundit Saengsareethum

Nomination Committee

1. Dr. Wichai Cherdshewasart
2. Mr. Wijit Jiemwjitkul
3. Mr. Tanaphum Datavandamrong
4. Mr. Bundit Saengsareethum

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Management Shareholding

Shareholdings by Directors and Management as at the latest closing are as follow;

No.	Name	No. of Shares held		Increase/ (Decrease)
		31/12/2011	31/12/2012	
1.	Mr.Pramote Bansit	*11,000	11,000	-
2.	Mr. Sukhaponng Palagawong Na Ayudhya	-	1,800,000	1,800,000
3.	Mr. Ronald Ng Wai Choi	*4,517,441	4,517,441	-
4.	Mr.Bundit Saengsareethum	-	-	-
5.	Dr. John Peter Mills	-	-	-
6.	Dr. John Yangpichit	*420,000	120,000	(200,000)
7.	Mr. Reywat Floro	-	-	-
8.	Dr. Wichai Cherdshewasart	*1,350,000	1,350,000	-
9.	Mr.Wijit Jiemwijitkul	-	*19,185,500	19,185,500
10.	Mr. Sumed Wattanarungsun	-	*1,176,847	1,176,847
11.	Mr. Tanaphum Datavandamrong	-	*1,000,000	1,000,000
12.	Mr.Amnuay Thawornwong	-	*250,050	250,050

Note: From Shareholder's list by TSD as at the latest closing date which is 6 March 2013 and each director information includes the number of shares holding by spouse and person no sui juris.

PROFILE OF DIRECTORS

On January 23, 2013

- | | |
|---------------------------------------|---|
| 1. Dr. Wichai Cherdshewasart | Independent Director & Chairman of the Board |
| 2. Mr.Wijit Jiemwijitkul | Managing Director & Chairman of the Executive Committee |
| 3. Mr. Sumed Wattanarungsun | Independent Director |
| 4. Mr. Tanaphum Datavandamrong | Independent Director |
| 5. Police-General Somyod Poompanmoung | Independent Director & Chairman of the Audit committee |
| 6. Mr.Amnuay Thawornwong | Independent Director & Member of the Audit committee |
| 7. Assoc.Prof.Tarinee Pongsuphat | Independent Director & Member of the Audit committee |
| 8. Mr. Krittapas Kanikanant | Independent Director |
| 9. Mr.Kungval Kusoltammaratana | Independent Director |
| 10. Mr. Sutthichai Sungkamanee | Director |
| 11. Mr. Pramote Bansit | Director |
| 12. Mr. Bandit Saengseritham | Executive Director |

Name: Dr. Wichai Cherdshewasart

Position on Board

- Independent Director and Chairman of the Board
- Chairman of Nomination Committee
- Chairman of Remuneration Committee

Percentage of Shareholding

- 1,350,000 shares (0.18%)



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

- | | |
|--------------|---|
| 1977-2012 | Lecturer, Assistant Professor, Associated Professor Faculty of Science,
Chulalongkorn University |
| 2009-Present | Independent Director, Audit Committee member, Chairman of the board of
Director of THL |

Other present positions

- Nil

Positions in Other Core /Affiliated Companies

- Director of TKL

Name: Mr. Wijit Jiemwijitkul

Position on Board

- Managing Director
- Chairman of the Executive Committee
- Member of Nomination Committee
- Member of Remuneration Committee



Percentage of Shareholding

- 19,185,500 shares (2.53%)

Education/Training

- Bachelor Degree in Construction Management and Technology Faculty of Engineering,
King Mongkut's Institute of Technology Ladkrabang

Work Experience

- Chairman of the Executive Director & Managing Director of THL

Other present positions

- 1988 - 2000 Managing Partner, J and J Karnyotha Limited Partnership
- 1994 - Present Managing Director, J and J Construction and Management Company Limited
- 1994 - 2002 Consultant, Tanarit Development Company Limited
- 2000 -2004 Consultant, Dynamic Group Company Limited
- 2000 -2007 Consultant, Srirat Karnchang Limited Partnership
- 2007-2007 Consultant, Jamulto (Thailand) Company Limited
- 1999 - Present Managing Director, Incorp Company Limited
- 1999 - Present Managing Director, Bangkok Value Business Company Limited

Positions in Other Core /Affiliated Companies

- Director of TKL
- Director of Sky Cliff Ltd.

Name: Mr. Sumed Wattanarungsun

Position on Board

- Independent Director

Percentage of Shareholding

- 1,176,847 shares (0.15)

Education/Training

- Bachelor of Business Administration, Major in International Marketing and Minor in Psychology and Sociology, Bernard M.Baruch University

Work Experience

- 2012-Present Independent Director
- 2012-Present Consultant of Lalit Consulting Co., Ltd.
- 2012-Present Consultant of IDAA Global Co., Ltd.

Other present positions

- Nil

Positions in Other Core /Affiliated Companies

- Nil



Name: Mr. Tanaphum_Datavandamrong

Position on Board

- Independent Directors
- Member of Nomination Committee
- Member of Remuneration Committee



Percentage of Shareholding

- 1,000,000 shares (0.13)

Education/Training

- Ramkhamhaeng University Business administration
- Thammasart University Diploma Advanced Financial Management

Work Experience

- | | |
|--------------|------------------------------------|
| 2011-Present | Independent Director of THL |
| 2011-Present | Wuttithanant Partnership : Adviser |
| Present | Piyasree Partnership : Advisor |

Other present positions

- Nil

Positions in Other Core /Affiliated Companies

- Director of Tongkum Ltd.

Name: Police-General Somyot Poompanmoung

Position on Board

- Independent Director
- Member Audit Committee

Percentage of Shareholding

- Nil



Education/Training

- Bachelor of Political science
- Master of political science (India)D
- Doctor of Philosophy Program : Criminal Justice Administration and society,
Suan Dusit Rajaphat University

Work Experience

- 2012-Present Independent Director & Member Audit Committee of THL
- 2012-Present Deputy Commission General
- 2008 Assistant Commission General
- 2008 Central Investigation Bureau

Other present positions

- Nil

Positions in Other Core /Affiliated Companies

- Nil

Name: Mr. Amnuay Thawornwong

Position on Board

- Independent Director
- Member Audit Committee

Percentage of Shareholding

- 250,050 shares (0.03)



Education/Training

- B.A. Political Science (Diplomatic) Thammasat University
- Certificate “Strategic Intelligence” Internal Security Centre
- Director Certification Program: DCP # 35/2003 by Thai Institute of Directors (IOD)
- Chairman Certification Program: #8/2003 by Thai Institute of Director (IOD)
- Admonstrator of justive # 2/2554 (Bor Yor Por 2) by Admin court

Work Experience

- 2012 Independent Director & Member Audit Committee of THL
- 2012 Sub committee on consideration of Administration and Development of Southern Province B.E.2555-2557 Congress
- 1993 Consul General, Royal Thai Consulate-General, Penang, Malaysia

Other present positions

- Nil

Positions in Other Core /Affiliated Companies

- Nil

Name: Assoc.Prof. Tharinee Pongsupatt

Position on Board

- Independent Director
- Member Audit Committee

Percentage of Shareholding

- Nil



Education/Training

- B.S. Accounting, Kasersart University
- M.B.A. Accounting, Adelphi Unibersity
- Dr.rer.soc.oec Accounting University of Innsbruck

Work Experience

- 2012-Present Independent Director & Member Audit Committee of THL
- 2000-Present Associate professor, Faculty of Business Administration, Kasetsart University
- 1994-1999 Assistant professor, Faculty of Business Administration, Kasetsart University
- 1985-1993 Instructor, Faculty of Business Administration, Kasetsart University

Other present positions

- Nil

Positions in Other Core /Affiliated Companies

- Nil

Name: Mr. Krittapas Kanikanant

Position on Board

- Independent Director

Percentage of Shareholding

- Nil



Education/Training

- Master of Business Administration, Finance,
Sasin Graduate Institute of Business Administration, Bangkok, Thailand
- Master of Science in Administration, International Commerce, 1993
Metropolitan College, Boston University, Boston, MA, USA
- Bachelor of Engineering, Mechanical, 1989
King Mongkut Institute of Technology Ladkrabang, Bangkok , Thailand

Work Experience

- 2011-Present Independent Director of THL
- 2001-Present Financial and Budgeting Advisor, Mae Fah Luang Foundation
- 1995 Assistant Vice President – Investment Banking, *Phatra Securities Ltd.*

Other present positions

- Nil

Positions in Other Core /Affiliated Companies

- Director of Sky Cliff Ltd.

Name: Mr. Kungval Kusolt

Position on Board

- Independent Director

Percentage of Shareholding

- Nil

Education/Training

- Bachelor Degree Electronical Engineering, King Mongkut's Institute of Technology Ladkrabang
- Mini MBA, Commerce and Accountancy, Thammasat University
- Director Operations Program, Department of Psychology by Institute of Psychology
- Director Certification Program: DCP # 35/2003 by Thai Institute of Directors (IOD)
- Chairman Certification Program: #8/2003 by Thai Institute of Director (IOD)
- Admonstrator of justice # 2/2554 (Bor Yor Por 2) by Admin court

Work Experience

- 2013 Independent Director of THL

Other present positions

- 2010 – Present President and Chief Executive Officer,
International Research Corporation Public Co.,Ltd.

Positions in Other Core /Affiliated Companies

- Nil



Name: Mr. Sutthichai Sungkamanee

Position on Board

- Directors

Percentage of Shareholding

- Nil



Education/Training

- Bachelor of Administration, Faculty of Business Administration, University of the Thai Chamber of Commerce

Work Experience

- Directors of THL
- Revenue Department of chachoengsao
- Area Revenue Branch Office (Area 3)
- Deputy director general

Other present positions

- Nil

Positions in Other Core /Affiliated Companies

- Nil

Name: Mr. Pramote Bansit

Position on Board

- Director

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 Director of Tongkah Harbour PCL.

Other present positions

- Nil

Positions in Other Core /Affiliated Companies

- Director of TKL
- Director of Sea Mineral Limited

Name: Mr. Bandit Saengseritham

Position on Board

- Executive Director
- Member of Nomination Committee
- Member of Remuneration Committee

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

- Managing Director of Tungkum Limited

6. Corporate Governance Statement

THL, being a 106 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.

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).

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. Pramote Bunsit	9	9	10-18	Yes
Mr. Ronald Ng Wai Choi	12	10	2,7	Yes
Dr. John Peter Mills	12	10	1,2	Yes
Dr. John Yangpichit	10	8	1,5	Yes
Dr. Wichai Cherdshewasart	18	18	-	Yes
Mr. Tavee Aisoonpisarnsiri	10	5	1,2,3,7,8	Yes
Mr. Reywat Floro	12	12	-	Yes
Mr. Sukhapong Palagawong Na Ayudhaya	17	17	-	Yes
Mr. Bundit Saengsareethum	18	16	1,17	Yes
Mr. Navee Rattanaporn	6	6	-	Yes
Mrs. Charunee Tiensai	13	13	-	Yes
Ms. Atchareeya Bansit	6	1	5-9	Yes
Mr. Sumed Wattanarungsun	8	6	16,18	Yes
Mr. Wijit Jiemwijitkul	8	7	16	Yes
Mr. Tanaphum Datavandamrong	8	7	16	Yes
Mr. Sutthichai Sungkamanee	8	5	16,17,18	Yes
Mr. Krittapas Kanikanan	4	2	16,18	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 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, 3 Independent Directors as the member of the Committee.

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, scopes, 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 to 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 2012 Financial Year, there were 7 meetings for the Audit Committee to compile with their effective responsibilities.

(D) Remuneration Committee

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 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, Mr. Yod Nakwang appointed on December 25, 2012 (Mr. Chalermchai Martmuang resigned on 1 October 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 5 directors shall retire by rotation at this year's AGM:

1. Mr.Kungval Kusoltammaratana
2. Dr. Wichai Cherdshewasart
3. Mr. Pramote Bunsit
4. Mr. Krittapas Kanikanan
5. Mr. Bundit Saengseritham

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 2012 on April 30, 2012 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.

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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
Director				
1. Dr. Wichai Cherdshewasart	106,000	375,000	80,000	561,000
2. Mr.Pramote Bansit	89,000	245,000	75,000	409,000
3. Mr. Krittapas Kanickanant	32,258.06	40,000	0.00	72,258.06
4. Mr. Tanaphum Datavandamrong	47,983.87	140,000	90,000	277,983.87
1. Mr. Sutthichai Sungkamanee	47,983.87	0.00	0.00	47,983.87
2. Mr. Sumed Wattanarungsun	47,983.87	120,000	90,000	257,983.87
3. Polie-General Somyot Poompanmoung	3,830.65	0.00	0.00	3,830.65
4. Mr. Amnuay Thawonwong	3,830.65	0.00	0.00	3,830.65
5. Accos.Prof. Tarinee Pongsupatt	3,830.65	0.00	0.00	3,830.65
6. Mr.Sukhapong Palagawong Na	0.00	20,000	0.00	20,000
7. Dr. John Peter Mills	35,625	0.00	0.00	35,625
8. Mr. Ronald Ng Wai Choi	34,616.94	20,000	0.00	54,616.94
9. Mr. Raywat Floro	35,625	240,000	100,000	375,625
10. Dr. John Yangpichit	25,000	0.00	0.00	25,000
11. Mr. Tavee Aisoonpisarnsiri	25,000	100,000	0.00	125,000
12. Mrs. Charunee Tiensai	58,884.87	260,000	0.00	318,884.87
13. Mr. Navee Rattanaporn	12,715.52	120,000	45,000	177,715.52
Subtotal	610,168.95	1,680,000	480,000	2,770,168.95
Total (31 December 2012)	<u>633,375.54</u>	<u>1,760,000</u>	<u>480,000</u>	<u>2,873,375.54</u>

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 2012, the Managing Director, executives and management received Baht 14,314,416.66 (total 3 persons) in compensation detailed as follows:

Compensation	2011		2012	
	Persons	Paid Amount	Persons	Paid Amount
Salary	4	6,405,000.00	3	7,955,416.66
Other Benefits		1,036,836.36		6,359,000.00

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
Clarification of operating result quarter 1/2011 (Amend)	04 Jan 2012
Clarification of operating result quarter 2/2011	04 Jan 2012
Clarification of operating result quarter 3/2011	04 Jan 2012
Financial Statement Quarter 3/2011 (Amend)	16 Jan 2012
Financial Statement Yearly 2011	29 Feb 2012
Clarification of financial statement for year ended December 31, 2011	29 Feb 2012
Clarification of operating result quarter 1/2011 (Amend)	04 Jan 2012
Clarification of operating result quarter 2/2011	04 Jan 2012
Clarification of operating result quarter 3/2011	04 Jan 2012
Financial Statement Quarter 3/2011 (Amend)	16 Jan 2012
Financial Statement Yearly 2011	29 Feb 2012
Clarification of financial statement for year ended December 31, 2011	29 Feb 2012
Clarification of financial statement for year ended December 31, 2011 (Amend)	29 Feb 2012
Reviewed Quarter 1 and Consolidated F/S (F45-3)	04 Jan 2012
Reviewed Quarter 2 and Consolidated F/S (F45-3)	04 Jan 2012

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HEADLINE	DATE
Reviewed Quarter 3 and Consolidated F/S (F45-3)	04 Jan 2012
Amended the amount of property, plant, and equipment, net FS Q3/2011	17 Jan 2012
Audited Yearly and Consolidated F/S (F45-3)	29 Feb 2012
Audited Yearly and Consolidated F/S (F45-3) (Amend)	29 Feb 2012
Extension for submission of the Financial Statement Q1/2012	15 May 2012
Extension for submission of the Financial Statement Q1/2012, Q2/2012, Q3/2012	15 Nov 2012

Summary of Announcements to the Stock Exchange of Thailand

HEADLINE	DATE
The SET has still posted SP signs on THL	04 Jan 2012
Direction to resolve the grounds of possible delisting	09 Jan 2012
The SET allows and suspends the trading of THL's securities	09 Jan 2012
Changing of Managing Director	09 Jan 2012
Appointment of Company Secretary	31 Jan 2012
The SET reminds last trading day of THL on 7 February 2012	01 Feb 2012
The SET reminds last trading day of THL on 7 February 2012	02 Feb 2012
The SET reminds last trading day of THL on 7 February 2012	3 Feb 2012
The SET reminds last trading day of THL on 7 February 2012	6 Feb 2012
The SET reminds last trading day of THL on 7 February 2012	7 Feb 2012
Update on the progress of Special Audit	17 Feb 2012
Appointment of new Directors and Amendment of directors authorized to sign to bind the Company	22 Feb 2012
Invitation to Shareholders to propose the 2012 Annual General Shareholders' Meeting Agenda	23 Feb 2012
Appointment of Audit Firm to provide the Special Audit	14 Mar 2012
Set date for AGM 2011 and dividend omission	20 Mar 2012
Set date for AGM 2012 and dividend omission (Amendment Agendas and added Template-revised)	21 Mar 2012
Set date for AGM 2012 and dividend omission (Amendment Agendas and added Template)	21 Mar 2012
Amendment of Record Date for attending AGM and Clarify the Agenda	22 Mar 2012
Amendment of Record Date for attending AGM and Clarify the Agenda (revised PDF)	22 Mar 2012
Cancellation of Agenda on Consider and determine the Director's gratuity fee for year 2012	27 Mar 2012
Notification the Change of Directors	24 Apr 2012
Resolution of the Shareholders' AGM No. 18/2012	30 Apr 2012
Resolution of the Shareholders' AGM No. 18/2012 (revised)	2 May 2012
Resolution of the Shareholders' AGM No. 18/2012 (Revised votes)	9 May 2012
Notification the Appointment and Adjustment of Directors	15 May 2012
SP signs posted for failure submitting financial statement as of March 31, 2012	16 May 2012
Notification the Appointment and Adjustment of Directors (Revised)	16 May 2012
Disclosure of Minute of AGM no.18/2012 on website	22 May 2012
Schedule EGM No.1/2012	23 May 2012
Schedule EGM No.1/2012 (revised)	23 May 2012
Schedule EGM No.1/2012 (revised no.2)	23 May 2012
Listed company not met SET financial disclosure as May 31, 2012	1 Jun 2012

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HEADLINE	DATE
Resolution of the Shareholders' EGM No. 1/2012	22 Jun 2012
Listed company not met SET financial disclosure as June 30, 2012	2 Jul 2012
Disclosure of Minutes of EGM no.1/2012 on website	11 Jul 2012
Notification the Change of Director' Position	13 Jul 2012
Notification the Appointment of Independent Director	27 Jul 2012
Listed company not met SET financial disclosure as July 31, 2012	1 Aug 2012
Notification of the Board of Directors' resolution	1 Aug 2012
Notification the Appointment of Acting Managing Director (revised heading and template)	1 Aug 2012
SP failure to submit F/S (June 30, 2012) and inform NPG for failure to submit F/S (June 30, 2012)	15 Aug 2012
Notification on Criminal litigation	28 Aug 2012
Listed company not met SET financial disclosure as August 31, 2012	3 Sep 2012
Notification on Civil litigation	6 Sep 2012
Shareholders requested the Company to call an Extraordinary General Meeting	18 Sep 2012
Notification on Civil litigation	25 Sep 2012
Notification on Civil litigation	28 Sep 2012
Listed company not met SET financial disclosure as September 30, 2012	1 Oct 2012
Submission of Special Audit Report	30 Oct 2012
Listed company not met SET financial disclosure as October 31, 2012	1 Nov 2012
Notification on EGM Meeting progress as requested by Shareholders	2 Nov 2012
Shareholders requested the Company to call an Extraordinary General Meeting	5 Nov 2012
Schedule EGM No.2/2012	13 Nov 2012
Notification on dismissal of Company Secretary	14 Nov 2012
SP due to failure to submit F/S (Sep 30, 12) and list of NPG for failure to submit F/S (Sep 30, 12)	15 Nov 2012
Additional causes for possible delisting of ASCON PRO SCAN SMC THL and YNP	22 Nov 2012
Notification on temporarily stop mine operation at Loei Province	30 Nov 2012
Listed company not met SET financial disclosure as November 30, 2012	3 Dec 2012
Procedures on THL facing possible delisting due to operations or financial conditions (NC-Stage 2)	11 Dec 2012
Resolution of the Shareholders' EGM No. 2/2012	13 Dec 2012
Resolution of the Shareholders' EGM No. 2/2012 (revised)	14 Dec 2012
Notification on Appointment of Managing Director	26 Dec 2012
Reconstruction of the damaged tailing pond and the results of the public hearings	26 Dec 2012
Disclosure of Minutes of EGM No.2/2555 on website	26 Dec 2012
The cancellation of the Audit Committee	27 Dec 2012
Appointment of Company Secretary	27 Dec 2012

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.

Personnel and Remuneration for year 2012

1	Number of personnel of the Company:	
	- Head Office, Bangkok (persons)	23
	- KaengKhoi Office, Saraburi (persons)	17
	- Phuket Office (persons)	<u>2</u>
	Total (persons)	<u>42</u>
	Total salaries of personnel (Million Baht)	32.12
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.

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8. Group Finances

8.1 Revenue Structure

Nature of Income	Operated by	Revenue Structure					
		2012		2011		2010	
		Baht million	%	Baht million	%	Baht million	%
1. Revenue from sale of							
Gold Sales	Tungkum Limited (TKL)	824.22	78.65	922.43	83.91	837.18	83.03
Copper Sales	Tungkum Limited (TKL)	132.78	12.67	134.703	12.25	109.49	10.86
Andesite Sales	TongkahHarbour Public Company Limited (THL) and Cholsin Limited	20.22	1.93	13.270	1.21	5.61	0.56
Tin Ore Sales	THL			-	-	-	-
2. Other Income							
Gain on sale of Assets	THL	54.14	5.17	-	-	-	-
Gain on exchange rate	TKL	-	-	-	-	50.49	5.01
Decline in value of inventory		-	-	13.91	1.27	-	-
Interest Income and Others	Group of companies	16.57	1.58	14.939	1.36	5.48	0.54
Total Revenue		1,047.936	100.00	1,099.252	100.00	1,008.25	100.00

8.2 Financial Highlights

	Financial Statement			
Product	2012	2011	2010	Unit
Gold	16,286	19,394	20,611	Ounce
Copper	1,221,026	1,148,668	1,498,217	Pound
Andesite	105,152	100,434	36,122	Ton
Avg. Price				
Gold	50,609	47,563	40,618	Baht/Ounce
Copper	109	117	73	Baht/Pound
Andesite	192	132	56	Baht/Ton
Financial				
Total Sales	977	1,099	1,008	Million Baht
Gross Profit	398	574	480	Million Baht
EBIT	9	184	-208	Million Baht
Non-Controlling Interest	-2	2	72	Million Baht
Net Profit / (loss)	-231	24	-863	Million Baht
Total Assest	1,772	1,967	1,759	Million Baht
Total Liabilities	2,061	2,025	1,826	Million Baht
Shareholders' Equity	(289)	(58)	(67)	Million Baht
Outstanding Shares (thousands)	756,940	756,940	756,940	shares

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		Financial Statement		
Product	2012	2011	2010	Unit
Par Value	1	1	1	Baht/Shares
Book Value	(0.38)	(0.08)	(0.09)	Baht/Shares
Earning / (loss) Per Share	(0.31)	(0.03)	(1.13)	Baht
Dividend per Share	0	0	0	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

Financial Ratio	Unit	2012	2011	2010	2009	2008
Liquidity Ratios :						
1. Current Ratio	Times	0.23	0.30	0.16	0.35	1.30
2. Quick Ratio	Times	0.04	0.07	0.05	0.09	1.03
Activity Ratios :						
1. Receivables Turnover	Times	35.43	38.12	41.77	5.13	11.70
2. Average Collection Period	Days	10.30	9.58	8.74	71.12	31.20
3. Inventory Turnover	Times	1.54	1.79	3.34	3.67	5.01
4. Time to selling	Days	236.73	204.13	109.44	99.42	72.86
5. Account Payables Turnover	Days	12.13	10.39	7.41	6.88	9.17
6. Average Payables Payment Period	Days	30.09	35.14	49.23	53.05	39.82
7. Cash Cycle	Days	216.94	178.56	68.95	117.49	64.24
Profitability Ratios :						
1. Gross Profit Margin	%	40.72	53.65	50.37	(1.22)	53.18
2. Operating Profit Margin	%	0.87	17.15	21.87	(34.04)	37.39
3. Net Profit Margin	%	(23.63)	2.20	(90.61)	(83.73)	12.37
4. Return on Total Asset	Times	(0.13)	0.01	(0.49)	(0.08)	0.14
5. Return on Fixed Asset	Times	(0.25)	0.18	(1.03)	(0.12)	0.28
6. Return on Equity	Times	N/A	N/A	N/A	(0.44)	0.09
Efficiency Ratios :						
1. Asset Turnover	Times	0.55	0.54	0.54	0.22	0.37
2. Fixed Asset Turnover	Times	1.57	1.58	1.30	0.34	0.74
3. Equity Turnover	Times	N/A	N/A	N/A	0.53	0.76
Financial Policy Ratios :						
1. Total Debt Ratio	Times	1.16	1.03	1.04	0.58	0.51
2. Interest Coverage Ratio	Times	0.07	3.31	3.53	(3.91)	3.98
3. Debt Coverage Ratio	Times	(13.12)	15.66	(2.34)	(4.29)	3.83

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9. Management Discussion and Analysis for 2012

9.1 Total Assets

Total assets of the Company and its Subsidiary as at December 31, 2012 amounted to THB 1,772.388 million, representing a decrease from the end of the previous year by THB 194.720 million or 9.90 percent. The details of significant increases and decreases as compared to the end of previous year are as follows:

Unit: Thousand Baht

			Changes	
	31 December 2012	31 December 2011	Amount	Percentage
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	45,738	106,021	(60,283)	-56.86
Trade receivables	25,369	29,790	(4,421)	-14.84
Other receivables	22,129	15,616	6,513	41.71
Short - term loans to related party	-	647	(647)	-100.00
Inventories, net	346,955	404,505	(57,550)	-14.23
Other current assets				
- Deposit over estimate gold royalty fee - DPIM & ALRO	-	618	(618)	-100.00
- Input tax refundable	12,337	15,061	(2,724)	-18.09
- Other	304	6,701	(6,397)	-95.46
TOTAL CURRENT ASSETS	452,832	578,959	(126,127)	-21.79
NON - CURRENT ASSETS				
Long - term investments				
- Bank deposits pledged as collateral	3,914	3,955	(41)	-1.03
Deferred expenditures of projects, net				
- Andesite mining	7,858	8,851	(993)	-11.22
- Gold mining	150,512	183,039	(32,527)	-17.77
- Laos mining	18,169	-	18,169	N/A
Long - term loans to related parties, net	1,543	1,868	(325)	-17.40
Property, plant and equipment, net	623,788	676,153	(52,365)	-7.74
Investment property	491,726	491,726	0	0.00
Intangibla assets, net	848	916	(68)	-7.45
Advance payment for purchase of land - andesite mining project	17,687	17,687	(0)	0.00
Goodwill	-	594	(594)	-100.00
Other non - current assets	3,511	3,360	151	4.51
TOTAL NON - CURRENT ASSETS	1,319,556	1,388,149	(68,593)	-4.94
TOTAL ASSETS	1,772,388	1,967,108	(194,720)	-9.90

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Cash and cash equivalents items reduced from last the year amounted THB 60.283 million or 56.86 percent since the company started exploration tin and coal at Hinboun City and Viang Phuka City in Laos respectively. This investment is in the company business plan in order to expand business and diversify risk of a domestic mining operation due to delay in obtaining government approval of mining licenses of plot T-1-S and T-3 in Loei province. The amount of this project exploration was THB 18.169 million. And the net cash outflow from operating activities was THB 16.973 million.

9.2 Total Liabilities

Total liabilities of the Company and its Subsidiary as at December 31, 2012 amounted to THB 2,061.273 Million, representing an increase from the end of the previous year by THB 360.178 million or 1.79 percent. The details of significant increases and decreases as compared to the end of the previous year are as follows:

Unit: Thousand Baht

			Changes	
	31 December 2012	31 December 2011	Amount	Percentage
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>				
CURRENT LIABILITIES				
Bank overdrafts and short - term loans from financial institution	24,989	24,980	9	0.04
Trade payables - related party	44,013	51,511	(7,498)	-14.56
Trade payables - other parties	56,332	155,554	(99,222)	-63.79
Other payables	5,815	8,372	(2,557)	-30.54
Current portion of finance lease obligations	640,939	547,802	93,137	17.00
Short - term loans from related parties	100	26,605	(26,505)	-99.62
Provision for estimated claims from breach of the contract	849,501	878,604	(29,103)	-3.31
Other current liabilities				
- Deposit under estimate gold royalty fee - DPIM & ALRO	306,175	201,136	105,039	52.22
- Other	1,422	6,929	(5,507)	-79.47
TOTAL CURRENT LIABILITIES	1,929,286	1,901,493	27,793	1.46
NON - CURRENT LIABILITIES				
Long - term loans from related parties	67,024	56,800	10,224	18.00
Finance lease obligations	6,969	10,636	(3,667)	-34.48
Employee benefit obligation	16,942	17,159	(217)	-1.27
Provision for dismantling, removing and restoring	34,352	33,177	1,175	3.54
Provision for environmental restoration expenses	5,830	5,830	(0)	-0.01
Other non-current liabilities	870	-	870	N/A
TOTAL NON - CURRENT LIABILITIES	131,987	123,602	8,385	6.78
TOTAL LIABILITIES	2,061,273	2,025,095	36,178	1.79

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The trade payable to other parties was reduce by 63.79 percent comparing with the last year because on November 5, 2012, TKL has received a notice from the Department of Primary Industry and Mines (DPIM) to temporary cease the whole operation due to the collapse of the embankment of tailing pond. Therefore in this period TKL couldn't export gold and copper, this effect to the reducing of revenue received in advance from customer.

The increasing of compensation for land usage fees of ALRO was THB 105.039 million because TKL shall pay compensation of land usage to ALRO, due to utilize natural resource in ALRO area. The compensation is equivalent to the amount of royalty fee paid to DPIM. However TKL submitted a complaint to the Administrative Court to withdraw the demand for payment. Currently this case is now under the consideration of the Supreme Administrative Court.

9.3 Shareholders' Equities

Total shareholders' equity of the Company and its Subsidiary as at December 31, 2012 amounted to THB 288.885 million (capital deficiency), representing a decrease from the end of the previous year by THB 57.987 million or 398.19 percent. The details of significant increases and decreases as compared to the end of the previous year are as follows:

		<i>Unit: Thousand Baht</i>	
		Changes	
	31 December 2012	31 December 2011	Amount Percentage
SHAREHOLDERS' EQUITY			
Share capital			
Authorized share capital			
756,939,463 ordinary shares of Baht 1 each	756,940	756,940	- 0.00
Issued and fully paid - up share capital	756,940	756,940	- 0.00
Premium on common stocks, net	358,607	358,607	- 0.00
Dificit from change in equity interest of subsidiary	(4,450)	(4,450)	- 0.00
Retained earnings (deficit)			
Unappropriated	(1,471,138)	(1,242,669)	(228,469) 18.39
Total Equity of Parent Company's Shareholders	(360,041)	(131,572)	(228,469) 173.65
Non - controlling interests	71,156	73,585	(2,429) -3.30
TOTAL SHAREHOLDERS' EQUITY (CAPITAL DEFICIENCY)	(288,885)	(57,987)	(230,898) 398.19
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,772,388	1,967,108	(194,720) -9.90

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The loss of the company operation in 2012 was THB 228.469 million contributed to an increase of capital deficiency to THB 288.885 million. This was caused by number of reasons, foremost of which were: substantial delay in obtaining government approval of mining license, government and royalty fees that are significantly exceeded the original concession rate and a default of export contract.

9.4 Operating Results

The analysis of operation results in 2012 as follows:

	2012	2011	Changes	
			Amount	Percentage
Revenues (Thousand Baht)				
Revenues from Andesite	20,224	13,270	6,954	52.40
Revenues from Gold	824,221	922,430	(98,209)	-10.65
Revenues from Copper	132,787	134,703	(1,916)	-1.42
Costs (Thousand Baht)				
Cost of Andesite	13,213	11,668	1,545	13.24
Costs of Gold and Copper	566,104	484,499	81,605	16.84
Selling expenses (Thousand Baht)	251,218	223,346	27,872	12.48
Administrative expenses (Thousand Baht)	208,896	196,149	12,747	6.50
Financial Cost (Thousand Baht)	126,671	55,495	71,176	128.26
Comprehensive Profit (Loss) (Thousand Baht)	(230,894)	23,526	(254,420)	-1,081.44
Gross Profit Margin (%)	40.72	53.65	(12.93)	-24.10
Profit Margin (%)	(24)	2	(26)	-1,174.09

9.4.1 Revenues

The Andesite sales rapidly growth in 2012 which increasing by 52.40%. The amount of sales equal 105,152 ton and 100,434 tons in 2012 and 2011 respectively. Since after flood in 2011, the demand of using andesite substantial increase in order to repair the highways. This reason led to significant increase in sale price of andesite.

The revenue of gold significantly decreased by 10.65% comparing to the last year. The average gold price in 2012 was USD 1,669 per ounce and was USD 1,572 per ounce in 2011. The amount of gold was sell in 2012 equaled 16,286 ounce and was sell in 2011 equaled 19,394 ounce. The decreasing in gold sales was because on November 5, 2012, TKL has received a notice from the Department of Primary Industry and Mines (DPIM) to temporary cease the whole operation due to the collapse of the embankment of tailing pond. Therefore in this period TKL couldn't export gold and copper.

The revenue of copper slightly decrease by 1.42% comparing to the last year. However, this year the company gained on exchange rate amounted THB 54.143 million.

9.4.2 Profits

Gross Profit Margin reduced from 53.65% to 40.72% in 2012 due to 2 main reasons

First, the gold recovery rate vary according to the grade and quantity of the ore mined and process.

Lastly, on November 5, 2012, TKL has received a notice from the Department of Primary Industry and Mines (DPIM) to temporary cease the whole operation due to the collapse of the embankment of tailing pond. Therefore, TKL had to cease all the operation activities in this period. Moreover, the metallurgical processing permit expired on August 12, 2012. The request for extension was submitted to DPIM and has been renewed on August 13, 2012 and expires August 12, 2017.

Administrative expenses significantly increased by THB 12.747 million comparing to the last year because the company have to pay for the litigation process. It incurred THB 28.560 million.

Addition, the bad debt allowance increased THB 76.953 million due to the default payment of another company. Currently the company will consider to claim this amount via litigation process.

9.4.3 Financial Cost

Financial cost of the company increased significantly due to the default of export contract which agree with another overseas bank. The contract was unfair for the company because the sell price in the export contract was USD 805 per ounce which the average market price was USD 1,669 per ounce in 2012.

Therefore another overseas bank claim the cost for this case amounted USD 27.607 million and interest amounted USD 2.740 million. They were contributed to a substantial increase of financial cost.

9.4.4 Cashflows

Cashflow from operating activities, the cash outflow from this activities was THB 16.973 million due to the company face several problems for example; delay in obtaining government approval of mining licenses of plot T-1-S and T-3 in Loei province, and effect of temporary cease the mining process for DPIM notice.

Cashflow from investing activity, the company invested in exploration of tin mine at Hinboun city and coal mine at Viang Phuka city in Laos respectively. The figure of investment was THB 18.169 million.

Cashflow from financing activities, there was no significant issue.

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 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 follows:

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.

- i. The amount is referred to in the financial statement and/or SET or SEC's announcement and can be changed as appropriate.*

- ii. *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 Short-term loans to related party

Company	Aspac Construction Limited (ASPAC)
Transaction Type	For that time, the related company (Aspac Construction) has provided this overdraft facility for the benefit of the Company (Tongkah Harbour) for the working capital purpose. Later on, the Company has completely repaid the loan including interest to the related company (Aspac Construction). However, the former management of the Company (Tongkah Harbour) has not released the land pledge.
Transaction Value & Criteria on Net Tangible Assets	There is no balance of short term loan as at December 31, 2008 (fully repaid since 2007)
Reason for transaction	In 1999 THL accepted financial assistance from AsPac due to severe cash flow restraints brought on by the extremely tight credit market. The financial assistance rendered was used primarily to support the high strength aggregate quarry operations and as THL's working capital.
Terms and conditions of transaction	<ol style="list-style-type: none"> 1) The facility was made exclusively for THL and its controlled entities for working capital. 2) THL pays the monthly interest charge directl to a bak at the prevailing rate. 3) THL provided collatedral consisting of land at Saraburi province in the amount of Baht 4 million. The remaining Baht 10 million of the facility is secured by AsPac's grou collateral. 4) The OD facility by Aspac is allocated to THL and its controlled entities without other chagres.
Scope of Connected Persons/ Relationships	THL and AsPac are connected to the extent that Mr.Ronald Ng and the late Mr.W.Sukasem were directors of both THL and AsPac at the time of the transaction. Per THL policy, these persons abstained from voting in connection with this transaction.
Transaction Transparencyand approval process	This transection was reported in THL's annual and quaterly finanacial statements and submitted qurterly to the SET. This transaction was reviewed by and external auditor, legal counsel, THL' Audit Committee, and Board of Directors who deemed the said trasection to be fair, reasonable, and in compliance with generally acceptable accountin procedures.

10.3.2 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
Transaction Type	SHL group advanced to THL short-term loan for working capital of gold mine 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.
Transaction Value & Criteria on Net Tangible Assets	The outstanding balance of short term loan as at December 31, 2011 amount Baht 56.8 million
Reason for transaction	To extend the financial assistance rendered in support of THL group's working capital.
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>
Scope of Connected Persons/ Relationships	<p>SHL is a major shareholder of THL.</p> <p>Mr. Ronald Ng Wai Choi was THL's shareholder and director of both THL and SHL at the time of the transaction.</p> <p>According to THL policy, these persons abstained from voting in connection with this transaction.</p>
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.

- (1) On June 12, 2013, Criminal Case – at the Economic Crime Division (the Royal Thai Police Bureau) on the counts of false statements to the document, violating the Security and Security Exchange Act. The case is under the investigation of inquiry officer.
- (2) On June 15, 2012, Criminal Case – at the Sutthisarn Police Station (the Royal Thai Police Bureau) on the charge of taking away the document belongs to other people

(Sea Mineral share certificates), which caused the damage to the Company. The case is under the investigation of inquiry officer.

- (3) On September 25, 2012, Civil Case – at the Civil Court for the revocation of three loan agreements and three pledge agreements. The case is under consideration by the Civil Court. The Court scheduled for witness hearing on September 19, 2013.
- (4) On October 26, 2012, Civil Case – at the Civil Court for the revocation of the auction of Sea Mineral share certificates. The case is under consideration by the Civil Court. The Court scheduled for witness hearing on September 19, 2013

10.3.3 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 Tungkom Limited recorded the compensation payment paid through Authong Enterprise Limited for the amount of Baht 19.53 million (note in Table in No.10.3.3). However, he became head of the Company's Special Project Division and remains a Director and major shareholders of the Company.

10.3.4 Service agreement between TKL and AEL

Tungkom Limited (TKL)	Authong Enterprises Limited (AEL)
Transaction Type	<p>AEL provides services to TKL as follows:</p> <ol style="list-style-type: none"> (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. <p>TKL pays monthly consult service fee to AEL</p>

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Tungkum Limited (TKL)	Authong Enterprises Limited (AEL)
Transaction Value & Criteria on Net Tangible Assets	<p>Services fee for the year 2009 are as follows:</p> <p>(1) Management fee Baht 4.68 million (monthly Baht 390,000)</p> <p>(2) Car Rental Baht 1.20 million (monthly Baht 100,000)</p> <p>(3) House Allowance Baht 0.696 million (monthly Baht 58,000)</p> <p>Total Baht 6.576 million (monthly Baht 548,000)</p> <p>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: Bor Jor: 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%.</p> <p>AEL started service to TKL since August 1, 2008.</p> <p>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.</p>
Reason for Transaction	<p>Before that, SHL provided service to TKL</p> <p>Then, THL and TKL agreed to have AEL replace SHL position in order to reduce the conflict of interest</p> <p>The term and condition of the service fees was reasonable based on appropriateness and fairness.</p>
Terms and Conditions of Transaction	
Scope of Connected Persons/ Relationships	<p>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.</p>
Transaction Transparency and approval process	<p>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.</p>

10.4 CONNECTED 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 Tongkah Harbour 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, Tongkah Harbour 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.

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Subsidiaries	Tungkum Limited	Cholsin Limited	Sky Cliff Limited	Sea Minerals Limited
Balance 31 Dec.2010	Baht	Baht	Baht	Baht
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/ Relation- ships	Shareholders 98.94% Joint directors and shareholders	Shareholders 72.10% Joint directors and shareholders	Shareholders 75.00% Joint directors and shareholders	Shareholders 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

Litigation – The Company and subsidiaries are being sued.

11.1 Litigation with Agricultural Land Reform Office (ALRO)

Case No. 1 – Case related to the payment of land usage fee to ALRO

On December 19, 2007, Loei Province ALRO gave notice to Tungkum Limited to pay the outstanding land usage fees for the period of January to November 2007 amounting to Baht 14,563,336. Tungkum is of the opinion that the charges are unreasonably high and unfair.

On September 12, 2008, Tungkum submitted a complaint to the Administrative Court in Khonkaen to withdraw the demand for payment and call an emergency investigation so as to withdraw the ALRO order to pay the land usage fee.

On September 25, 2008, the Court accepted the complaint 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 Tungkum must pay the outstanding fees with interest.

On May 27, 2009, Tungkum Limited submitted a counter statement against the response of ALRO.

On September 9, 2009, Tungkum submitted additional information to the Court by testifying that Tungkum did not have any outstanding payments due to ALRO, instead it reversed its right to claim a refund of fees paid by Tungkum plus interest at the highest rate paid by Tungkum.

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

On December 21, 2010, Tungkum has amended the indictment asking the Court to order ALRO return the land usage fees which had been paid by Tungkum amounting to Baht 84 million to Tungkum.

On May 4, 2011, Khonkaen Administrative Court transferred the case filed by the Company to Udon Thani Administrative Court for further consideration. The Udon Thani Administrative Court accepted the case and reissued the case number as a black case no. 251/2011.

On June 3, 2011, Udon Thani Administrative Court denied indictment for consideration.

On June 30, 2011, Tungkum appealed the case to the Udon Thani Administrative Court. On July 19, 2011, Udon Thani Administrative Court transferred to the Supreme Administrative Court. The case is now under the consideration of the Supreme Administrative Court.

Case No. 2 – Case related to the permission by ALRO for the use of land

On May 9, 2011, Tungkum received a notice of termination of consent for usage of land in the land reform area from ALRO in LOEI and request Tungkum to remove the buildings and move staff out of the land reform area within 60 days from the date of receiving of the notice.

On July 5, 2011, Tungkum filed a complaint with the Central Administrative Court to withdraw Loei ALRO's order and submitted a petition for stay of execution injunctions and temporary protection. Later, the Central Administrative Court ordered the transfer of the Case to the Udon Thani Administrative Court.

On October 14, 2011, Udon Thani Administrative Court granted a temporary relieve of injunction for the land usage in the reform area until the court issues judgment or an otherwise order. Therefore, there is no effect to the operation of Tungkum. Tungkum can resume its operation as usual.

On March 22, 2013, Udon Thani Administrative Court ordered the revocation of the letter of the ALRO's Loei office terminating the permission for usage of land in the reform area and the revocation of the request Tungkum to remove the buildings and move staff out of the land reform area.

On April 19, 2013, ALRO filed the appeal to the Court.

On August 19, 2013, Tungkum filed a testimony to counter the appeal. The case is under the consideration of the Supreme Administrative Court.

11.2 Litigation with a joint-venture partner

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.

On June 22, 2010, the plaintiff enforced the indictment by request the Executor Office of the Court to force impounding of 4 plots of the Company's land in Phuket and East Tower condominium belonged to a related company (Sintana). On February 1, 2011, the Appeal Court ordered the Company and the related company to provide to the Court the security sufficient to the amount that the First Instance Court had ruled them to pay to the plaintiff plus interest to gain the stay of execution. On July 4, 2011, the Company therefore put down two title deeds of the office no. 252/252 and 252/11, 7th floor,

Muang-Thai Phatra Office Tower as a security. The Court then ordered the Company to stay of execution during the appeal.

On August 1, 2012, the Appeal Court upheld the ruling of the Civil Court. The Company and Sintana appealed to the Supreme Court on September 28, 2012. The petition is under the Supreme Court's consideration. The Company requested for stay of execution during the appeal to the Supreme Court. On December 14, 2012, the Company put down two title deeds of the office no. 252/252 and 252/11, as a security to the Supreme Court. In December, 2012, the plaintiff therefore, withdrew the impoundment of 4 plots of the Company's land in Phuket.

11.3 Litigation for a case of breach of the Service Agreement (CCC)

Case No. 1 – Breach of Service Agreement

On May 25, 2005, Sky Cliff Limited has been filed in a lawsuit where the plaintiff claims non-payment of services amounting to Baht 491,531. The court ruled that Sky Cliff Limited pay the plaintiff Baht 568,125 plus interest at the rate 7.5% p.a. from the filing date. Sky Cliff Limited appealed the order and provided a land title deed no.2615 of the Company (Tongkah Harbour) as a security during the appeal for stay of execution. On May 21, 2010, the Appeal Court reversed the first instance Court's decision by dismissing the plaintiff's claim on Sky Cliff.

On August 11, 2011, the Company has withdrawn the security (land title deed no.2615) during the appeal for stay of execution from the Court.

On August 24, 2011, the plaintiff filed the petition to the Supreme Court. The case is now under the consideration of the Supreme Court.

Case No. 2 - Breach of Project Management Contract

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 May 3, 2011, the First Instance 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.

On December 13, 2012, the Appeal Court ruled Sky Cliff to compensate the plaintiff in the amount of Baht 571,696.86 with interest at the rate of 7.5% commencing from December 26, 2007 until the amount is fully paid.

On June 12, 2013, Sky Cliff settled with the plaintiff and compensated to the plaintiff the amount ruled by the Court

11.4 Litigation with a former director for the retirement compensation

On July 8, 2013, a former director of the Company filed a complaint to the Labor Court requesting the Company to compensate him retirement compensation amounting to Baht 7.46 million with interest at the rate of 15% per annum since the filing date. The

Company has paid this former director on his retirement date an amount of Baht 1.98 million according to the Labor Act. The case is now under the consideration of the Labor Court.

11.5 Litigation with a former employee for the employment termination Case 1

On July 12, 2012, a former Company's employee filed a complaint to the Labour Court against the Company and Tungkum for the termination of the employment claiming sum of approximately Baht 1.8 million plus interest at 7.5% per annum. On December 21, 2012, the First Instance Labor Court dismissed Tungkum and ordered the Company to compensate for the employment termination amounting to approximately Baht 1.6 million plus 7.5% interest per annum. Later on, the Company filed an appeal to the Court. The case is under the Appeal Court's consideration.

11.6 Litigation with a former employee for the employment termination Case 2

On November 30, 2012, a former Company's employee filed a complaint to the Labour Court against the Company and Tungkum for the termination of the employment claiming sum of approximately Baht 12 million. The Company countered sued this employee for the damage occurred from his works for an amount of approximately Baht 7 million. The Court ordered to combine the two cases into a single case. The Court scheduled February 20, 2014 for witness hearing.

11.7 Case for revocation order by Labor Investigation Officer – case 1

On January 30, 2013, a former employee of the Company filed a complaint against the Company to the Department of Labor Protection and Welfare for the Labor Investigation Officer to order the Company to compensate for an employment termination amounting to Baht 0.2 million. Later on, the Labor Investigation Officer ordered the Company to compensate to this former employee according to the claim. The Company filed a case to Central Labor Court to revoke this order of the Labor Investigation Officer to pay Baht 0.2 million to the former employee. The case is under the consideration by the Central Labor Court. The Court scheduled the witness hearing in November 2013.

11.8 Case for revocation order by Labor Investigation Officer – case 2

On January 28, 2013, a former employee of the Company filed the complaint against the Company to the Department of Labor Protection and Welfare for the Labor Investigation Officer to order the Company to compensate for the employment termination amounting to Baht 1.49 million. Later on, the Labor Investigation Officer ordered the Company to compensate to this former employee Baht 1.49 million according to the claim. The Company filed a case to Central Labor Court to revoke this order of the Labor Investigation Officer. The case is under the consideration by the Central Labor Court. The Court scheduled the witness hearing on September 25, 2013.

11.9 The case for violation, revocation of the Board's resolution and damage claims

On December 24, 2012, the former Managing Director of the Company, as the plaintiff, filed lawsuit against the Company to the Civil Court that the Company, in the Board of Director meeting no.14/2012, accused the plaintiff being a director in a company that operated the real estate business, which was similar and in competition with the business of the Company. The plaintiff did not formerly informed such directorship to the shareholder meeting of the Company prior to the appointment of plaintiff to the director of the Company, resulting in the plaintiff acted in violating of Article 86 of the Public Company Act. The Board of Director of the Company also voted to suspend the plaintiff from performing duties as the Managing Director. The plaintiff claimed that the actions of the Company discredited and despised hatred which damaged his personnel reputation. Furthermore, the Company announced the suspension of the plaintiff from Managing Director on the online news of the Stock Exchange of Thailand, resulting in mislead to the reputation, honesty, and integrity of the plaintiff and distrustful for being a director of public company. The plaintiff asked the Court to order the Company and other defendants to jointly liable to compensate the plaintiff an amount of Baht 50 million. The other defendants, being the Company's directors, have testified and counterclaim from the former director damage amounting to Baht 47 million. The Civil Court has ordered the case to be under the Central Labor Court's consideration. The case now is under consideration of the Central Labor Court.

11.10 The case for revocation of the appointment of Sky Cliff's directors

On October 22, 2012, a former director of the Company and of a related company filed the complaint to the Civil Court to revoke a resolution of the shareholder meeting no.1/2555 of Sky Cliff, held on September 23, 2012, on the ground that the meeting quorum was incomplete. The Company and Sky Cliff counter filed the complaint. The case is under consideration of the Civil Court. The Court scheduled for witness hearing on October 25, 2012.

11.11 The case for the breach of shareholder agreement of Sky Cliff Company Limited

On January 25, 2012, two related companies filed a lawsuit against the Company to the Civil Court for that the Company, holding 75% share in Sky Cliff, breached the shareholder agreement of Sky Cliff, and claimed a damage amounting to approximately Baht 12 million. The Company filed the testimony to the Court arguing that the agreement was not binding and asked for case dismissal. The case now is under the consideration by the Civil Court. The Court scheduled for witness hearing on October 2, 2013.

11.12 The case for the breach of contract for attorney service – case 1

On January 25, 2012, a law firm filed a lawsuit against the Company to the Court on the ground that the Company has breached the attorney service contract and claimed

damage amounting to Baht 5.5 million. The Company counter filed against this law firm claiming damage amounting to Baht 4.2 million. The case is under the consideration of the Court. The Court scheduled for witness hearing on October 8, 2013.

11.13 The case for the breach of contract for attorney service – case 2

On August 20, 2012, a law firm filed a lawsuit against Tungkum to the Court on the ground that the Company has breached the attorney service contract and claimed the damage amounting to Baht 6.23 million. The case is under the consideration of the Court. The Court scheduled for witness hearing on October 24, 2013.

11.14 Bankruptcy Case

On December 24, 2012, creditors, which are two related companies, filed complaint against the Company to the Bankruptcy Court alleging that the Company indebted to the two related companies amounting to approximately Baht 46 million, and the 2011 financial statements of the Company showed liabilities greater than assets. The plaintiff asked the Court to order the Company absolute receivership and insolvent. The Company filed testimony against the plaintiff's claim by disputing the debt claimed by the plaintiff with the Central Bankruptcy Court. The case is under the consideration of the Bankruptcy Court. The Court scheduled for witness hearing on September 10, 2013.

11.15 Case for the revocation of the contractual arrangement of loan and the pledge of Sea Minerals Limited share certificates between the Company and a subsidiary and two related companies

On May 11, 2012, a company related to the former director sent a notice to the Company claiming that the Company has an outstanding debt amounting to Baht 56.80 million and would enforce the pledge agreement of share certificates in a subsidiary (Sea Mineral) to auction. On June 28, 2012, the related company enforced to auction the pledge agreement of Sea Mineral share certificates. The related company was being the only bidder and won the auction at the value of approximately Baht 18.5 million.

The current Board of Directors of the Company opined that the three loan agreements and the three pledge agreements referred by the related company including that a former director of the Company took out the share certificates of Sea Mineral share from the Company's office for the auction caused damage to the Company. Therefore, the Company filed a lawsuit against the two related companies and against the former director of the Company as the following details:

- 1) On June 12, 2013, Criminal Case – at the Economic Crime Division (the Royal Thai Police Bureau) on the counts of false statements to the document, violating the Security and Security Exchange Act. The case is under the investigation of inquiry officer.

- 2) On June 15, 2012, Criminal Case – at the Sutthisarn Police Station (the Royal Thai Police Bureau) on the charge of taking away the document belongs to other people (Sea Mineral share certificates), which caused the damage to the Company. The case is under the investigation of inquiry officer.
- 3) On September 25, 2012, Civil Case – at the Civil Court for the revocation of three loan agreements and three pledge agreements. The case is under consideration by the Civil Court. The Court scheduled for witness hearing on September 19, 2013.
- 4) On October 26, 2012, Civil Case – at the Civil Court for the revocation of the auction of Sea Mineral share certificates. The case is under consideration by the Civil Court. The Court scheduled for witness hearing on September 19, 2013

12. Audit Committee's Report

The Audit Committee's Report

To Shareholders

The Audit Committee of Tongkah Harbour Public Company Limited has been appointed as approved by the meeting of the Board of Directors No. 1/ 2013 on 23 January 2013 comprising 3 qualified independent councils with Police General Somyot Poompanmoung as Chairman of the audit committee, Mr.Amnauy Thawornwong and Assoc.Prof.Dr.Tharinee Pongsupatt as audit committee. The Audit Committee was appointed to instead chairman of the Audit Committee and Audit Committee that had been withdraw from agenda of the Extraordinary General Meeting of Shareholders No. 2/2012 on 13 December 2012.

The Audit Committee carried out its duties with the Audit Committee Charter, which has approved by the Board of Directors of the Company, and in accordance with requirements of the Securities and Exchange Commission Thailand in addition to the requirements of the Stock Exchange of Thailand. The Audit Committee concluded the significant issue, that is its duties, and providing comments on various topics during the year 2012, which is the time before the Audit Committee is appointed. The pivotal points of which are as follows:

1. The review of financial reporting

The Audit Committee reviewed significant information in the Company's quarterly and annual financial statements for the year 2012 as well as consolidated financial statements of The Tongkah Harbour Public Company Limited and its subsidiaries. The committee reviewed material items and received clarification from the relevant administrative departments. In addition, the Committee held a meeting with the external auditors so as to freely discuss important issues in the preparation of the financial statements and the disclosure of information in accordance with the financial reporting standards. The Audit Committee concluded that the financial statements accurately depicted the Company's financial status and operating results in all material respects with all legally defined accounting principles and were adequately disclosed.

In 2012, the Company submitted financial statements to the relevant agencies behind time. For the benefits of users of financial statements, especially shareholders in monitoring the financial information of the Company, the Audit Committee recommended that the Executive should reorganize the accounting and financial reporting processes to operate appropriately to ensure that financial position and performance report of the Company can be presented to users timely, accurately and reliability for the advantage of its shareholders, investors and users of financial information in decisions making purpose.

2. Review of internal control system and internal audit

The Audit Committee assessed the internal control system by reviewing the 2012 internal audit reports prepared and submitted to the Committee by the Internal Audit Department. Besides, the Audit Committee considered the independence and chain command of the Internal Audit Department to ensure truly independent and impartial as

well as engaged consultation and discussion about the responsibilities scope and duties of the internal audit department. Additionally, the committee also approved the 2013 internal audit plan which was schemed comprehensively with risk assessment and control mechanisms within the international standards and reviewed mutual transactions which might cause conflicts of interest. All reviewed procedures complied with relevant regulations, such as Public Limited Companies Law Act, The Revenue Code, regulations of the Securities and Exchange Commission of Thailand, Announcements or regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission.

The Committee concluded that the internal audit processes and systems of THL need to be improved. There were significant weaknesses or deficiencies on the protection of company assets, documents storage, which were found that the original contract documents were not categorized or assigned to any responsible parties. The weak financial accounting system and poor documentations affected the overdue financial statement preparation. The undefined operational control regulations and internal control systems were the ongoing problem from beginning. In 2013, The Company has resolved the obstacle by outsourcing, CPS Plus, to investigate the dilemma and design the appropriate and concise internal control system. The new designed system had recently completed. The Audit Committee recommended that the internal audit department should monitor and evaluate the internal controls continuously to ensure that the internal control systems of THL have more efficiency and well improved.

3. Risk management

The Audit Committee reviewed the adequacy of risk management by considering the risk management policies, plans, and guidelines on risk management. The founded risk factors affecting the operations include:

- 3.1 Risks on the mining of gold and copper such as price products risk, exchange rate risk, risks on production and improving the production line, risks on environment, economic, and social, risks on exploration and implementation of the government regulations and communities risk.
- 3.2 Risks of quarry Andessite
- 3.3 Risks of tin mining
- 3.4 Risks on land development
- 3.5 Risks of legal disputes

The results showed that the company's risk management was at fair level. The Audit Committee recommended that the risk management could enhance more efficiently and effectively. The Company should assign a working group or risk management committee to monitor, assess and propose guideline in order to ensure that significant risks were managed to acceptable levels. In addition, the company should integrate risk management throughout the organization by preparing the risk management manual or defining risk management framework and distribute to administrator, staffs and all participants to comprehend and evaluate to reduce the company risk.

4. Transactions which may cause conflicts of interest

The Audit Committee reviewed and follow-up the special audit case. The extraordinary issue was mandated by the Securities and Exchange Commission of Thailand (SEC) for the preparation of the special audit report. The Company has appointed Deloitte Touche Thomatsu Jaiyos Audit Limited to investigate various matters that may affect the reliability of management and internal control systems as well, and may pose a conflict of interest of the related party transactions. The Company had submitted the special audit report to the Stock Exchange of Thailand. Shareholders and investors acknowledged about it completely.

Upon the meetings with law enforcement and examining the special audit report, the Audit Committee raised opinion concerning major weakness on the contracts in the past, such as the approval signature authority, dated in the contract, the company seal and un-ratified transactions. It was found that some agreements made by the Board of Directors did not import to endorse a resolution or otherwise which were not compliance with the rules of the company. Some related party transactions were found not conform to the rules of the Regulators. The Audit Committee discussed with law enforcement to track the impacts and damages that may arise from those past agreements and transactions and suggested guidelines for the Company to comply with regulations strictly to prevent future problems.

5. Compliance with the Securities and Exchange Commission. Requirements of the Exchange Act and laws relating to the Company's business

The Audit Committee reviewed the practice of law with the Securities and Exchange Commission, the Requirements of the Exchange Act and legal implications related to the business type. Various discussions with the legal department, the Audit Committee agreed that the Company did not comply with laws and regulations involved, especially regarded to the disclosure requirements of listed companies on the Stock Exchange. Since the year 2012, the Company submitted the annual financial statements, Quarterly financial statements, Annual report and The registration statement for the year (56-1) beyond schedule requirements. The company paid penalized costs of non-compliance with these rules. As well as the information users could not track the performance of the Company to support a timely decision as a result of the accumulated problems in the past. The Audit Committee recommended to the company to compliance with regulations strictly.

6. Appointment of external auditor and review of the audit fee for 2013

The Audit Committee considered the appointment and remuneration of the auditors for the year 2013. By estimate of independence, skills, knowledge and abilities, experience in the audit of the Company's business, the Audit Committee had opinion that A.M.T. & Associates was independent, full of knowledge and experience audit firm. Moreover, the whole performance in the past year was satisfactory. Therefore, the Board of Directors approved the appointment of Professor Emeritus Kesaree Narongdej registration number 76 or Mrs. Natsarak Sarochanunjeen Registration No. 4563 or Mr. Sumit Korphaibool Registration No. 4885 or Mr. Chaiyuth Angsuwithaya Registration No. 3885 as an auditor for the year 2013 with the audit fees amounting to 2,950,000 baht, which increased from the

year 2012 (audit fees 2,600,000 baht). Because there are significant changes to financial reporting standards that are effective for the year 2013, and the company and its subsidiaries have more mining operations, and litigation relating to the liabilities which effect the company to go through the rehabilitation process of the Court.

In summary, the entire year 2012, the company had drawbacks in many aspects which bring accelerated amendment, especially the risk management system, the good internal control system and effective system of corporate governance, transparency and reliability. These are important mechanism in operation for the purposes of the Company and the interests of shareholders under the provisions of the relevant legislation. In the year 2013, the Audit Committee will attempt to restrictively follow those issues, especially the presentation of financial statements accuracy and timely.

On behalf of the Audit Committee

Police General.....

(Somyot Poomparmoung)

Chairman of the Audit Committee

October 2, 2013

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



A. M. T. & Associates

สำนักงาน เอ. เอ็ม. ที. แอสโซซิเอท

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INDEPENDENT AUDITOR'S REPORT

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

- (1) I have audited the accompanying consolidated financial statements of Tingkah Harbour Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2012, the related consolidated statements of changes in shareholders' equity, consolidated comprehensive income and consolidated cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. I have also audited the separate financial statements for the same period of Tingkah Harbour Public Company Limited.

Management's Responsibility for the Financial Statements

- (2) Management is responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

- (3) My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

- (4) In my opinion, the financial statements present fairly, in all material respects, the financial position of Tingkah Harbour Public Company Limited and its subsidiaries and of Tingkah Harbour Public Company Limited as of December 31, 2012, and the result of their operation and cash flows for the year then ended in accordance with financial reporting standards.

Emphasis of matters

Without qualifying my opinion, I drew attention to the following matter;

- (5) As described in note 4 to financial statement that as of December 31, 2012, the consolidated financial statements and separate financial statements presented total current liabilities exceeded total current assets amount of Baht 1,476.46 million and Baht 361.35 million, respectively and a capital deficiency of Baht 288.88 million and Baht 136.06 million, respectively. These were caused by numbers of reasons, foremost of which were: substantial delay in obtaining government approval of mining licenses, government and royalty fees that are substantially exceeded the original concession rate 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 849.50 million is uncertain
- (6) As described in note 1.6.1 (a) to financial statement that during 2012 Tungsum has ceased its mining pit operation due to the expiration of land use permit from the Forestry Department and metallurgical processing permit. However on August 12, 2013 the metallurgical processing permit has been granted the extension until August 12, 2017 while the land use permit is being follow-up with the Forestry Department.
- (7) As described in note 1.6.2 to financial statement that in May 2013, Sky Cliff sold the land and buildings and transferred the right for the request of the extension of construction permit to a non-related party for an amount of Baht 720 million. The fair value of the land and building appraised in 2012 by two SEC's approved independent asset appraisers were Baht 613 million and Baht 544.7 million respectively.

On May 15, 2013, a shareholder of Sky Cliff, which is a related company (Sino Pac Development Company Limited), that filed with the Civil Court to abrogate the appointment of the director of Sky Cliff as mentioned in Notes to Financial Statement No. 32.30, sent a notice to Sky Cliff to prevent the transfer of proceeds from the sales of land and building to the Company (Tongkah Harbour) to pay off the debt of the Company.

In 2013, Sky Cliff is studying and negotiating for other appropriate real estate businesses. In August 2013, Sky Cliff has invested in a property development company which has registered capital Baht 315 million. Sky Cliff's investment constitutes 70% of the company registered shares. Sky Cliff paid Baht 220 million for the acquisition of the shares.

- (8) As described in note 1.6.5 (b) to financial statement that as the financial statement for the year ended December 31, 2010 submitted to SET presented shareholder's equity less than zero. That cause the Company's share was announced to be delisting. However on January 6, 2012 the Company had appointed financial adviser and preparing rehabilitation plan to SET. Thus on January 9, 2012 SET approved trading of the Company's share during January 9, 2012 to February 7, 2012. Later, SET had posted SP (Suspension) sign since February 8, 2012 onwards, until the Company is able to improve its financial position and operation as SET's regulation.
- (9) As described in note 3.5 to financial statement that Mr. Ronald Ng Wai Choi, the Managing Director of the Company resigned on January 6, 2012. On December 31, 2011 the Company recorded compensation payment to the Managing Director amounting to Baht 6.08 million. Tungsum also paid Baht 19.53 million through Authong Enterprise Limited.

In January 2012, a director of the Company (Tongkah Harbour), exercised his personal right as a shareholder of the Company, filed a complaint to Department of Special Investigation (D.S.I.) to take legal action against Mr. Ronald Ng Wai Choi and associates for violation of The Securities and Exchange Act. The case is under the investigation of inquiry officer.

- (10) As described in note 13 to financial statement that in year 2008 the Company and Tungkum 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. Presently, the current management is following up the progress of the request of the Court Reconsideration for further actions.
- (11) As described in note 22 to financial statement that the Company (as guarantor) and a subsidiary had default payment of loan with a foreign bank. In 2011 the foreign bank submitted a complaint to the High Court of Justice, Queen's Bench Division, Commercial Court in United Kingdom against the Company and the subsidiary through arbitration process to claim total amounting to approximately Baht 1,490.44 million (equivalent approximately to USD 48.38 million) which comprise principal of loan with interest approximately Baht 640.94 million (equivalent approximately to USD 20.78 million) and damages claim of Export Contract approximately Baht 849 million (equivalent approximately to USD 27.60 million).
- On September 21, 2012 the subsidiary filed a complaint against the foreign bank to The Intellectual Property and International Trade Court for a case of revocation the loan and gold deliver agreement, due to violate, annulment and reclaim the amount of Baht 479.15. The complaint had been investigated, and awaiting for the order of the court.
- On March 27, 2013 the arbitrator issued a verdict order the subsidiary to compensate the loan, interest and claim total amount of USD 51.44 million.
- (12) As described in note 32.16 to financial statement that on September 28, 2012, the Company has entered into the Land Sale and Purchase Agreement for the sale of 2 plots of the Company's land in Phuket Province (Title deed no. 2613 and no.36860) at the price of Baht 82.64 million. The Company received the deposit payment from the buyer amounted to Baht 2.5 million on the agreement signing date and subsequently received the second payment amounted to Baht 5.5 million, with the remaining balance would be received from the buyer on the title transfer date. On July 19, 2013, the Company has received the remaining balance and already transferred the title deed to the buyer.
- (13) As described in note 32.17 to financial statement that on March 28, 2013, the Company has entered into a Sale and Repurchase Land Agreement for the 2 plots of the Company's land in Phuket Province (Title deed no. 312 and 2614) with an unrelated party amounting to Baht 30 million. The cash proceeds from the Agreement were used as the Company's temporary working capital. In June 2013, the Company has completely repaid the contractual counterparty and redeemed the contract.
- (14) As described in note 32.18 to financial statement that on August 13, 2013, Tung Kum signed a contract hiring a company to construct a pond and ditches in the villages around Tung Kum mining operation area that were requested by village administrators to enhance the quality of living, relationship, and understandings with people living in the area for an amount of Baht 8.44 million.

- (15) As described in note 32.21 to financial statement that a subsidiary has lawsuit claims with the Agricultural Land Reform Office (ALRO),

Case No. 1 – Case related to the payment of land usage fee to ALRO

On December 19, 2007, Loei Province ALRO gave notice to Tungkum Limited to pay the outstanding land usage fees for the period of January to November 2007 amounting to Baht 14,563,336. Tungkum is of the opinion that the charges are unreasonably high and unfair.

On September 12, 2008, Tungkum submitted a complaint to the Administrative Court in Khonkaen to withdraw the demand for payment and call an emergency investigation so as to withdraw the ALRO order to pay the land usage fee.

On September 25, 2008, the Court accepted the complaint 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 Tungkum must pay the outstanding fees with interest.

On May 27, 2009, Tungkum Limited submitted a counter statement against the response of ALRO.

On September 9, 2009, Tungkum submitted additional information to the Court by testifying that Tungkum did not have any outstanding payments due to ALRO, instead it reversed its right to claim a refund of fees paid by Tungkum plus interest at the highest rate paid by Tungkum.

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

On December 21, 2010, Tungkum has amended the indictment asking the Court to order ALRO return the land usage fees which had been paid by Tungkum amounting to Baht 84 million to Tungkum.

On May 4, 2011, Khonkaen Administrative Court transferred the case filed by the Company to Udon Thani Administrative Court for further consideration. The Udon Thani Administrative Court accepted the case and reissued the case number as a black case no. 251/2554.

On June 3, 2011, Udon Thani Administrative Court denied indictment for consideration.

On June 30, 2011, Tungkum appealed the case to the Udon Thani Administrative Court.

On July 19, 2011, Udon Thani Administrative Court transferred to the Supreme Administrative Court. The case is now under the consideration of the Supreme Administrative Court.

Case No. 2 – Case related to the permission by ALRO for the use of land

On May 9, 2011, Tungkum received a notice of termination of consent for usage of land in the land reform area from ALRO in LOEI and request Tungkum to remove the buildings and move staff out of the land reform area within 60 days from the date of receiving of the notice.

On July 5, 2011, Tungkum filed a complaint with the Central Administrative Court to withdraw Loei ALRO's order and submitted a petition for stay of execution injunctions and temporary protection. Later, the Central Administrative Court ordered the transfer of the Case to the Udon Thani Administrative Court.

On October 14, 2011, Udon Thani Administrative Court granted a temporary relieve of injunction for the land usage in the reform area until the court issues judgment or an otherwise order. Therefore, there is no effect to the operation of Tungkum. Tungkum can resume its operation as usual.

On March 22, 2013, Udon Thani Administrative Court ordered the revocation of the letter of the ALRO's Loei office terminating the permission for usage of land in the reform area and the revocation of the request Tungkum to remove the buildings and move staff out of the land reform area.

On April 19, 2013, ALRO filed the appeal to the Court.

On August 19, 2013, Tungkum filed a testimony to counter the appeal. The case is under the consideration of the Supreme Administrative Court.

- (16) As described in note 32.22 to financial statement that 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.

On June 22, 2010, the plaintiff enforced the indictment by request the Executor Office of the Court to force impounding of 4 plots of the Company's land in Phuket and East Tower condominium belonged to a related company (Sintana). On February 1, 2011, the Appeal Court ordered the Company and the related company to provide to the Court the security sufficient to the amount that the First Instance Court had ruled them to pay to the plaintiff plus interest to gain the stay of execution. On July 4, 2011, the Company therefore put down two title deeds of the office no. 252/252 and 252/11, 7th floor, Muang-Thai Phatra Office Tower as a security. The Court then ordered the Company to stay of execution during the appeal.

On August 1, 2012, the Appeal Court upheld the ruling of the Civil Court. The Company and Sintana appealed to the Supreme Court on September 28, 2012. The petition is under the Supreme Court's consideration. The Company requested for stay of execution during the appeal to the Supreme Court. On December 14, 2012, the Company put down two title deeds of the office no. 252/252 and 252/11, as a security to the Supreme Court. In December, 2012, the plaintiff therefore, withdrew the impoundment of 4 plots of the Company's land in Phuket.

- (17) As described in note 32.24 to 32.28 to financial statement that during 2012 the Company 6 former director and employees filed individually to Labour Court to claim compensation amounting to Baht 22.95 million. The cases are now under the consideration of the Labor Court / Court of appeals.

- (18) As described in note 32.29 to financial statement that on December 24, 2012, the former Managing Director of the Company, as the plaintiff, filed lawsuit against the Company to the Civil Court that the Company, in the Board of Director meeting no.14/2555, accused the plaintiff being a director in a company that operated the real estate business, which was similar and in competition with the business of the Company. The plaintiff did not formerly informed such directorship to the shareholder meeting of the Company prior to the appointment of plaintiff to the director of the Company, resulting in the plaintiff acted in violating of Article 86 of the Public Company Act. The Board of Director of the Company also voted to suspend the plaintiff from performing duties as the Managing Director. The plaintiff claimed that the actions of the Company discredited and despised hatred which damaged his personnel reputation. Furthermore, the Company announced the suspension of the plaintiff from Managing Director on the online news of the Stock Exchange of Thailand, resulting in mislead to the reputation, honesty, and integrity of the plaintiff and distrustful for being a director of public company. The plaintiff asked the Court to order the Company and other defendants to jointly liable to compensate the plaintiff an amount of Baht 50 million. The other defendants, being the Company's directors, have testified and counterclaim from the plaintiff an amount of Baht 47 million. The Civil Court has ordered the case to be under the Central Labor Court's consideration. The case now is under consideration of the Central Labor Court.
- (19) As described in note 32.34 to financial statement that on December 24, 2012, creditors, which are two related companies, filed complaint against the Company to the Bankruptcy Court alleging that the Company indebted to the two related companies amounting to approximately Baht 46 million, and the 2011 financial statements of the Company showed liabilities greater than assets. The plaintiff asked the Court to order the Company absolute receivership and insolvent. The Company filed testimony against the plaintiff's claim by disputing the debt claimed by the plaintiff with the Central Bankruptcy Court. The case is under the consideration of the Bankruptcy Court. The Court scheduled for witness hearing on September 10, 2013.
- (20) As described in note 32.35 to financial statement that the Company filed lawsuit against 2 related companies and a former director in connection with pawning and auction share's certificate (shares of Sea Mineral Limited) and filed with the Civil Court to revoke the act of borrowing and pawning of the share certificate.

Other matter

- (21) The consolidated financial statements of Tingkah Harbour Public Company Limited and its subsidiaries and the separate financial statements of Tingkah Harbour Public Company Limited for the year ended December 31, 2011 were audited by another auditor in my office, and expressed a un-qualify opinion and has emphasized of the matters, under her report dated February 28, 2012 as attached 1 of this report.



(CHAIYUTH ANGSUWITHAYA)

Certified Public Accountant

Registration No. 3885

A.M.T. & ASSOCIATES
Bangkok, Thailand
September 16, 2013

ANNUAL REPORT 2012

Audited Financial Statement

TONGKAH HARBOUR PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2012

	Note	Thousand Baht			
		Consolidated financial statements		Separate financial statements	
		For the year ended December 31		For the year ended December 31	
		2012	2011	2012	2011
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	5	45,738	106,021	3,168	968
Trade receivables	6	25,369	29,790	1,996	2,838
Other receivables		22,129	15,616	1,165	1,284
Short - term loans to related party	3.3	-	647	-	-
Inventories, net	7	346,955	404,505	4,636	3,758
Other current assets					
- Deposit over estimate gold royalty fee - DPIM & ALRO	8.1	-	618	-	-
- Input tax refundable		12,337	15,061	848	2,321
- Other		304	6,701	-	-
TOTAL CURRENT ASSETS		452,832	578,959	11,813	11,169
NON - CURRENT ASSETS					
Investments in subsidiaries, net	9	-	-	321,709	252,509
Long - term investments					
- Bank deposits pledged as collateral	10, 19, 23	3,914	3,955	1,991	1,982
Deferred expenditures of projects, net					
- Andesite mining	11	7,858	8,851	7,858	8,851
- Gold mining	12	150,512	183,039	-	-
- Laos mining	12.1	18,169	-	18,169	-
Long - term loans to related parties, net	3.4	1,543	1,868	201,358	206,534
Advance to other company, net	13	-	-	-	-
Property, plant and equipment, net	14, 19	623,788	676,153	88,674	91,416
Investment property	15	491,726	491,726	-	-
Intangibla assets, net	16	848	916	362	431
Advance payment for purchase of land					
- andesite mining project	17, 19	17,687	17,687	17,687	17,687
Goodwill		-	594	-	-
Other non - current assets	18	3,511	3,360	505	191
TOTAL NON - CURRENT ASSETS		1,319,556	1,388,149	658,313	579,601
TOTAL ASSETS		1,772,388	1,967,108	670,126	590,770

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

DIRECTOR

DIRECTOR

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TONGKAH HARBOUR PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES STATEMENTS OF FINANCIAL POSITION (Continued) AS OF DECEMBER 31, 2012

		Thousand Baht			
		Consolidated financial statements		Separate financial statements	
		As of December 31		As of December 31	
Note		2012	2011	2012	2011
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Bank overdrafts and short - term loans from					
financial institution	15 and 19	24,989	24,980	24,989	24,980
Trade payables - related party	3.7	-	-	11,758	4,932
- other parties		44,013	51,511	5,163	386
Other payables	20	56,332	155,554	18,927	8,178
Current portion of finance lease obligations	21	5,815	8,372	-	460
Default loan	22	640,939	547,802	-	-
Short - term loans from related parties	3.5	100	26,605	-	6,333
Provision for estimated claims from breach of the contract	22	849,501	878,604	-	-
Provision for guarantee of subsidiaries debts	22	-	-	312,062	312,062
Other current liabilities					
- Deposit under estimate gold royalty fee - DPIM & ALRO	8.3	306,175	201,136	-	-
- Other		1,422	6,929	261	1,330
TOTAL CURRENT LIABILITIES		1,929,286	1,901,493	373,160	358,661
NON - CURRENT LIABILITIES					
Long - term loans from related parties	3.6	67,024	56,800	426,519	351,034
Finance lease obligations	21	6,969	10,636	-	83
Employee benefit obligation	23	16,942	17,159	5,383	7,117
Provision for dismantling, removing and restoring	24	34,352	33,177	-	-
Provision for environmental restoration expenses	24	5,830	5,830	250	250
Other non-current liabilities		870	-	870	-
TOTAL NON - CURRENT LIABILITIES		131,987	123,602	433,022	358,484
TOTAL LIABILITIES		2,061,273	2,025,095	806,182	717,145

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TONGKAH HARBOUR PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2012

		Thousand Baht			
		Consolidated financial statements		Separate financial statements	
		For the year ended December 31		For the year ended December 31	
Note		2012	2011	2012	2011
SHAREHOLDERS' EQUITY					
Share capital	25				
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		(1,471,138)	(1,242,669)	(1,251,602)	(1,241,922)
Total Equity of Parent Company's Shareholders		(360,041)	(131,572)	(136,055)	(126,375)
Non - controlling interests		71,156	73,585	-	-
TOTAL SHAREHOLDERS' EQUITY (CAPITAL DEFICIENCY)	4	(288,885)	(57,987)	(136,055)	(126,375)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,772,388	1,967,108	670,126	590,770

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 YEAR ENDED DECEMBER 31, 2012

		Thousand Baht				
		Consolidated financial statements				
		Equity holder of parent company				
Issued and fully paid - up share capital		Deficit from			Total equity	
		Premium on common stocks, net	change in equity interest of subsidiary	Retained earnings (deficit)	attributable to the parent's shareholders	Non - controlling interests
						Total
Balance as of December 31, 2010	756,940	338,607	(4,450)	(1,249,251)	(138,154)	71,596
						(66,558)
Effect of changes in accounting policy	-	-	-	(14,955)	(14,955)	-
						(14,955)
End balance of year 2010 after adjustment	756,940	338,607	(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
Balance as of December 31, 2011	756,940	338,607	(4,450)	(1,242,669)	(131,572)	73,585
						(57,987)
Total comprehensive income (loss) for the year	-	-	-	(228,469)	(228,469)	(2,429)
						(230,898)
Balance as of December 31, 2012	756,940	338,607	(4,450)	(1,471,138)	(360,041)	71,156
						(288,885)

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

DIRECTOR _____ DIRECTOR _____

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TONGKAH HARBOUR PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2012

		Thousand Baht			
		Consolidated financial statements		Separate financial statements	
		For the years ended December 31		For the years ended December 31	
	Note	2012	2011	2012	2011
REVENUES					
Revenue from the sale of					
- Andesite sales		20,224	13,270	20,224	13,270
- Gold sales		824,221	922,430	-	-
- Copper sales		132,787	134,703	-	-
Gain on exchange rate	28	54,143	-	-	14
Reversal doubtful debts		-	-	-	54,252
Reversal loss on decline in value of inventory		-	13,910	-	2,885
Adjusted impairment loss of investment in subsidiary		-	-	69,201	-
Reversal loss for guarantee of subsidiaries debt		-	-	-	117,359
Other income					
- Interest income	3.1	175	343	3,027	5,203
- Other	3.1	16,386	14,596	13,345	5,629
TOTAL REVENUES	3.1 , 26	<u>1,047,936</u>	<u>1,099,252</u>	<u>105,797</u>	<u>198,612</u>
EXPENSES					
Cost of the sales of					
- Cost of andesite sales	3.1	13,213	11,668	16,058	12,393
- Cost of gold and copper sales		566,104	484,499	-	-
Selling expenses		251,218	223,346	2,760	4,727
Administrative expenses	3.1	208,896	196,149	75,002	56,904
Loss on exchange rate	28	-	65,544	63	-
Doubtful debts		76,953	26	919	-
Adjustment for increase in impairment on investment in subsidiaries		-	-	-	76,521
Amortization on exploration expenditures of gold mining project	12	32,526	38,999	-	-
Loss on decline in value of inventory	7	3,249	-	1,756	-
Finance costs	3.1	126,671	55,495	18,919	26,530
TOTAL EXPENSES	31.1 , 27	<u>1,278,830</u>	<u>1,075,726</u>	<u>115,477</u>	<u>177,075</u>
PROFIT (LOSS) FOR THE YEARS		<u>(230,894)</u>	<u>23,526</u>	<u>(9,680)</u>	<u>21,537</u>
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEARS		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEARS		<u>(230,894)</u>	<u>23,526</u>	<u>(9,680)</u>	<u>21,537</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO :					
EQUITY HOLDERS OF THE PARENT		(228,469)	21,537	(9,680)	21,537
NON - CONTROLLING INTERESTS		(2,425)	1,989	-	-
		<u>(230,894)</u>	<u>23,526</u>	<u>(9,680)</u>	<u>21,537</u>
BASIC EARNINGS (LOSS) PER SHARE (BAHT PER SHARE)					
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT					
		<u>(0.31)</u>	<u>0.03</u>	<u>(0.01)</u>	<u>0.03</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.

DIRECTOR

DIRECTOR

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TONGKAH HARBOUR PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES STATEMENTS OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31, 2012

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	For the years ended December 31,		For the years ended December 31,	
	2012	2011	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit (loss)	(230,894)	23,526	(9,680)	21,537
Adjustment to reconcile net loss to net cash inflow (outflow) from operating activities :-				
Depreciation and amortization	77,258	99,009	3,399	6,713
Goodwill written off	594	-	-	-
Doubtful debts (reversal)	76,953	-	919	(54,252)
Amortization on expenditures of andesite mining project	992	993	992	-
Amortization on exploration expenditures of gold mining project	32,527	38,999	-	-
Adjusted loss on impairment on investment in subsidiaries	-	-	(69,201)	76,521
Estimated loss for guarantee of subsidiaries debts (reversal)	-	-	-	(117,359)
Loss on decline in value of inventory (reversal)	3,249	(13,910)	1,756	(2,285)
Loss (gain) on sale fixed assets	(7,789)	(2,508)	(1,251)	(84)
Unrealised loss (gain) on exchange rate	(51,340)	48,416	24	(14)
Employee benefit	3,949	2,204	1,227	(670)
Interest income	(121)	(343)	(15)	(5,203)
Interest expenses	126,671	50,192	18,919	26,530
	32,049	246,578	(52,911)	(48,566)
<u>Decrease (increase) in operating assets :-</u>				
Trade accounts receivable	(68,164)	169	(76)	(2,293)
Other receivable	499	-	116	-
Advances to related parties	647	50	(5,637)	-
Inventories, net	54,301	(240,136)	(2,634)	9,129
Other current assets	2,724	(2,416)	1,472	44
Other non - current assets	(259)	2,922	(329)	215
<u>Increase (decrease) in operating liabilities :-</u>				
Trade payables - related party	-	-	6,826	(64)
Trade payables - other parties	(7,889)	6,912	4,757	300
Other payable and other current liabilities	(28,760)	241,513	(7,761)	2,810
Other non - current liabilities	(2,121)	(993)	(2,091)	-
Net cash inflow (outflow) from operating activities	(16,973)	254,599	(58,268)	(38,425)

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

DIRECTOR

DIRECTOR

ANNUAL REPORT 2012

TONGKAH HARBOUR PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOW (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2012

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	For the years ended December 31,		For the years ended December 31,	
	2012	2011	2012	2011
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease (increase) in investment in subsidiaries	-	-	-	(72,000)
Decrease (increase) in long - term investment - bank deposits pledged as collateral	(12)	(77)	(9)	(23)
Decrease (increase) in long - term loans to related parties	446	-	5,191	38,062
Payment for expenditures of mining projects in Laos PDR	(18,169)	(1,361)	(18,169)	-
Payment for purchases property, plant and equipment	(24,510)	(27,223)	(745)	(297)
Payment for purchases intangible assets	(44)	20	(29)	-
Proceeds from sales fixed assets	8,856	3,178	1,453	84
Net cash inflow (outflow) from investing activities	(33,433)	(25,463)	(12,308)	(34,174)
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase (decrease) in bank overdrafts and short - term loans from financial institutions	9	(23,750)	9	(23,750)
Increase (decrease) in short - term loans from related parties	(249)	(80)	(249)	-
Increase (decrease) in long - term loans from related parties	-	(11,620)	75,485	228,861
Increase (decrease) in long - term loans	-	(113,859)	-	(114,729)
Increase (decrease) in finance lease obligations	(6,224)	(8,441)	(542)	(668)
Interest paid	(3,217)	(24,008)	(1,926)	(19,883)
Net cash inflow (outflow) from financing activities	(9,681)	(181,758)	72,777	69,831
EFFECT OF EXCHANGE RATE CHANGE ON CASH AND CASH EQUIVALENT	(195)	(55)	-	-
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, NET	(60,283)	47,323	2,200	(2,768)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	106,021	58,698	968	3,736
CASH AND CASH EQUIVALENTS AT END OF YEAR	45,738	106,021	3,168	968

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

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TONGKAH HARBOUR PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2012

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 subsidiaries of the Company are 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	
				2012	2011	2012	2011
Sky Cliff Limited	75.00	75.00	Rental building and service residence	51	46	-	-
Tungkum Limited (direct and indirect)	98.94	98.94	Gold mining	86	85	91	96
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.

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1.3 Related parties

As of December 31, 2012, 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)	Rental building and service residence	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 shareholder and director	-
Paron Holdings Limited *	Investment	Shareholder and joint director	-
Sino Pac Investment (Labuan) Limited *	Investment	Shareholder and joint director	-
Paron Resources Inc. *	Exploration and mining	Shareholder and joint director	-
Sintana Resources Limited *	Exploration and mining	Shareholder and joint director	-
Authong Enterprise Limited *	Investment	Through shareholder and director	-
Cheing Rai Riverside Limited *	Property development	Shareholder and joint director	-
Sintana Minings Limited *	Exploration and mining	Joint shareholder	-
Aspac Construction Limited *	Property development	Shareholder and joint director	-
Sino Pac Development (Thailand) Co., Ltd. *	Investment	Through shareholder and director	-
<i>Related person:</i>			
Mr. Ronald Ng Wai Choi **	-	Shareholder	-

* Being related company through the Company shareholding, and/or through Mr. Ronald Ng Wai Choi

** Retired from the Company's director according to resolution of extra-ordinary shareholder meeting no 1/2012 dated June 22, 2012, but still the Company's shareholder.

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.

On January 17, 2012 the Company has notified to cancel the ADR program, and has received acknowledgement from Deutsche Trust Company Americas to terminate the appointment.

1.5 Adoption of new financial reporting standards

1.5.1 Financial reporting standards which are effective for the current year

Since year 2010 to present, the Federation of Accounting Professions has issued the revised and new financial reporting standards which are effective for financial statements period beginning on or after January 1 in the year indicated, and relevant to the Company's business as follows:

	<u>Year effective</u>
Accounting Standards	
TAS 12 Income Taxes	2013
TAS 20 Accounting for Government Grants and Disclosure of Government Assistance (revised 2009)	2013
TAS 21 The Effects of Changes in Foreign Exchange Rates (revised 2009)	2013
Financial Reporting Standard	
TFRS 8 Operating Segments	2013
Accounting Standard Interpretations	
TI 10 Government Assistance - No Specific Relation to Operating Activities	2013
TI 21 Income Taxes - Recovery of Revalued Non - Depreciable Assets	2013
TI 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	2013
TI 29 Service Concession Arrangements: Disclosures	2014
Financial Reporting Standard Interpretations	
TFRI 4 Determining whether an Arrangements contains a Lease	2014
TFRI 12 Service Concession Arrangements	2014
TFRI 13 Customer Loyalty Programs	2014
Accounting Treatment Guidance for Transfers of Financial Assets	2013

The Company shall adopt the above financial reporting standards and accounting treatment guidance on the effective date, however, the management considers that TAS 20 (revised 2009), TAS 21 (revised 2009), TI 10, TI 29, TFRI 4, TFRI 12, TFRI 13 and the accounting treatment guidance for transfers of financial assets do not have effect on the financial statements. As for TFRS 8, the management considered that it shall be immaterially affected. The TAS 12, TI 21, and TI 25 are under consideration of their effect to the financial statements for the year in which they are initially applied.

1.6 The operation of the Company and its subsidiaries

1.6.1 Tungkum Company Limited (Tungkum)

Tungkum was incorporated as a limited company under the Thai Civil and Commercial Code on November 1, 1991. Tungkum was granted a concession for the exploration and mining of gold and related minerals in the area of 545 square kilometers in Loei province. 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. In the year 2006, Tungkum's gold operations underwent commissioning and officially commenced commercial operations at Phu Tap Fah (T-1) from September 11, 2006 onward. In accordance with the Agreement to exploration and mining of gold between Tungkum and the Department of Mineral Resources (DMR), Tungkum shall grant the option to the Thai government to purchase 5 to 10 per cent of the registered share in Tungkum at Par value.

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, Tungkum 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.

Currently Tungkum operates its mine under the following existing licenses and the applications:

- a. Mining License Number: 26968/15574 (T-1) and Mining License Number: 26973/15560 (T-1-8)

These six licenses were granted since January 23, 2003 for the period of 25 years ending 2027 and 2028 accordingly. These two sets of license cover the area of 1,291 rai (510 acres), in which Tungkum has operated since its commencement until today.

On November 5, 2012, Tungkum has received a notice from the Department of Primary Industry and Mines (DPIM) to temporarily cease the whole operation due to the collapse of the embankment of the tailing pond. Tungkum has completed the repairment of the embankment and subsequently was granted the permission from DPIM to continue its normal operation in March 2013.

However, on the separate issue, since December 26, 2012 Tungkum has ceased its mining pit operation due to the expiration of the land use permit from the Forestry Department. Tungkum has already submitted the request for extension of land use permit and awaited for the reply.

In addition, the metallurgical processing permit expired on August 12, 2012. Tungkum has submitted the request for extension and DPIM subsequently granted the extension until August 12, 2017.

b. The application for new mining license plot T-1-S

In 1995, Tungkum submitted the application for new mining license on plot T-1-S at Phu Lek area, Kao Lung Sub-District, Wangsapung District, Loei Province, covering the area of approximately 290 rais (114 acres). In December 2012, Tungkum has successfully completed the public scoping for Environmental and Health Impact Assessment (EHIA) (round 1 and round 2) and is preparing for the public hearing for EHIA process (round 3).

c. The application for new mining license plot T-3

In 1996, Tungkum submitted the application for new mining license at Ban Hua Na (T-3), Na Pong Sub-District, Muang District, Loei Province, covered area of approximately 286 rais (113 acres). On September 8, 2013, Tungkum has successfully completed the public scoping for Environmental and Health Impact Assessment (EHIA) (round 1) and is preparing for public hearing for the Environmental and Health Impact Assessment (EHIA) process (round 2).

In January 2011, a group of people from the proximate area of Tungkum's mine site filed a petition to the Office of the Prime Minister claiming that they were affected by the contaminants resulted from Tungkum's mining operation.

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. During 2012, the Cabinet ordered related agencies including Department of Mineral Resources (DMR), Department of Groundwater Resources (DGR), Pollution Control Department (PCD), Office of Natural Resources and Environment Policy and Planning (ONEP), together with provincial and local authorities to investigate the operating environmental condition of Tungkum. The conclusion found Tungkum's operations were in accordance with the standard and found no heavy metal beyond control standard. The Cabinet, therefore, ordered the Ministry of Industry to ordinarily regulate the mining operation in accordance with its authority in the defined laws.

Despite such conclusion, the Ministry of Industry has allocated a budget and requested Tungkum to partially support the budget for the Department of

Primary Industries and Mines (DPIM) to engage an independent consultant (Chulalongkorn University) to continue study and evaluate the environmental context of Tungkum's operations.

On August 29, 2013, the independent consultant and the Department of Primary Industrial and Mines co-arranged a meeting to inform the result of the study for the effect of contaminants and heavy metal. From the study, no such effect of contaminants and heavy metal was found from Tungkum's operations.

As mentioned in Notes to Financial Statement No. 32.7, Tungkum has established a set of compliance with environmental preservation requirement for good environment. On January 1, 2011, Tungkum has entered into a contract with the Environmental Management Center, Khonkhaen University to act as a consultant to independently monitor and evaluate Tungkum's compliance with its own environmental preservation requirements including the monitoring of water quality and heavy metal contamination for underground, in the soil and on surface both inside and outside of the mine. The monthly monitoring result has been submitted to ONEP, DPIM, the specialist, the representative of the community, and the local authorities for the period of 2 years ending 2015.

1.6.2 Sky Cliff Company Limited (Sky Cliff)

Sky Cliff was incorporated as a limited company under the Thai Civil and Commercial Code on September 5, 1990. Sky Cliff was designated to be a real estate developer as it was granted a construction permit to construct a building on a plot of land on Ratchadapisek Road. On April 23, 2010, the construction permit of Sky Cliff had expired. The extension request had been submitted to the Bangkok Metropolitan Administration (BMA) and still awaiting for approval.

In May 2013, Sky Cliff sold the land and buildings and transferred the right for the request of the extension of construction permit to a non-related party for an amount of Baht 720 million. The fair value of the land and building appraised in 2012 by two SEC's approved independent asset appraisers were Baht 613 million and Baht 544.7 million respectively.

On May 15, 2013, a shareholder of Sky Cliff, which is a related company (Sino Pac Development Company Limited), that filed with the Civil Court to abrogate the appointment of the director of Sky Cliff as mentioned in Notes to Financial Statement No. 32.29, sent a notice to Sky Cliff to prevent the transfer of proceeds from the sales of land and building to the Company (Tongkah Harbour) to pay off the debt of the Company.

In 2013, Sky Cliff is studying and negotiating for other appropriate real estate businesses. In August 2013, Sky Cliff has invested in a property development company which has registered capital Baht 315 million. Sky Cliff's investment constitutes 70% of the company registered shares. Sky Cliff paid Baht 220 million for the acquisition of the shares.

1.6.3 Sea Minerals Company Limited (Sea Minerals)

Sea Minerals was incorporated as a limited company under the Thai Civil and Commercial Code on March 26, 1981. The business of Sea Minerals has been the offshore tin mining with the on-going application of large Mining Lease off the coast of Andaman Sea, covered area approximately 50,000 rais (19,768 acres). The Environment Impact Assessment (EIA) Study for Sea Minerals has already been approved by the Office of Natural Resources and Environmental Policy and Planning (ONEP). Sea Minerals is currently in the process of creating the understanding among local people in preparation for the public hearing and consent.

In accordance with the Note to Financial Statement No 32.34 the Company (Tongkah Harbour) is currently in legal dispute with a related person (Mr.Ronald Ng Wai Choi) and two related companies (Sinthana Holdings Company Limited and Sino Pac Development Company Limited) over the legal right on the share certificate of Sea Minerals.

1.6.4 Cholsin Company Limited (Cholsin)

Cholsin was incorporated as a limited company under the Thai Civil and Commercial Code on March 20, 1984. Cholsin was originally established to operate the tunnel gold mine at Toh Moh Sub-District, Sukirin District, Narathiwat Province. Later on, with the rising production cost and political violence within the Southern Province area, the operation of Cholsin became infeasible and Cholsin has ceased its Toh Moh mine Operation. Currently, Cholsin still holds the mining license of Toh Moh and evaluates the possibility to revive the operation in case that the violence has been pacified.

Since its abandon of Toh Moh operation, Cholsin has transferred a major part of comminuting process (rock crushing machines) from Toh Moh to Saraburi Quarry of the Company. Cholsin has been currently engaged by the Company to perform the rock crushing operation at the Sarburi Andesite Quarry.

At present, the former directors of the Company that has been dismissed by the shareholder resolution still remain the director of Cholsin. The current management of the Company (Tongkah Harbour) is in the legal process to try to change the director of Cholsin accordingly.

1.6.5 Tongkah Harbour Public Company Limited

A Doing a special audit as SEC ordered

As of November 9, 2011 the Securities and Exchange Commission (SEC) ordered the Company to carry out 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 is due to be submitted to the SEC within December 9, 2011 and disseminated through the electronic information reporting system of the Stock Exchange of Thailand (SET).

The aforesaid order derived from the SEC's suspicious that the Company's internal operation may not appropriated in various issues, which are summarized into 5 issues, they 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 are important that can tarnish the credibility of Company's management and internal control system while connected transactions with related entities can also cause conflicts of interest, which could subsequently affect shareholders' rights and investors' decision making.

The Company requested for the extension for the submission of the report. As of the due date for submission of the report, the Company had not appointed the auditors for the special audit task and did not have any progress of the matter. Thus, the SEC did 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 operation of the Company. On March 27, 2012, the management appointed Deloitte Touche Tohmatsu Jaiyos Advisory Co., Ltd. to carry out the special audit. The Company submitted the special audit report to the SEC and published it through the information reporting system of the SET on October 30, 2012.

B. 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 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.

According to the Securities and Exchange Commission (SEC) 's order, the Company has to amend its financial statement for the year ended December 31, 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 proceeded 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 December 9, 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 January 7, 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 of the financial statement until the problems are solved.
- (6) Allow the company to undertake the 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.

C Dismissal of the directors of the Company

On June 22, 2012, by the resolution of the shareholder at the extra ordinary shareholder meeting No.1/2012, 3 directors were dismissed from the directorship. The Company has announced this resolution through the public news monitor of the Stock Exchange of Thailand on October 30, 2012.

D Dismissal of the Managing Director, the Independent Director and the appointment of the new directors

On December 13, 2012, by the resolution of the shareholder at the extra ordinary shareholder meeting No.2/2012, the Managing Director and an Independent Director were dismissed. The same shareholder meeting also confirmed and accepted the appointment of 3 new independent directors namely: Police General Somyot Poompanmoung, Associate.Professor Tarinee Pongsuphat, and Mr. Amnuay Thawornwong.

On June 26, 2013, a director has resigned. On August 20, 2013 the Board of Directors of the Company appointed Mr.Ekachai Chotiyanon to replace the resigned director.

On September 12, 2013, a director (Mr. Kungval Kusoltammaratana) has resigned from the directorship of the Company.

At present, the Board of Director of the Company comprised of

1. Police General Somyot Poompanmoung
2. Mr. Wijit Jiamwijitkul
3. Mr. Suthichai Sangmanee
4. Associate.Professor Tarinee Pongsuphat
5. Mr. Amnuay Thawornwong
6. Mr. Pramote Bansit
7. Mr. Wichai Cherdshewasart
8. Mr. Thanapoom Dejthewandamrong
9. Mr. Krittapas Kanikanant
10. Mr. Ekachai Chotiyanon
11. Mr. Bandit Saengseritham

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.

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 January 1, 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 is 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 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.

2.17 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.

2.18 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.

2.19 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.

3. 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:-

3.1 Related Party Transaction

During the year, the Company had significant business transactions with its subsidiaries (which were eliminated in consolidation) and related companies (related by shareholding and/or common directors). Such transactions are summarized as follows :-

	Thousand Baht				
	Consolidated financial statements		Separate financial statements		
	2012	2011	2012	2011	Pricing Policies
<u>Transaction with subsidiaries:-</u>					
Income					
Interest receive	-	-	2,960	5,187	Average actual cost of funds provided
Rental receive	-	-	1,920	1,920	At cost, contract price
Management fee	-	-	240	240	At cost, contract price
Expenses					
Interest expense	-	-	6,683	4,986	Average actual cost of funds provided
Crushing cost	-	-	6,379	1,901	Baht 45 per ton
Electricity	-	-	638	327	At cost, price comparable to the market prices
<u>Transaction with related persons and parties:-</u>					
Expenses					
Management fee	-	6,296	-	-	At cost, contract price
Consulting fee	-	445	-	-	At the rate agreed upon by the management

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Thousand Baht					Pricing Policies
Consolidated		Separate			
financial statements		financial statements			
2012	2011	2012	2011		
Interest expenses	10,224	11,071	10,224	11,071	Minimum Overdraft rate of a local bank + 1%

3.2 Management remuneration

Management remuneration for the years ended December 31, 2012 and 2011 consist of directors and managements salaries, bonuses, and other benefits are as follow;

	Thousand Baht			
	Consolidated Financial Statement		Separate Financial Statement	
	2012	2011	2012	2011
Short-term benefits	34,543	22,049	20,764	10,262
Retirement benefits	301	337	238	298
Long -term benefits	-	-	-	-
Total	34,844	22,386	21,002	10,560

The outstanding balances of assets and liabilities with the subsidiary companies and related companies of the above transactions are separately shown in the statements of financial position as at December 31, 2012 and 2011 as follows:-

	Thousand Baht				Pricing
	Consolidated financial statements				Policy
	2011	Increase	Decrease	2012	(Year 2012)
<u>ASSETS</u>					
3.3 Short-term loans to related party					
- Aspac Construction	647	-	(647)	-	As mutually agreed
3.4 Long-term loans to related parties					As mutually agreed
- Sintana Minings	405	-	(325)	80	
- Sintana Holdings	128	-	-	128	
- Aspac Construction Limited	270	-	-	270	
- Sintana Resources	270	-	-	270	
- Sino Pac Development	270	-	-	270	
- Cheing Rai Riverside	255	-	-	255	
- Authong Enterprise	270	-	-	270	
Total	1,868	-	(325)	1,543	

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	Thousand Baht				Pricing
	Separate financial statements				Policy
	2011	Increase	Decrease	2012	(Year 2012)
Short-term loans to related party -net					
- Other receivable					
Subsidiaries					As mutually agreed
- Tungkum	15,681	2,693	(18,374)	-	
- Cholsin	4,122	730	(793)	4,059	
- Sky Cliff	11,305	2	-	11,307	
- Sea Minerals	1,114	373	(192)	1,295	
Related companies					As mutually agreed
	405	-	(325)	80	
- Sintana Holdings					
- Aspac Construction	128	-	-	128	
	270	-	-	270	
- Sintana Minings					
- Sintana Resources	270	-	-	270	
- Sino Pac Development	270	-	-	270	
- Cheing Rai Riverside	255	-	-	255	
- Authong Enterprise receive	270	-	-	270	
Total other receivable	34,090	3,798	(19,684)	18,204	
- Long-term loans					
Subsidiaries					2.75% - 9.00% p.a.
- Tungkum – Principal	-	-	-	-	
- Accrued interest receive	9,409	-	(9,409)	-	
- Cholsin	31,800	7,430	(10)	39,220	As mutually agreed
- Accrued interest receive	48,509	-	-	48,509	
- Sky Cliff	136,738	332	-	137,070	As mutually agreed
- Accrued interest receive	34,551	2,959	-	37,510	
Total long-term loans to other	261,007	10,721	9,419	262,309	
Less allowance for doubtful account	(88,563)	-	(9,409)	(79,154)	
Long-term loan to subsidiaries–net	172,444	10,721	(10)	183,155	
Long-term loan to related party-net	206,534	14,519	(19,694)	201,359	

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	Thousand Baht				Pricing
	Consolidated financial statements				Policies
	2011	Increase	Decrease	2012	(Year 2012)
<u>LIABILITIES</u>					
3.5 Short - term loans from related person or parties					As mutually agreed
- Advances from related person	100	-	-	100	
- Accrued expenses					
Related company – Authong Enterprise *	642	-	(642)	-	
Related persons – Ronald Ng Wai Choi *	249	-	(249)	-	
- Accrued managing director’s retirement expenses					
Related company – Authong Enterprise	19,530	-	(19,530)	-	
Related persons – Ronald Ng Wai Choi	6,084	-	(6,084)	-	
Total	26,605	-	(26,505)	100	

	Thousand Baht			
	Separate financial statements			
	2011	Increase	Decrease	2012
LIABILITIES				
3.5 Short-term loans from related person or parties				
Accrued expenses				
- related person	6,333	-	(6,333)	-

* Mr. Ronald Ng Wai Choi, the Managing Director of the Company resigned on January 6, 2012. On December the Company recorded compensation payment to the Managing Director amounting to Baht 6.08 million. Tung Kum also paid Baht 19.53 million through Authong Enterprise Limited.

In January 2012, a director of the Company (Tongkah Harbour), exercised his personal right as a shareholder of the Company, filed a complaint to Department of Special Investigation (D.S.I.) to take legal action against Mr. Ronald Ng Wai Choi and associates for violation of The Securities and Exchange Act. The case is under the investigation of inquiry officer.

	Thousand Baht				Pricing
	Consolidated financial statements				Policies
	2011	Increase	Decrease	2012	(Year 2012)
<u>LIABILITIES</u>					
3.6 Long-term loans from related parties					
Sintana Holdings - Principal	56,800	-	-	56,800	15% p.a. +
- Accrued interest expense	-	10,224	-	10,224	Loan management 3%
	56,800	10,224	-	67,024	

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	Thousand Baht				Pricing
	Separate financial statements				Policies
	2011	Increase	Decrease	2012	(Year 2012)
<u>LIABILITIES</u>					
3.6 Long-term loans from related parties					
Subsidiary					
Tung Kum - Principal	264,623	112,802	(53,987)	323,438	2.75% p.a.
- Accrued interest expense	4,367	6,245	(46)	10,566	
Sea Mineral - Principal	22,480	-	(237)	22,243	
- Accrued interest expense	2,764	484	-	3,248	
Total long-term loan from subsidiary	294,234	119,531	(54,270)	359,495	
Related company *					
Sintana Holdings – Principal ^a	56,800	-	-	56,800	15% p.a. +
- Accrued interest expense	-	10,224	-	10,224	Loan management 3%
	351,034	129,755	(54,270)	426,519	

* An outstanding balance in the accounts that received by transfer from a company in the group of the former director which managed the Company at the time The current management is verifying the case and filing lawsuits as mentioned in the note to financial statement no. 32.35.

	Thousand Baht				Pricing
	Separate financial statements				Policies
	2011	Increase	Decrease	2012	(Year 2012)
<u>LIABILITIES</u>					
3.7 Account Payable-Trade - related parties					
Subsidiary	4,932	6,826	-	11,758	

4. GOING CONCERN

As of December 31, 2012, the consolidated financial statements and separate financial statements presented total current liabilities exceeded total current assets amount of Baht 1,476.46 million and Baht 361.35 million, respectively and a capital deficiency of Baht 288.88 million and Baht 136.06 million, respectively. These were caused by numbers of reasons, foremost of which were: substantial delay in obtaining government approval of mining licenses, government and royalty fees that are substantially exceeded the original concession rate 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 849.50 million is uncertain.

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5. CASH AND CASH EQUIVALENTS

	Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Cash and cheque on hand	272	252	110	90
Saving and current bank accounts	45,466	105,764	3,058	878
Fixed deposits with banks	3,914	3,955	1,982	1,982
Total	49,652	109,976	5,150	2,950
Less : Bank deposits pledged as collateral (Note 10)	(3,914)	(3,955)	(1,982)	(1,982)
Total cash and cash equivalents	45,738	106,021	3,168	968

6. TRADE RECEIVABLES

As of December 31, 2012 and 2011, there were accounts receivable outstanding in the accounts of the Company and its subsidiaries that have been overdue over than 3 months, classified by aging as follows:

	Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
<u>Andesite mining</u>				
Current	-	514	-	514
Overdue - less than 3 months	1,996	2,313	1,996	2,313
- 3 months to 6 months	-	11	-	11
- over than 12 months	254	-	254	-
Total	2,250	2,838	2,250	2,838
<u>Gold mining</u>				
Current	-	26,952	-	-
Overdue - less than 3 months	-	-	-	-
- 3 months to 6 months	98,233	-	-	-
- over than 12 months	-	-	-	-
Total	98,233	26,952	2,250	-
Total trade receivables	100,483	29,790	-	-
<u>Less</u> allowance for doubtful account	(75,114)	-	(254)	-
Trade receivables - net	25,369	29,790	1,996	2,838

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The movement of allowance for doubtful account during the year ended December 31, 2012 is as follows:

	Thousand Baht	
	Consolidated financial statements	Separate financial statements
Balance as of December 31, 2011	-	-
Increased	75,114	254
Decreased	-	-
Balance as of December 31, 2012	75,114	254

7. INVENTORIES, NET

	Thousand Baht			
	Consolidated		Separate	
	2012	2011	2012	2011
<u>Andesite mining</u>				
Finished goods	2,321	1,750	2,321	1,750
Work in process	5,937	3,855	5,937	3,855
Supplies	2,119	1,892	772	791
Total	10,377	7,497	9,030	6,396
<u>Less</u> allowance for declining in value	(4,394)	(2,638)	(4,394)	(2,638)
Inventories - andesite mining, net	5,983	4,859	4,636	3,758
<u>Gold mining</u>				
Finished goods	242,203	259,132	-	-
Work in process	4,257	4,114	-	-
Raw material	47,504	73,541	-	-
Supplies and other	51,509	65,867	-	-
Total	345,473	402,654	-	-
<u>Less</u> allowance for declining in value	(4,501)	(3,008)	-	-
Inventories - gold mining, net	340,972	399,646	-	-
Inventories, net	346,955	404,505	4,636	3,758

As of December 31, 2012 and 2011, Tungkom Limited has finished goods; Gold 5,789.78 Ounces and 8,574 Ounces respectively and Copper 1,883,466.38 Pounds and 1,955,305 Pounds respectively.

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The movement of allowance for declining in value of inventories for the year ended December 31, 2012 are as follows :

	Thousand Baht	
	Consolidated financial statements	Separate financial statements
Balance as of December 31, 2011	5,646	2,638
Increased	3,438	1,945
Decreased due to sales inventories	(189)	(189)
Balance as of December 31, 2012	8,895	4,394

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

8.1 Deposit over (under) estimated gold royalty fee (DPIM)

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 in accordance with the Minerals Act B.E 2510 and related laws during the period, while waiting for the final assaying result.

8.2 Accrued the land usage fee (ALRO)

As describe in note 32.3 to financial statements that Tungkom shall pay compensation for land usage to ALRO, due to utilize natural resource in ALRO area. The compensation is equivalent to the amount of royalty fee paid to DPIM

The estimated gold royalty fee and accrued land usage fees are calculated by Tungkom 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	
	2012	2011
8.1 Estimated gold royalty fee over (under) paid to DPIM		
Amount of royalty fee paid	1,118	10,494
<u>Less</u> Estimated royalty fee	(2,045)	(9,876)
Estimated gold royalty fee over (under) paid	(927)	618
8.2 Accrued land usage fee due to ALRO	(305,248)	(201,136)
8.3 Total estimated gold royalty fee over (under) paid to DPIM and land usage fee due to ALRO	(306,175)	(201,136)

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9. INVESTMENTS IN SUBSIDIARIES, NET

As of December 31 2012 and 2011, investments in subsidiaries are as follows:

	Paid up Share Capital				Thousand Baht	
Investment in subsidiaries, net	(Million Baht)		Share Holding (%)		Separate financial statements	
	2012	2011	2012	2011	2012	2011
<hr/>						
<i>Tungkum Limited</i> (1)						
Investment at cost	725	725	95.93	95.93	685,306	685,306
<u>Less</u> Allowance for impairment loss					(685,306)	(685,306)
Net					-	-
<hr/>						
<i>Sky Cliff Limited</i> (2)						
Investment at cost	42	42	75.00	75.00	321,709	321,709
<u>Less</u> Allowance for impairment loss					-	(92,347)
Net					321,709	229,362
<hr/>						
<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					(56,501)	(33,354)
Net					-	23,147
<hr/>						
<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					-	-
<hr/>						
Investment in subsidiaries, net					321,709	252,509

- (1) In January 2011 the Company has additional invested in Tungkum 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.

The 4.5 million shares of Tungkum have been pledged with a foreign bank for collateral of its loan.

- (2) As of December 31, 2012 and 2011 the investment in subsidiaries have been pledged as collateral as follow;

2.1 The 314,454 shares of Sky Cliff have been pledged with a domestic bank for collateral of loan. Later in 2013 the pledged obligation has been released.

2.2 The former executive of the Company (Tungka) pledged without deliver the share certificate of common share of subsidiaries with 2 related companies (Sintana Holdings and Sino Pac Development) and has not been approved by the Company (Tungka) board of director at that time. The shares are as follow;

2.2.1 The 1.05 million unit of common share of *Sea Minerals*

2.2.2 The 314,454 units of common share of Sky Cliff (second pledged)

As describe in note 32.35 to the financial statements, on September 25, 2013 the Company has sued the 2 related companies to abrogate of the pledged of the common shares.

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

As of December 31, 2012 and 2011 the Company and its subsidiaries have bank deposit pledged as collateral as follow;

A. The Company

The company has bank deposits amounting to Baht 1.99 million used as banks collateral for issuing bank guarantee as follow;

- The Company credit line of Baht 0.80 million, and
- Three subsidiaries credit line of Baht 1.15 million.

B Subsidiaries

- Cholsin has bank deposit amounting to Baht 0.41 million used as banks collateral for issuing bank guarantee of Cholsin.
- Tungkum has bank deposit amounting to USD 0.05 million (equivalent to Baht 1.52 million) used as foreign banks collateral of Export Contract. The deposit begins in May 2010 in amounting to USD 5 million; later the bank had deducted the deposit amounting to USD 1.51 million to compensate the difference of gold price of the delivery gold according to the contract. And Tungkum had withdrawn amounting to USD 3.44 million for working capital, in accordance with the temporary moratorium agreement (as stated in the note 22 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:

	Thousand Baht	
	Consolidated and Separate Financial Statements	
	2012	2011
Deferred expenditures for the andesite mining project	23,653	23,653
<u>Less</u> amortization	(15,795)	(14,802)
Deferred expenditures for the andesite mining project Net	7,858	8,851

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.

The Company operate the mining in the Company land approximately 243 rai, under the following mining right.

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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. The present management term is verifying the progress of the request for renewal.

12. DEFERRED EXPLORATION EXPENDITURES FOR GOLD MINING, NET

Tungkum has deferred exploration expenditures for gold mining as follows:

Expenditure Items	Thousand Baht	
	Consolidated financial statements	
	2012	2011
Exploration expenditures	230,323	230,323
Development costs	24,598	24,598
Land purchase (1)	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 (2)	(264,660)	(232,133)
Exploration and development expenditures, net	140,182	172,709
Exploration expenditures - new license	10,330	10,330
Deferred exploration expenditures of gold mining, net	150,512	183,039

- (1) "Land purchases" represents the cost of land for which no land certificate of ownership, which are lands in the site of Tungkum mining operations.
- (2) Amortization for the years ended December 31, 2012 and 2011 are amounting to Baht 32.53 million and Baht 39.00 million, respectively, which derived from production volume of 360,501 Tons and 432,243 Tons, respectively, out of the estimated volume of gold ore reserve of 4.49 million Tons researched by reliable professionals.

12.1 Exploration payment for mining project in The Laos People's Democratic Republic

On December 25, 2012, the meeting of the board of directors of the Company approved an agreement for exploration of tin and coal in Laos PDR.

1. Tin Exploration

An agreement signed between the company and Lao Farmers Promoting Co., Ltd. for an exploration of tin in Hinboun which the Company paid an amount of USD

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155,000 (approximately Baht 4.8 million) for initial exploration. The exploration found tin deposit in the quantity that is feasible for investment. The co-investor in Laos proposed the Company pay USD 2.0 million initial payment prior to investment in the tin mining project. As the amount is substantial and there are other risks, the management is in negotiation of the co-investment conditions with the investor.

2. Coal Exploration

An agreement signed between the company and Newton Microfinance Co., Ltd. for an exploration of coal in Vieng Phu Ka which the Company paid an amount of USD 160,000 (approximately Baht 5.0 million) for initial exploration and USD 250,000 (approximately Baht 7.7 million) for 2nd and 3rd exploration stages. The exploration is in the 2nd and 3rd stages.

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
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
Balance as of December 31, 2012	21,994,050			
<u>Less</u> Allowance for doubtful account	(21,994,050)			
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 Tungkom 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. 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 amounting to USD 580,000 and GBP 50,000 are repaid with interest and reimbursement of related legal and court expenses.

On September 22, 2009, CRL applied for a voluntary liquidation. CLR appointed a liquidator who offered the first right of refusal 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.

The current management is reviewing the case and following up the court result of the case.

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14. 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										
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
Increase	-	1,536	-	2,224	5,176	4,418	-	66	11,089	24,509
Decrease	-	-	-	-	-	(16,463)	-	-	(258)	(16,721)
Transfer	-	-	3,437	-	152	-	-	-	(3,589)	-
As of December 31, 2012	61,567	103,008	93,648	21,235	742,923	121,901	26,928	50,428	7,355	1,228,993
Accumulated depreciation										
As of December 31, 2011	-	(51,433)	(37,454)	(17,643)	(292,812)	(110,012)	(9,504)	(26,194)	-	(545,052)
Increase	-	(11,496)	(4,003)	(900)	(49,228)	(4,975)	(1,584)	(3,621)	-	(75,807)
Decrease	-	-	-	-	-	15,653	-	-	-	15,653
Transfer	-	-	-	-	-	-	-	-	-	-
As of December 31, 2012	-	(62,929)	(41,457)	(18,543)	(342,040)	(99,334)	(11,088)	(29,815)	-	(605,206)
Net book value										
As of December 31, 2011	61,567	50,039	52,757	1,368	444,783	23,934	17,424	24,168	113	676,153
As of December 31, 2012	61,567	40,079	52,191	2,692	400,883	22,567	15,840	20,613	7,355	623,787

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Thousand Baht										
Separate 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										
As of December 31, 2011	48,283	6,026	62,676	6,760	4,495	21,046	-	1,502	-	150,788
Increase	-	-	-	528	15	-	-	-	-	543
Decrease	-	-	-	-	-	(6,925)	-	-	-	(6,925)
Transfer	-	-	-	-	-	-	-	-	-	-
As of December 31, 2012	48,283	6,026	62,676	7,288	4,510	14,121	-	1,502	-	144,406
Accumulated depreciation										
As of December 31, 2011	-	-	(27,232)	(5,564)	(4,195)	(20,951)	-	(1,432)	-	(59,374)
Increase	-	-	(2,953)	(248)	(49)	(30)	-	(3)	-	(3,283)
Decrease	-	-	-	-	-	6,925	-	-	-	6,925
Transfer	-	-	-	-	-	-	-	-	-	-
As of December 31, 2012	-	-	(30,185)	(5,812)	(4,244)	(14,056)	-	(1,435)	-	(55,732)
Net book value										
As of December 31, 2011	48,283	6,026	35,444	1,196	300	95	-	70	-	91,416
As of December 31, 2012	48,283	6,026	32,491	1,476	266	65	-	67	-	88,674

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Depreciation charges for the years ended December 31, 2012 and 2011 are included in determining earnings as follow:

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Production costs	34,885	75,451	9	-
Administrative expenses	3,380	8,149	1,625	3,314
Total	38,265	83,600	1,634	3,314

As of December 31, 2012 and 2011 gross carrying cost of fully depreciated of property and equipment that still in use are amount of;

	Million Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Gross carrying amount of fully depreciated	230	177.19	27.53	27.85

As of December 31, 2012 and 2011 the Company and its subsidiaries mortgaged a part of land and construction, office condominium units and a part of machinery to secure the loans and bank overdrafts from several banks.

15. INVESTMENT PROPERTY

Movement during the year ended December 31, 2012 is as follows:

	Thousand Baht		
	Consolidated financial statements		
	Land	Work in progress	Total
As of December 31, 2011			
- cost	78,996	83,156	162,152
- incremental appraisal value	329,574	-	329,574
Total			491,726
Increase (Decrease)	-	-	-
As of December 31, 2012			
- 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 appraisers are as follow;

- The land value which appraised on December 27, 2010 by the first appraiser is amount of Baht 517.50 million. And which appraised on June 29, 2012 by the second appraiser is amount of Baht 544.76 million

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- The value of land include bored pile which appraised on December 23, 2010 by the third appraiser is amount of Baht 642.40 million. And which appraised on July 3, 2012 by the forth appraiser is amount of Baht 613 million

As described in note 1.6.2 to financial statement that in May 2013 Sky Cliff had sold the land and construction included the construction license to a non-related company amounting to Baht 720 million.

16. INTANGIBLE ASSETS, NET

	Thousand Baht	
	Consolidated financial statements	Separate financial statements
<u>Computer software</u>		
<u>Cost</u>		
As of December 31, 2011	5,875	1,145
Increase	44	29
Decrease	-	-
As of December 31, 2012	5,919	1,174
<u>Accumulated amortization</u>		
As of December 31, 2011	(4,959)	(714)
Increase	(112)	(98)
Decrease	-	-
As of December 31, 2012	(5,071)	(812)
<u>Net book value</u>		
As of December 31, 2011	916	431
As of December 31, 2012	848	362

Amortization charge for the years 2012 and 2011, in consolidated financial statements amounted to Baht 0.11 million and Baht 0.20 million respectively and in separate financial statements amounted to Baht 0.09 million and Baht 0.10 million respectively.

As of December 31, 2012 and 2011, the gross carrying amount of the fully-amortized computer software that is still in use are, in consolidated financial statements amounted to Baht 4.91 million and Baht 4.79 million respectively and in separate financial statements amounted to Baht 0.18 million and Baht 0.18 million respectively.

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

Advance payment for purchase of land for andesite mining project is the cost for 6 title deeds and 5 land possessory rights (Nor. Sor. 3 and Nor. Sor. 3 Kor) currently under the name of a related company (Sintana Mining). These were 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, on the claim of the tight liquidity in the financial markets and the material sum of the balance payable upon title transfer, the former management of the Company decided to postpone the transfer. The current management is in the process of transferring the lands accordingly. The current management of the Company is reviewing the status of the case for the transfer under the scope of the agreement.

A former management of the Company (Tongkah Harbour) pledged the aforementioned land title deeds and Nor. Sor. 3 Kor currently to two banks as following detail:

1. Two land title deeds and three Nor. Sor. 3 Kor were pledged together with other security to secured an Overdraft facility from a local bank for amounted to Baht 14 million under the name of a related company (Aspac Construction). For that time, the related company (Aspac Construction) has provided this overdraft facility for the benefit of the Company (Tongkah Harbour) for the working capital purpose. Later on, the Company has completely repaid the loan including interest to the related company (Aspac Construction). However, the former management of the Company (Tongkah Harbour) has not released the land pledge.
2. Two land title deeds under the name of related company (Sintana Mining) are pledged to secure Baht 5 million overdraft facility of the Company (Tongkah Harbour) from another local bank.

18. OTHER NON - CURRENT ASSETS

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Deferred expenditure for rehabilitation of the concession area	2,404	2,403	250	250
<u>Less</u> Amortization	(931)	(820)	(182)	(165)
Balance as at end of year	1,473	1,583	68	85
Deferred expenditure for forest restoration	9,954	9,954	-	-
<u>Less</u> Amortization	(9,954)	(9,954)	-	-

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	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Balance as at end of year	-	-	-	-
Deferred expenditures, net	1,473	1,583	68	85
Other	2,038	1,777	437	106
Total other non - current assets	3,511	3,360	505	191

The quarrying operations of the Company and the gold mining operations of Tungcum (a subsidiary), shall follow the regulations of the office of Environmental Policy and Planning, regarding environmental protection and rehabilitation of the concession areas, as were proposed by the Company and Tungcum, which was proposed by the Office.

Amortization charged for the years 2012 and 2011 amounted to Baht 0.11 million and Baht 0.11 million respectively are included in determining earnings.

The above other non-current assets included the fully impaired machinery and equipment of Cholsin (a subsidiary) amounting to Baht 30.5 million, due to temporary ceased its gold mining operation at Toh Moh District, Narathiwat Province.

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

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Bank overdrafts	14,989	14,980	14,989	14,980
Promissory notes (interest at the rate of MOR+2% p.a. as of December 31, 2012 and 2011 are 9.775% p.a. and 9.9 p.a. respectively)	10,000	10,000	10,000	10,000
Total	24,989	24,980	24,989	24,980

As of December 31, 2012 and 2011, the Company has bank overdraft facilities amounting to Baht 15 million and commercial loan (promissory note) amounting to Baht 47 million with a domestic bank which are secured by the following assets;

1. The Company properties comprise of land in Phuket, office condominium units, and Sky Cliff's share certificate.
2. Subsidiary properties comprise of Sky Cliff's land and construction.

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3. Guarantee by former managing director of the Company, and subsidiaries which are Tungtum and Sky Cliff

Later in May 2013 the Company had fully repaid the bank overdraft and promissory note. Then the mortgaged and guarantee obligation has been released.

20. OTHER PAYABLES

	Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Accrued expenses and other payable	42,350	65,063	16,116	8,178
Advance receive for inventory	10,150	90,491	2,811	-
Total	52,500	155,554	18,927	8,178

As of December 31, 2011, Tungtum 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, Tungtum Limited oblige to deliver copper concentrate 1,100 ton to the foreign customer within February 2012.

21. FINANCIAL LEASE OBLIGATIONS

	Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
<u>Vehicle</u>				
Financial lease obligations	15,340	22,717	-	564
<u>Less</u> Deferred interest	(1,552)	(2,291)	-	(21)
Deferred input VAT	(1,004)	(1,418)	-	-
	12,784	19,008	-	543
<u>Less</u> current portion of finance lease obligations	(5,815)	(8,372)	-	(460)
Finance lease obligations	6,969	10,636	-	83

As at December 31, 2012 and 2011, the Company and a subsidiary have financial lease obligation which have detail of payment as following.

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Consolidated financial statements

Thousand Baht						
2012			2011			
	Deferred interest/ Principal	input vat Total		Deferred interest/ Principal	input vat Total	
Due within 1 year	5,815	1,329	7,144	543	21	564
Due 1 year to 5 years	6,969	1,227	8,196	-	-	-
Total	12,784	2,556	15,340	543	21	564

Separate financial statements

Thousand Baht						
2012			2011			
	Deferred interest/ Principal	input vat Total		Deferred interest/ Principal	input vat Total	
Due within 1 year	-	-	-	543	21	564
Due 1 year to 5 years	-	-	-	-	-	-
Total	-	-	-	543	21	564

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.

22. DEFAULT LOANS

Thousand Baht		
Consolidated financial statements		
2012	2011	
Loans from a foreign bank -Credit lines of USD 35 million (Outstanding balance is USD 16.38 million)	504,227	521,501
<u>Less</u> Deferred arranging fee, net	-	(1,038)
	504,227	520,463
Accrued interest (as of December 31, 2012 USD 4.4 million and December 31, 2011 USD 0.86 million)	136,712	27,339
Total	640,939	547,802

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Exchange rate as at December 31, 2012 and 2011 per 1 USD are Baht 30.7775 and Baht 31.8319 respectively.

	Interest Rate	Repayment term	Collateral
Loan from a foreign bank (New facility)	Libor + 2.45% (as of 31 December 2011 and 2012 default rate = 4.71% and 4.659)	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.

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 Monthly Delivery	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 Tungkum had shortfalls. As a result, Tungkum had to bear the equivalent compensation for difference price amounting to a total cost of Baht 134.49 million (USD 4,130,732).

Tungkum 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 Tungkum shall have agreed with the foreign bank to revise and extend repayment schedule for all repayment of loan installment and gold delivery schedule. If Tungkum 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 Tungkum 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 Tungkum 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
- 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 Tungsum 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 Bank 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.

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 Tungkom 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 February 2011.
- (c) Interest from February 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.
- (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 has a jurisdiction on consideration of Guarantee.

On September 21, 2012 Tungkum filed a complaint against the foreign bank to The Intellectual Property and International Trade Court for a case of revocation the loan and gold deliver agreement, due to violate, annulment and reclaim the amount of Baht 479,152,887.65. The complaint had been investigated, and awaiting for the order of the court.

On March 27, 2013 the arbitrator issued a verdict order Tungkum to compensate the loan, interest and claim total amount of USD 51.44 million.

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23. EMPLOYEE BENEFIT OBLIGATION

Movement during the year ended December 31, 2012 are as follow :

	Thousand Baht			
	For the years ended December 31,			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Beginning balance	17,159	14,955	7,117	7,787
Current service cost and interest cost	3,974	4,448	1,254	1,574
Paid benefit	(4,191)	(2,244)	(2,988)	(2,244)
End balance	16,942	17,159	5,383	7,117

Expenses recognized in gain or loss for the year ended December 31, 2012 and 2011 are as follow;

	Thousand Baht			
	For the years ended December 31,			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Current service cost	3,328	3,904	996	1,292
Interest cost	646	544	258	282
Total	3,974	4,448	1,254	1,574

The Company had engaged an actuary to compute this provision according to the accounting standard. The principle actuarial assumptions used to calculate the provision under the retirement benefit obligation as at December 31, 2012 and 2011 are as follows:

	Consolidated Financial Statement	Separate Financial Statement
Discount rate	3.62% - 3.8708 %	3.62 %
Expected rate of salary increase	8.50 %	8.50 %
Voluntary resignation rate	0-17.0 % *	0-8.0 % *
Mortality rate	TMO 2008 **	TMO 2008 **

* Based on weighted rate by age group of employee

** Referred to Thai Mortality Ordinary Tables of 2008 (TMO 2008 : Thai Mortality Ordinary Tables of 2008)

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

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
(1) <u>Provision for dismantling, removing and restoring</u>				
Beginning balance	33,177	32,043	-	-
Increase	1,175	1,134	-	-
Decrease	-	-	-	-
End balance	34,352	33,177	-	-
(2) <u>Provision for environmental restoration</u>				
Beginning balance	5,830	6,823	250	250
Increase	-	-	-	-
Decrease	-	(993)	-	-
End balance	5,830	5,830	250	250

Thungkum recognize (1) Provision for dismantling, removing and restoring assets base on net present value of discounted cash flow, of expect amount to be paid as Mine Recovery Plan, which is management best estimate.

The Company and Thungkum recognize (2) provision for environmental restoration as the amount assess by Department of Forestry for each period, and amortize to expense over the estimated period. The environmental restoration expenditure, such as purchase of seedling plants, occur in each period will be deducted from the provision.

25. SHARE CAPITAL

Subsidiary

At the Extra Ordinary shareholders Meeting of Tungkum on January 7, 2011 the shareholders approved the 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.

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26. REVENUES

Revenues from the BOI - promoted and non - promoted industry for the years ended December 31, 2012 and 2011 are as follows:

Thousand Baht			
Consolidated financial statements			
2012			
	Promoted industries	Non - promoted industries	Total
Export sales - gold and copper sales	957,008	-	957,008
Local sales	-	26,603	26,603
Gain on exchange rate	-	(54,206)	(54,143)
Other income	-	40,557	40,557
Total	957,008	12,954	969,962

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

27. EXPENSES BY NATURE

The expenditure items of expenses for the years ended December 31, 2012 and 2011 which categorized by nature are as follows:

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Expense Classifications	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Changes in inventories of finished goods				
and work in process	(19,348)	(155,932)	4,007	10,175
Raw material and supplies used	232,010	500,078	7,759	2,809
Depreciation and amortization	75,807	85,404	3,284	4,410
Employee benefits expenses	72,726	125,209	32,759	28,154
Ming Development for production	-	157,906	-	-
Legal fee	36,156	52,781	6,865	1,140
Electricity	72,079	80,726	1,652	1,380
Gold royalty fee - DPIM*	108,389	90,946	-	-
Land usage fee - ALRO*	104,698	90,276	-	-
Production sharing - The Ministry of Finance*	15,066	14,335	-	-

* These expenses are include in selling expenses

28. GAIN (LOSS) ON EXCHANGE RATE

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Realized gain (loss)	2,803	(17,128)	(39)	-
Unrealized gain (loss)	51,340	(48,416)	(24)	14
Total	54,143	(65,544)	(63)	14

29. INCOME TAX EXPENSES

No income tax was payable of the Company and the subsidiary, Tungkum Limited because of the utilization of the tax benefits arising from loss carry forward of the Company and the exemption from income tax on net profit on the privileges of the Board of Investment of the subsidiary.

30. INDUSTRIAL PROMOTIONAL PRIVILEGES

Tungkum 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

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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.

31. 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, 2012 and 2011 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						Property Business		Eliminated		Total	
	Tin Mining		Gold Exploration and Mining		Andesite Mining							
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Deferred expenditures of other projects, net												
Tin mining	-	-	-	-	-	-	-	-	-	-	-	-
Andesite mining	-	-	-	-	7.9	8.9	-	-	-	-	7.9	8.9
Gold mining	-	-	150.5	183.0	-	-	-	-	-	-	150.5	183.0
Phuket project	-	-	-	-	-	-	-	-	-	-	-	-
Property, plant and equipment, net	42.8	43.7	530.0	579.6	17.3	17.3	491.7	491.7	-	-	1,081.8	1,132.3
Other assets	51.4	50.9	840.5	917.6	79.1	45.4	412.3	412.1	(884.8)	(818.6)	496.5	607.4
General assets	-	-	-	-	-	-	-	-	-	-	35.7	35.5
Total assets	94.2	94.6	1,521.0	1,680.2	104.3	71.6	904.0	903.8	(884.8)	(818.6)	1,772.4	1,967.1

32. COMMITMENTS AND CONTINGENT LIABILITIES

GUARRANTEE

32.1 As of December 31, 2012 and 2011, the Company and its subsidiaries have contingent liabilities due to banks guarantee as follows:

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
Banks guarantee receiver	2012	2011	2012	2011
Department of Forestry	1.18	1.04	-	-
Provincial Electricity Authority	9.15	9.15	-	-
Metropolitan Electricity Authority	0.25	0.25	0.19	0.19
Department of Primary Industries and Mines	1.60	1.60	0.20	0.20
Total	12.18	12.04	0.59	0.59

COMMITMENTS AND CONTINGENT LIABILITIES

Regulatory Commitment

32.2 The Company and Tungcum have contingent liabilities relating to costs of rehabilitating the concession areas used for the quarrying operations of the Company and gold mining operations of Tungcum. These rehabilitation measures are in accordance with the regulations of the Office of Natural Resources and Environmental Policy and Planning (ONEP), Ministry of Natural Resources and Environment and Forestry Department on environmental protection and rehabilitation proposed in the environmental impact assessments for these concession areas.

A The Company

- Prepare the rehabilitation plan for the rock quarrying concession area and provide the rehabilitation costs amounting to Baht 0.4 million.

B Tungcum

- Regularly monitor the quality of water both inside and outside the mine area.
- Prepare the rehabilitation plan for the gold mining concession area.

- Tungkum is 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 by placing a bank guarantee.
 - In December 1998, Tungkum Limited entered into a Memorandum of Understanding with Kao - Luang local council in Loei Province that Tungkum Limited shall compensate for any damage to the environment caused by its gold mining operations.
- 32.3 In accordance with the Minerals Act B.E 2510 and related laws, Tungkum 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.
- 32.4 The Company and a subsidiary have an outstanding commitment of approximately Baht 225 million in respect of the uncalled portion of the increasing of registered capital of a subsidiary.

Contractual Obligations

- 32.5 Under an agreement with the Forestry Department and the Agricultural Land Reform Office (ALRO), Tungkum Limited is obliged to pay the land usage fee to ALRO in the same amount as the royalty fee paid to DPIM.
- 32.6 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 Tungkum and DPIM, Tungkum 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 date due for each payment.
- 32.7 Tungkum has a contractual commitment relating to independently monitor and evaluate Tungkum’s compliance with environmental preservation requirements at the site of its gold mining project. On January 1, 2011, Tungkum has entered into a contract with the Environmental Management Center, Khonkhaen University for the duration of 2 years, commenced in January 2011 amounting to Baht 12.78 million. In 2013 Tungkum has already paid the whole amount according to the contract and extend the contract for further 2 years ending 2015.
- 32.8 In March 2012, Tungkum has engaged Green Tree Foundation to develop the strategic and operational plan for corporate social responsibility amounting to Baht 1.75 million.

- 32.9 In March 2012, Tungkum has engaged Green Tree Foundation and Chiangmai University to conduct a study and prepare the Environmental and Health Impact Assessment (EHIA) Report for concession T 1-S amounting to Baht 6.8 million.
- 32.10 In June 2012, Tungkum has engaged Green Tree Foundation and Chiangmai University to conduct a study and prepare the Environmental and Health Impact Assessment (EHIA) Report for concession T 3 amounting to Baht 10.5 million.
- 32.11 On November 8, 2012, Tungkum engaged Monkey-H Event and Production Company Limited to organize the first public scoping/hearing venue for the EHIA of the application of T-1-S mining license held in December 2012, amounting to Baht 3 million. All payments related to this company has been completed.
- 32.12 On February 15, 2013, Tungkum has engaged EMG Company Limited to organize the first public hearing venue for the EHIA of the application of T1 S mining license amounting to Baht 8.5 million. The first payment amounting to Baht 3 million has already been paid with the remaining balance would be paid within March 15, 2013.
- 32.13 On August 9, 2013, Tungkum has engaged EMG Company Limited to organize the first public hearing venue for the EHIA of the application of T-3 mining license amounting to Baht 7.3 million. The first payment amounting to Baht 4.3 million has already been paid with the remaining balance would be paid within August 30, 2013.
- 32.14 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. Nevertheless, in 2012, the Company has cancelled this contract. In 2013, the Company has engaged another company to be the financial advisor for the preparation of the Company's rehabilitation plan through the Bankruptcy Court procedure amounting to Baht 4 million. In addition, the Company also engaged a legal firm to be the legal counselor for the proceeding of the Company's rehabilitation plan through the Bankruptcy Court procedure amounting to Baht 2 million.
- 11.16 As of December 31, 2011 Tungkum has contractual obligations with two companies as the consultants for providing the legal service related to the new mining license application and for the legal service related to the administration and coordination with the government agencies amounted to 1.8 million Baht. Nevertheless, in 2012, the Company has cancelled these contracts.
- 11.17 On March 28, 2013, the Company has entered into a Sale and Repurchase Land Agreement for the 2 plots of the Company's land in Phuket Province (Title deed no. 312 and 2614) with an unrelated party amounting to Baht 30 million. The cash proceeds from the Agreement were used as the Company's temporary working

capital. In June 2013, the Company has completely repaid the contractual counterparty and redeemed the contract.

- 11.18 On September 28, 2012, the Company has entered into the Land Sale and Purchase Agreement for the sale of 2 plots of the Company's land in Phuket Province (Title deed no. 2613 and no.36860) at the price of Baht 82.64 million. The Company received the deposit payment from the buyer amounted to Baht 2.5 million on the agreement signing date and subsequently received the second payment amounted to Baht 5.5 million, with the remaining balance would be received from the buyer on the title transfer date. On July 19, 2013, the Company has received the remaining balance and already transferred the title deed to the buyer.
- 11.19 On August 13, 2013, Tung Kum signed a contract hiring a company to construct a pond and ditches in the villages around Tung Kum mining operation area that were requested by village administrators to enhance the quality of living, relationship, and understandings with people living in the area for an amount of Baht 8.44 million.

Others

- 11.20 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.
- In 2013, the Company has fully repaid the amount of the promissory note to the Bank and redeemed the collateral.
- 11.21 Tungkum Limited has guaranteed of Baht 25 million for bank overdraft facilities for the Company. In 2013, the Company has fully repaid the amount and cancelled the facilities. The guarantee by Tungkum, therefore, has been revoked..

Litigation – The Company and subsidiaries are being sued.

11.22 Litigation with Agricultural Land Reform Office (ALRO)

Case No. 1 – Case related to the payment of land usage fee to ALRO

On December 19, 2007, Loei Province ALRO gave notice to Tungkum Limited to pay the outstanding land usage fees for the period of January to November 2007 amounting to Baht 14,563,336. Tungkum is of the opinion that the charges are unreasonably high and unfair.

On September 12, 2008, Tungcum submitted a complaint to the Administrative Court in Khonkaen to withdraw the demand for payment and call an emergency investigation so as to withdraw the ALRO order to pay the land usage fee.

On September 25, 2008, the Court accepted the complaint 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 Tungcum must pay the outstanding fees with interest.

On May 27, 2009, Tungcum Limited submitted a counter statement against the response of ALRO.

On September 9, 2009, Tungcum submitted additional information to the Court by testifying that Tungcum did not have any outstanding payments due to ALRO, instead it reversed its right to claim a refund of fees paid by Tungcum plus interest at the highest rate paid by Tungcum.

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

On December 21, 2010, Tungcum has amended the indictment asking the Court to order ALRO return the land usage fees which had been paid by Tungcum amounting to Baht 84 million to Tungcum.

On May 4, 2011, Khonkaen Administrative Court transferred the case filed by the Company to Udon Thani Administrative Court for further consideration. The Udon Thani Administrative Court accepted the case and reissued the case number as a black case no. 251/2554.

On June 3, 2011, Udon Thani Administrative Court denied indictment for consideration.

On June 30, 2011, Tungcum appealed the case to the Udon Thani Administrative Court.

On July 19, 2011, Udon Thani Administrative Court transferred to the Supreme Administrative Court. The case is now under the consideration of the Supreme Administrative Court.

Case No. 2 – Case related to the permission by ALRO for the use of land

On May 9, 2011, Tungcum received a notice of termination of consent for usage of land in the land reform area from ALRO in LOEI and request Tungcum to remove the buildings and move staff out of the land reform area within 60 days from the date of receiving of the notice.

On July 5, 2011, Tungkum filed a complaint with the Central Administrative Court to withdraw Loei ALRO's order and submitted a petition for stay of execution injunctions and temporary protection. Later, the Central Administrative Court ordered the transfer of the Case to the Udon Thani Administrative Court.

On October 14, 2011, Udon Thani Administrative Court granted a temporary relieve of injunction for the land usage in the reform area until the court issues judgment or an otherwise order. Therefore, there is no effect to the operation of Tungkum. Tungkum can resume its operation as usual.

On March 22, 2013, Udon Thani Administrative Court ordered the revocation of the letter of the ALRO's Loei office terminating the permission for usage of land in the reform area and the revocation of the request Tungkum to remove the buildings and move staff out of the land reform area.

On April 19, 2013, ALRO filed the appeal to the Court.

On August 19, 2013, Tungkum filed a testimony to counter the appeal. The case is under the consideration of the Supreme Administrative Court.

11.23 Litigation with a joint-venture partner

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.

On June 22, 2010, the plaintiff enforced the indictment by request the Executor Office of the Court to force impounding of 4 plots of the Company's land in Phuket and East Tower condominium belonged to a related company (Sintana). On February 1, 2011, the Appeal Court ordered the Company and the related company to provide to the Court the security sufficient to the amount that the First Instance Court had ruled them to pay to the plaintiff plus interest to gain the stay of execution. On July 4, 2011, the Company therefore put down two title deeds of the office no. 252/252 and 252/11, 7th floor, Muang-Thai Phatra Office Tower as a security. The Court then ordered the Company to stay of execution during the appeal.

On August 1, 2012, the Appeal Court upheld the ruling of the Civil Court. The Company and Sintana appealed to the Supreme Court on September 28, 2012. The petition is under the Supreme Court's consideration. The Company requested for stay of execution during the appeal to the Supreme Court. On December 14, 2012, the Company put down two title deeds of the office no. 252/252 and 252/11, as a security to the Supreme Court. In December, 2012, the plaintiff therefore, withdrew the impoundment of 4 plots of the Company's land in Phuket.

11.24 Litigation for a case of breach of the Service Agreement (CCC)

Case No. 1 – Breach of Service Agreement

On May 25, 2005, Sky Cliff Limited has been filed in a lawsuit where the plaintiff claims non-payment of services amounting to Baht 491,531. The court ruled that Sky Cliff Limited pay the plaintiff Baht 568,125 plus interest at the rate 7.5% p.a. from the filing date. Sky Cliff Limited appealed the order and provided a land title deed no.2615 of the Company (Tongkah Harbour) as a security during the appeal for stay of execution. On May 21, 2010, the Appeal Court reversed the first instance Court's decision by dismissing the plaintiff's claim on Sky Cliff.

On August 11, 2011, the Company has withdrawn the security (land title deed no.2615) during the appeal for stay of execution from the Court.

On August 24, 2011, the plaintiff filed the petition to the Supreme Court. The case is now under the consideration of the Supreme Court.

Case No. 2 - Breach of Project Management Contract

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 May 3, 2011, the First Instant 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.

On December 13, 2012, the Appeal Court ruled Sky Cliff to compensate the plaintiff in the amount of Baht 571,696.86 with interest at the rate of 7.5% commencing from December 26, 2007 until the amount is fully paid.

On June 12, 2013, Sky Cliff settled with the plaintiff and compensated to the plaintiff the amount ruled by the Court

11.25 Litigation with a former director for the retirement compensation

On July 8, 2013, a former director of the Company filed a complaint to the Labor Court requesting the Company to compensate him retirement compensation amounting to Baht 7.46 million with interest at the rate of 15% per annum since the filing date. The Company has paid this former director on his retirement date an amount of Baht 1.98 million according to the Labor Act. The case is now under the consideration of the Labor Court.

32.25 Litigation with a former employee for the employment termination Case 1

On July 12, 2012, a former Company's employee filed a complaint to the Labour Court against the Company and Tungkum for the termination of the employment claiming sum of approximately Baht 1.8 million plus interest at 7.5% per annum. On December 21, 2012, the First Instance Labor Court dismissed Tungkum and ordered the Company to compensate for the employment termination amounting to approximately Baht 1.6 million plus 7.5% interest per annum. Later on, the Company filed an appeal to the Court. The case is under the Appeal Court's consideration.

32.26 Litigation with a former employee for the employment termination Case 2

On November 30, 2012, a former Company's employee filed a complaint to the Labour Court against the Company and Tungkum for the termination of the employment claiming sum of approximately Baht 12 million. The Company countered sued this employee for the damage occurred from his works for an amount of approximately Baht 7 million. The Court ordered to combine the two cases into a single case. The Court scheduled February 20, 2014 for witness hearing.

32.27 Case for revocation order by Labor Investigation Officer – case 1

On January 30, 2013, a former employee of the Company filed a complaint against the Company to the Department of Labor Protection and Welfare for the Labor Investigation Officer to order the Company to compensate for an employment termination amounting to Baht 0.2 million. Later on, the Labor Investigation Officer ordered the Company to compensate to this former employee according to the claim. The Company filed a case to Central Labor Court to revoke this order of the Labor Investigation Officer to pay Baht 0.2 million to the former employee. The case is under the consideration by the Central Labor Court. The Court scheduled the witness hearing in November 2013.

32.28 Case for revocation order by Labor Investigation Officer – case 2

On January 28, 2013, a former employee of the Company filed the complaint against the Company to the Department of Labor Protection and Welfare for the Labor Investigation Officer to order the Company to compensate for the employment termination amounting to Baht 1.49 million. Later on, the Labor Investigation Officer ordered the Company to compensate to this former employee Baht 1.49 million according to the claim. The Company filed a case to Central Labor Court to revoke this order of the Labor Investigation Officer. The case is under the consideration by the Central Labor Court. The Court scheduled the witness hearing on September 25, 2013.

32.29 The case for violation, revocation of the Board's resolution and damage claims

On December 24, 2012, the former Managing Director of the Company, as the plaintiff, filed lawsuit against the Company to the Civil Court that the Company, in the Board of Director meeting no.14/2555, accused the plaintiff being a director in a company that operated the real estate business, which was similar and in competition with the business of the Company. The plaintiff did not formerly informed such directorship to the shareholder meeting of the Company prior to the appointment of plaintiff to the director of the Company, resulting in the plaintiff acted in violating of Article 86 of the Public Company Act. The Board of Director of the Company also voted to suspend the plaintiff from performing duties as the Managing Director. The plaintiff claimed that the actions of the Company discredited and despised hatred which damaged his personnel reputation. Furthermore, the Company announced the suspension of the plaintiff from Managing Director on the online news of the Stock Exchange of Thailand, resulting in mislead to the reputation, honesty, and integrity of the plaintiff and distrustful for being a director of public company. The plaintiff asked the Court to order the Company and other defendants to jointly liable to compensate the plaintiff an amount of Baht 50 million. The other defendants, being the Company's directors, have testified and counterclaim from the former director damage amounting to Baht 47 million. The Civil Court has ordered the case to be under the Central Labor Court's consideration. The case now is under consideration of the Central Labor Court.

32.30 The case for revocation of the appointment of Sky Cliff's directors

On October 22, 2012, a former director of the Company and of a related company filed the complaint to the Civil Court to revoke a resolution of the shareholder meeting no.1/2555 of Sky Cliff, held on September 23, 2012, on the ground that the

meeting quorum was incomplete. The Company and Sky Cliff counter filed the complaint. The case is under consideration of the Civil Court. The Court scheduled for witness hearing on October 25, 2012.

32.31 The case for the breach of shareholder agreement of Sky Cliff Company Limited

On January 25, 2012, two related companies filed a lawsuit against the Company to the Civil Court for that the Company, holding 75% share in Sky Cliff, breached the shareholder agreement of Sky Cliff, and claimed a damage amounting to approximately Baht 12 million. The Company filed the testimony to the Court arguing that the agreement was not binding and asked for case dismissal. The case now is under the consideration by the Civil Court. The Court scheduled for witness hearing on October 2, 2013.

32.32 The case for the breach of contract for attorney service – case 1

On January 25, 2012, a law firm filed a lawsuit against the Company to the Court on the ground that the Company has breached the attorney service contract and claimed damage amounting to Baht 5.5 million. The Company counter filed against this law firm claiming damage amounting to Baht 4.2 million. The case is under the consideration of the Court. The Court scheduled for witness hearing on October 8, 2013.

32.33 The case for the breach of contract for attorney service – case 2

On August 20, 2012, a law firm filed a lawsuit against Tungkom to the Court on the ground that the Company has breached the attorney service contract and claimed the damage amounting to Baht 6.23 million. The case is under the consideration of the Court. The Court scheduled for witness hearing on October 24, 2013.

32.34 Bankruptcy Case

On December 24, 2012, creditors, which are two related companies, filed complaint against the Company to the Bankruptcy Court alleging that the Company indebted to the two related companies amounting to approximately Baht 46 million, and the 2011 financial statements of the Company showed liabilities greater than assets. The plaintiff asked the Court to order the Company absolute receivership and insolvent. The Company filed testimony against the plaintiff's claim by disputing the debt claimed by the plaintiff with the Central Bankruptcy Court. The case is under the consideration of the Bankruptcy Court. The Court scheduled for witness hearing on September 10, 2013.

32.35 Case for the revocation of the contractual arrangement of loan and the pledge of Sea Minerals Limited share certificates between the Company and a subsidiary and two related companies

On May 11, 2012, a company related to the former director sent a notice to the Company claiming that the Company has an outstanding debt amounting to Baht 56.80 million and would enforce the pledge agreement of share certificates in a subsidiary (Sea Mineral) to auction. On June 28, 2012, the related company enforced to auction the pledge agreement of Sea Mineral share certificates. The related company was being the only bidder and won the auction at the value of approximately Baht 18.5 million.

The current Board of Directors of the Company opined that the three loan agreements and the three pledge agreements referred by the related company including that a former director of the Company took out the share certificates of Sea Mineral share from the Company's office for the auction caused damage to the Company. Therefore, the Company filed a lawsuit against the two related companies and against the former director of the Company as the following details:

- (5) On June 12, 2013, Criminal Case – at the Economic Crime Division (the Royal Thai Police Bureau) on the counts of false statements to the document, violating the Security and Security Exchange Act. The case is under the investigation of inquiry officer.
- (6) On June 15, 2012, Criminal Case – at the Sutthisarn Police Station (the Royal Thai Police Bureau) on the charge of taking away the document belongs to other people (Sea Mineral share certificates), which caused the damage to the Company. The case is under the investigation of inquiry officer.
- (7) On September 25, 2012, Civil Case – at the Civil Court for the revocation of three loan agreements and three pledge agreements. The case is under consideration by the Civil Court. The Court scheduled for witness hearing on September 19, 2013.
- (8) On October 26, 2012, Civil Case – at the Civil Court for the revocation of the auction of Sea Mineral share certificates. The case is under consideration by the Civil Court. The Court scheduled for witness hearing on September 19, 2013

33. FINANCIAL INSTRUMENTS

Foreign currency risk

As of December 31, 2012 and 2011, the Company is exposed to foreign currency risk primarily to foreign currency denominated assets and liabilities, as follows:

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	Unit : Million			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<u>Foreign currency denominated asset</u>				
Deposits at banks				
- US DOLLAR	0.88	0.58	-	-
Trade account receivable, net				
- US DOLLAR	0.27	0.85	-	-
Advance to other company				
- US DOLLAR	0.58	0.58	0.58	0.58
- POUND STERING	0.05	0.05	0.05	0.05
<u>Foreign currency denominated liabilities</u>				
Other payable				
- POUND STERING	0.39	0.23	0.02	0.02
Default				
- US DOLLAR	18.08	17.24	-	-
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.

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34. EVENTS AFTER THE REPORTING PERIOD

There are events after the reporting date that are subsequent to events in 2012 as mentioned in note to financial statement item 1.6.1, 1.6.2, 1.6.4, 15, 19, 22, 32.7, 2.12, 32.13, 32.16, 32.17, 32.18, 32.19, 32.20, 32.22, 32.23, 32.24, 32.26, 32.27, 32.30, 32.31, 32.32, 32.33, 32.34. 32.35

35. APPROVAL OF FINANCIAL STATEMENTS

The financial statements for the year ended December 31, 2012 have been approved by the board of directors and the authorized directors on September 16, 2013.

DIRECTOR

DIRECTOR

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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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