

TPI POLENE

PUBLIC COMPANY LIMITED

ปูนที่พีไอแดง
ซูเปอร์
งานโครงสร้าง งานหล่อ

SUPER
PORTLAND CEMENT
ASTM TYPE 1



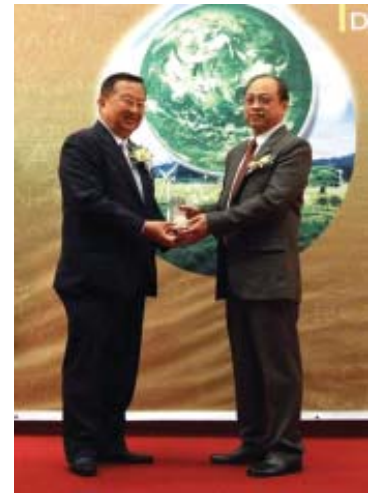
ตราที่พีไอ
TPI BRAND



ปูนอัลคาไลต่ำ ช่วยเพิ่มอายุการใช้งานของสิ่งปลูกสร้าง ลดต้นทุน

ANNUAL REPORT 2009

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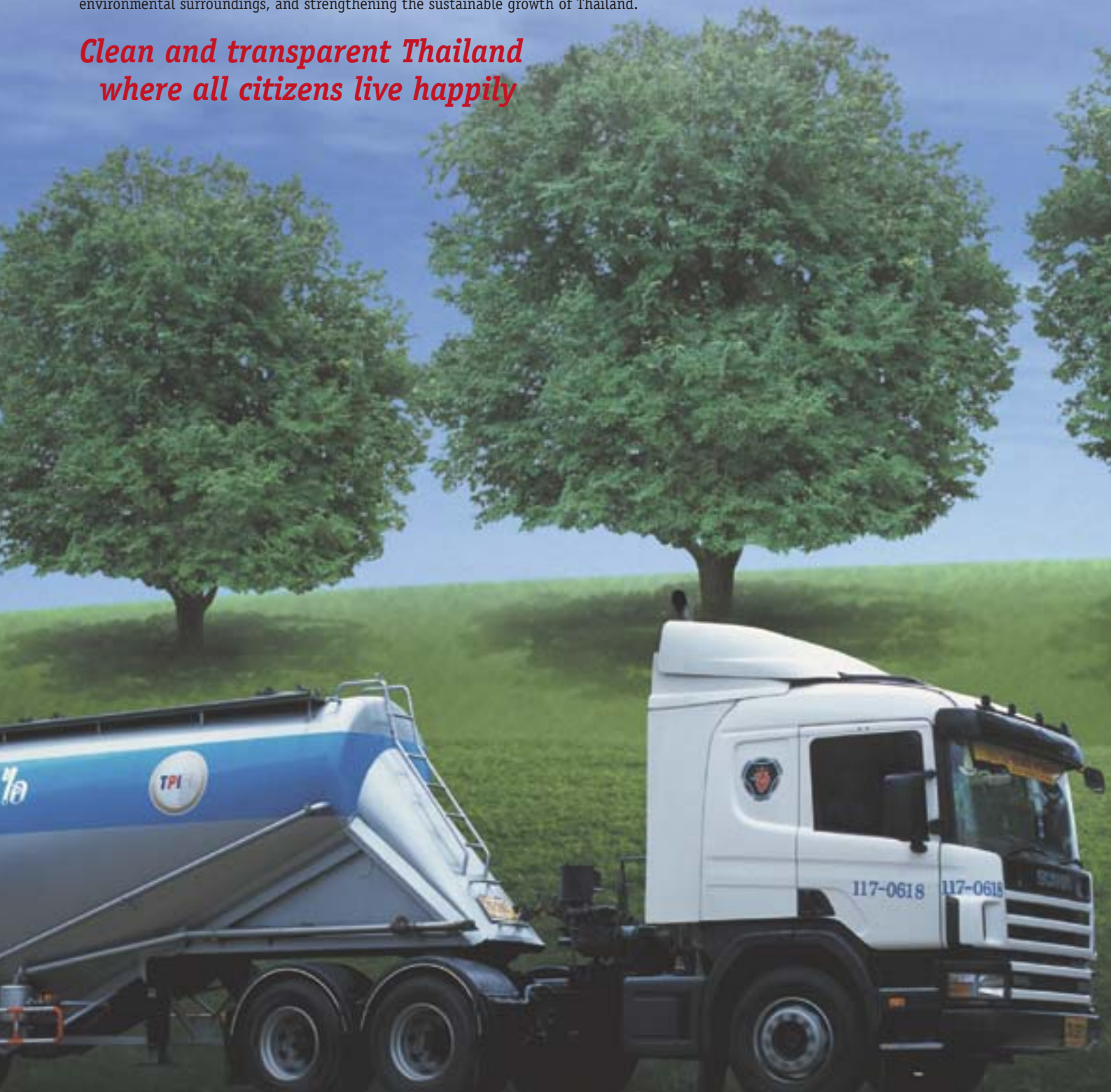
A Sustainable Step Forward with the **Thai Economy**

With adherence to the importance of continued energy saving, TPI Polene has continued to invest in the Waste Heat Recovery Power Plant and Renewal Energy with Alternative Fuel Power Plant. In this way, we are moving the business forward, strengthening our competitive position, and enhancing our strength and growth potential. We continue to add value to our business by pursuing sustainable growth, while maintaining the consistent high quality of our products, for the benefit of society.

From the beginning, every step of our corporate success has been the result of the wide vision and strong commitment of the management team, altogether with all levels of the Company's staff. The administration of our business has developed consistently with a commitment to good corporate governance, grounded in professional business ethics. The Company pursues its operations with an emphasis on transparency, the highest standards of integrity, ethics, and fair, and equitable, treatment to all related parties,

Our success has always been the result of integrating the various parts of TPI Polene, so as to create stability and economic wealth for our country, while participating in many activities to create public well-being, societal and community improvement, whilst protecting our environmental surroundings, and strengthening the sustainable growth of Thailand.

***Clean and transparent Thailand
where all citizens live happily***



Financial Highlights

Operational Performance

	Unit	2007	2008	2009
Total Revenues	(Baht Mil.)	26,934	27,322	26,571
Total Sales	(Baht Mil.)	24,926	25,708	21,860
Gross Profit	(Baht Mil.)	5,827	6,217	4,822
Operating Profit (Loss) before income tax	(Baht Mil.)	2,109	2,299	1,879
Net Profit (Loss)	(Baht Mil.)	2,331	(5,433)	4,763

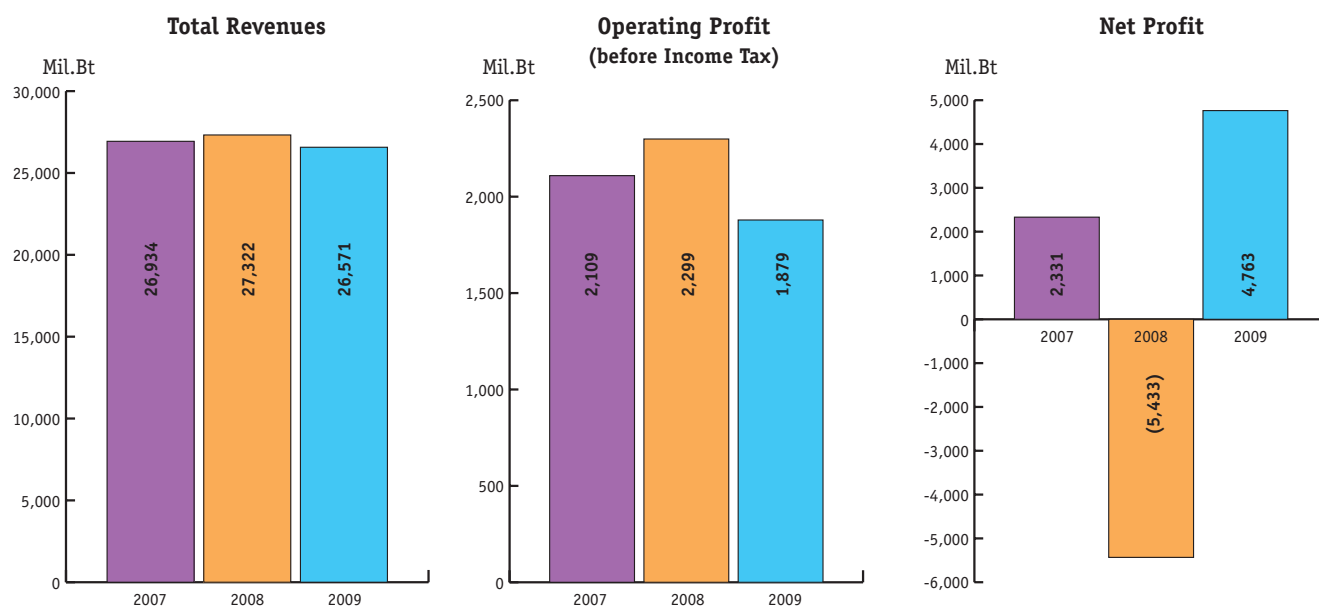
Financial Status

Total Assets	(Baht Mil.)	75,377	74,122	70,360
Total Current Assets	(Baht Mil.)	11,985	10,614	8,303
Total Liabilities	(Baht Mil.)	17,721	23,599	16,485
Total Financial Debt	(Baht Mil.)	8,445	6,807	5,510
Total Shareholders' Equity	(Baht Mil.)	57,656	50,523	53,875

Key Financial Ratios

Gross Profit Margin	(%)	23.38	24.18	22.06
Net Profit Margin	(%)	8.66	(19.89)	17.93
Registered Paid-up Capital	(Baht Mil.)	20,190	20,190	20,190
Par value per Share	(Baht)	10.00	10.00	10.00
Earnings per Share	(Baht)	1.17	(2.72)	2.39
Dividend per Share	(Baht)	-	-	0.10
Book Value per Share	(Baht)	28.87	25.30	26.98
Debt to Equity Ratio	(times)	0.31	0.47	0.31
Financial Debt to Equity Ratio	(times)	0.15	0.13	0.10

Total Revenues and Net Profit



Financial Status



Corporate Profile

Company's Name	: TPI Polene Public Company Limited
Abbreviation in the SET	: TPIPL
Registration Number	: Bor. Mor. Jor. 303
Nature of Business	: Manufacture and sales of cement, ready-mixed concrete and LDPE/EVA plastic resin
Location	
Head Office Location	: 26/56 Chan Tat Mai Road, Thungmahamek, Sathorn, Bangkok 10120
Tel. Number	: +66 (0) 2213-1039 - 49, 285-5090 -9
Fax Number	: +66 (0) 2213-1035, 213-1038
Web Address	: http://www.tpipolene.co.th
Cement Plant Location	: 299 Moo 5, Mittraparp Road, Tambol Tubkwang, Kangkhoy, Saraburi 18260
Tel. Number	: +66 (0) 3633-9111
Fax Number	: +66 (0) 3633-9228-30
LDPE Plant	: 299 Moo 5 Sukhumvit Road, Tambol Chuengnoen, Amphur Muang, Rayong 21000
Tel. Number	: +66 (0) 3861-1333
Fax Number	: +66 (0) 3880-2568
Registered Capital	: Baht 24,815,000,000
	Consisting of 2,481,500,000 ordinary shares, at the par value of Baht 10 each.
Paid-up Capital	: Baht 20,190,000,000
	Consisting of 2,019,000,000 ordinary shares, at the par value of Baht 10 each.
Accounting Period	: January 1 - December 31
Other Relevant Information	:
Share Registrars	: Thailand Securities Depository Company Limited
Office Location	: 4, 6-7 th Fl, The Stock Exchange of Thailand, 62 New Rajadapisek Road, Klongtoey, Bangkok 10110.
Tel. Number	: +66 (0) 2359-1200-1
Fax Number	: +66 (0) 2359-1259
Statutory Auditor	: KPMG Phoomchai Audit Limited.
Office Location	: 195 Empire Building 21-22 nd Fl., South Sathorn Road, Kwaeng Yannawa, Sathorn, Bangkok 10120
Tel. Number	: +66 (0) 2677-2000
Fax Number	: +66 (0) 2677-2222
Investors Relation Unit	:
Tel. Number	: +66 (0) 2213-1039 ext. 12982, 12983 and 12985

Message from the Board of Directors

To: Shareholders

Dear Sirs,

In the year 2009, domestic cement consumption slowed down due to the sluggish real estate market, and reduced levels of activity in the public infrastructure sector. However, the tendency to economic recovery in Thailand suggests a clearer outlook for the future, and a decrease of the recession during 2009.

Despite the turbulence in the Thai economy in 2009, the Company was able to pursue its business operations and achieve its objectives as planned. Every step of our success proves the full dedication and professional manner of the group's management, and the full cooperation of all levels of the Company's staff.

Increase in Net Profit

In 2009, consolidated operational results were at a satisfactory level. The Company and its subsidiaries reported net profits of Baht 4,763 million (or earning per share of Baht 2.39) compared with a net loss of Baht 5,433 million (or loss per share of Baht 2.72) in year 2008. This represents an increase of 188%.

Net profit in year 2009 of Baht 4,763 million comprised normal operating profit of Baht 1,879 million; gain on restructured debts under the Business Rehabilitation Plan (as approved by the Central Bankruptcy Court) of Baht 3,117 million; gain on foreign exchange of Baht 236 million; and income tax of Baht 468 million. In 2008, the Company recorded provision for a fine in the amount of Baht 6,900.30 million and had losses on foreign exchange of Baht 381 million.

In addition, interest expenses in 2009 decreased to Baht 255 million from Baht 837 million (a reduction of 69.56%), mainly due to reduction in debt principal and lower interest rates during the period.

Sustainable Financial Position

TPI Polene still adheres to the policy of sustaining its financial position at a steady level through efficient management of its cash flows, so as to be in compliance with cash requirements for the Group's business operations.

In other words, TPI Polene emphasizes prudence. This policy consistently mitigates financial risk and ensures that the Company can manage its business operations and maintain appropriate Group liquidity. Meanwhile, TPI Polene considers strategic investments to optimize benefits for the Company.

Corporate Social Responsibility ("CSR")

The Company pursues its business operations with a full commitment to social and environmental responsibility. Administration of the business consistently adheres to the principles of good corporate governance, with an emphasis on transparency, the highest standards of integrity, ethics, fair and equitable treatment to all related parties.

In 2009, the Company placed great importance on fostering a good governance corporate culture throughout the organization. Following the principles of our Code of Conduct, we see the importance of promoting activities for public well-being and societal improvement, as well as environmental conservation. TPI Polene has embraced the Code of Conduct as a policy for all employees. Management has put the Code into practice and abide by strict moral guidelines. The Code of Conduct establishes best practice principles to be followed by the Company's Directors, Management and staff.

Corporate Social Responsibility Projects

Zero Carbon Emission Cement Project

To promote environmental conservation and to reduce emissions of greenhouse gases or carbon dioxide to zero, the Company has made investment in the following projects:-

Power Plant Expansion for Energy Cost Saving

After the successful implementation of the Waste Heat Recovery Power Plant Project, with a capacity of 36 MW output, TPI Polene Power Co., Ltd. (a 99.99%-owned subsidiary) has expanded its Power Plant Project with an addition capacity of 18 MW output. The project is anticipated to be completed within year 2010. Upon completion of this project, total production capacity to generate electricity will be 54 MW, which will help reduce energy costs by approximately Baht 750-800 million per annum.

Renewal Energy with Alternative Fuel Power Plant

To accommodate corporate growth potential in the long term, and in accordance with the Company's long-established commitment to environmental conservation, TPI Polene Power commenced construction of our Renewal Energy with Alternative Fuel Power Plant. This involves mechanical processing of municipal solid waste and non hazardous industrial waste to generate electricity.

Renewal Energy with Alternative Fuel Power Plant, or Refuse Derived Fuel (RDF) is produced by processing municipal solid waste to boost its fuel value and to recover recyclable materials. The boosted solid waste is co-fired with coal in the cement production process. This reduces our coal usages by 20-30%.

In addition, energy recovery by RDF Combustion can generate electricity to be sold to the National Grid by TPI Polene Power. The aforesaid investments enhance recycling opportunities; lower fossil fuel usage; and reduce emission of the greenhouse gases which cause global warming. Energy generated from “shred-and-burn” waste is environmentally clean, and helps reduce environmental impact at the source.

In addition, Existing RDF combustion facilities eliminate potentially hazardous materials from the waste stream, protecting the environment, and particularly the health and hygiene of nearby communities.

Organic Chemical Fertilizer and Compost Organic Extract Solution

The Company has also initiated a project to use decomposed organic substances as compost materials. Organic extracts and organic chemical fertilizer can be sold to the members of nearby agricultural cooperatives, helping them expand, and increasing their productivity: all the while cutting carbon dioxide or greenhouse gas emissions at our cement plants to zero.

High Quality CDM Projects “Crown Standard”

Other than the Company’s commitment and dedication to maintain standardization of Power Plants, that helps cutting carbon dioxide emissions and reducing greenhouse gas emissions that cause the global warming, TPI Polene pursues its operations with a continuous commitment to social and environmental responsibility.

On December, 2009, Thailand Greenhouse Gas Management Organization (Public Organization) launched its own Crown Standard for Thai CDM Projects. This standard formulates the necessary procedures for the review and promotion of Thai Clean Development Mechanism (“CDM”) projects. These meet the highest international standards, create value-added, and lead to sustainable development. TPI Polene Power is one of three manufacturers in Thailand awarded registration as an industry under the TGO standardization.

Business Growth Potential

In 2010, TPI Polene anticipates the overall domestic economy will improve, thereby increasing demand for cement, plastic resins and ready-mixed concrete. This will have a positive effect on the Group’s business.

In addition, TPI Polene has invested in projects to consistently reduce energy costs. These include: an Improved Quality Control for raw materials logistic process; Improved efficiency for kiln heat consumption; Modifying the Kiln feeding system to reduce energy consumption; and a Pyrolysis Plant to produce liquid fuels from waste tires and waste plastics. All of these projects have been gradually completed and implemented.

At present, TPI Polene Power is in the process of completing its Waste Heat Recovery Power Plant Project with an addition capacity of 18 MW output. This project is anticipated to be completed within 2010. Upon completion of this project, the Group will be able to reduce energy costs materially, further increasing our competitive advantages.

Last but not least, on behalf of the Company, the Company’s Board of Directors would like to take this opportunity to thank all of our shareholders, customers, advisors, and all financial institutions for the confidence and full support entrusted to TPI Polene. We would especially like to express our appreciation to all our staff for applying their total dedication, knowledge and expertise in a well-coordinated effort to create sustainable growth for their organization. We are proud to be a Thai company as always.

Sincerely Yours,



Mr. Visith Noiphan
Chairman of the Board



Mr. Prachai Leopairatana
Chief Executive Officer

Audit Committee's Report for 2009

To: Shareholders:

Dear Sirs,

The Audit Committee of TPI Polene Public Company Limited consists of 3 independent directors, all qualified with knowledge of finance, law and management administration: namely, Dr. Narasri Vaivanijkul as the Chairman of the Audit Committee, Mr. Manas Sooksmarn and Pol.Gen. Charnchit Bhiraueus as the Audit Committee, with Mr. Nitisit Jongphitakratana, the Corporate Secretary, as Secretary to the Audit Committee. All Audit Committee members possess appropriate qualifications and are, in all aspects, in compliance with the rules and regulations imposed by the Stock Exchange of Thailand.

The Audit Committee has fully performed its duties and responsibilities to review and evaluate internal control systems, and disclosure of Company information, and to review implementation of the provisions of related governing laws, as well as any other important tasks. In 2009, the Audit Committee convened 5 meetings.

1. To review and to evaluate internal control systems.

The Company and its affiliates have appropriate internal control systems and have operated the business efficiently and effectively under appropriate and sufficient internal controls, as supported by the operational performance report. The Company and its subsidiaries have internal controls and risk management systems that can protect against potential risks to the Company and to all related parties. The systems are in place to ensure that any mistakes and irregularities will be identified in due course; and that financial reports are accurate, adequate and reliable; and the assets used by the Company and its subsidiaries, benefit all parties as well as shareholders. In addition, the Company performs in compliance with the principles of good corporate governance and focuses on fair treatment to all parties concerned-including shareholders, suppliers, contractors and the community as a whole. The Company fosters the development of all our staff to expand their knowledge so as to become a knowledge organization. This will further enhance our long-term development and create sustainable growth for the Company.

2. To review the disclosure of all relevant information for investors.

The Company has a policy of disclosing all relevant information for investors, such as connected transactions and any other transactions that might affect the interests of related parties. The Company always discloses accurate, reliable and relevant information on a timely basis.

3. To review and to ensure that the Company performs in compliance with all regulations and related governing laws.

The Company has a clear policy to comply with all regulations and related governing laws, and codes of conduct, to protect against the use of insider information. As announced in the Company's Rules and Regulations, any misuse of internal information shall be subject to disciplinary actions, including dismissal. The Company supervises submission by the Management of reports of their shareholding in the Company to comply with related governing laws. The Company realizes the importance of information disclosure, including financial statements and other reports, and ensures that they are complete, accurate, reliable and timely.

4. To select, nominate, and propose the remuneration of the statutory auditors of the Company for the year 2010.

The Audit Committee has taken into consideration the independence, performance, experience and an appropriate remuneration of auditors. The Audit Committee has passed a unanimous resolution to propose to the Company's Board of Directors for consideration and to propose to the shareholders' meeting to consider and approve the appointment of Mr. Santi Pongjareanpit, certified public accountant registration no. 4623 or Mr. Nirand Lilamethwat, certified public accountant registration no. 2316 or Mr. Vinij Silamonkol, certified public accountant registration no. 3378, KPMG Phoomchai Audit Limited, to be the statutory auditors of the Company for the year 2010.

The Audit Committee considers that in the previous year, the Board of Directors as well as the Management of the Company was in complete compliance with the principles of good corporate governance. They performed their duties and responsibilities ethically, with integrity, and in a professional manner, to achieve the objectives of the Company. In addition, a product quality system, in compliance with international standards and applicable laws, has been developed. The Audit Committee recognizes that the Company is committed to social and environmental responsibility. The Company has also prepared financial reports in compliance with generally accepted accounting principles, with an adequate disclosure of information, and with internal control and audit systems, to be able to ensure product quality and good corporate governance, without any material deficiencies.

On behalf of the Audit Committee



Dr. Narasri Vaivanijkul

Chairman of the Audit Committee

TPI Polene and Society

In the past, companies, both large and small, have tended to ignore their impacts on the environment. Today, TPI Polene Plc. is well aware of the need to be proactive in conservation of environment and of natural resources. Our cement plants continue to participate in the Clean Development Mechanism (“CDM”) project under the Kyoto Protocol. Our project focuses on conversion of waste heat to generate electricity for internal use in our cement plants.

This project reduces carbon dioxide or greenhouse gas emissions by 90,000 tons per annum and helps decrease consumption of external electricity, saving fossil fuel such as oil and imported coal: saving the country’s cash flow. Our participation in the Clean Development Mechanism (“CDM”) in Electricity Generation from Waste Heat Recovery Project at cement plants in Saraburi province has earned our company a Crown Standard Award certified by Thailand Greenhouse Gas Management Organization (Public Organization).

In addition, the Company continues to organize activities to preserve the environment and to emphasize sustainable development. For instance, our “Plant Trees to Reduce Global Warming Project” held by the Company’s management and staff, together with community leaders and children from Tumbol TubKwang, MuakLek, TaKlor, and Mitraparb in MuakLek District, Saraburi, involved over 300 people in all. We joined hands to plant 1,000 trees at Rukkachadhi forest park and at TPI Polene cement plants in Saraburi.

Our “Plant 1,000 Mangrove Trees” project extended the mangrove forest at resource development station no.5 in Chonburi province. The Company also joined with The Thai Fund Foundation to hold a “Return Home to Fish, Return Mangrove Forest to The Earth” activity for local people in Baan Pred in Trad province, where we used waste tires to prevent coastal erosion and protect marine life. As a result, the income for the local community increased. The Company urges everyone to take part in conservation activities and to instill an awareness of the importance of environmental conservation.

The Company fully recognizes social responsibility as our first priority in conducting business and is committed to encouraging social development in parallel with industrial development. All through its 15 years of business, the Company has consistently focused not only on the environment but also on social development, including religious, academic, youth, and Thai cultural activities as follows:-





Religious Activities

The Company strongly encourages a Buddhist culture, and promotes the benefits and the prosperity resulting from Buddhism. The Company donated TPIPL cement products and money to more than 533 temples around the country, totaling Baht 16,732,804. This allowed the construction and repair of buildings such as Ordination Halls, Meditation Halls, Study Halls, Monastery Halls, Houses for Buddhist priests, Crematoria, Stupas, sanctuaries and areas around the temples.

The Company made a contribution of Baht 4,200,000 to co-host making of amulets from the base of Phraboromathad Chedisriayothaya at Wat Romphodhimanodharmma. The Company also made a contribution of Baht 3,500,000 to support Buddhist broadcasts via the Buddhist World TV Channel at Wat Yannawa, Bangkok. The Company also hosted and co-hosted Katin offerings together with several temples totaling Baht 3,113,916 in 2009 by supporting main events such as

- Hosting Royal Katin offering at Wat Pa Darapirom, Chiangmai
- Hosting Katin at Wat Chueapleng and Wat Pa Benjasilaram, Surin
- Hosting Katin at Wat Baanhinlub, Saraburi
- Hosting Katin at Wat Tumsarika, Nakornnayok

Furthermore, The Company enthusiastically supported “Monks and Novices Ordination” projects to express loyalty and gratitude to the Royal Family, and to instill moral traditions in children. This will benefit society in the future.

In 2009, the Company made a contribution of Baht 415,000 to support ordinations as follows: “Summer Novice Ordination for honoring merit to H.R.H. Princess Maha Chakri Sirindhorn” project by Camp Son Religious Development Center, Mahachulalongkornrajavidyalaya University, Petchaboon, and Wat Nakprok, Bangkok; Novice Ordination for students of Rajamangala University of Technology Tawan-Ok, Utenthawai Campus; Supporting 115 ordained Monks and Novice of Phraphariyattidharm School, BorNgenBorThong Monastery, Chachengsao; Monk Group Ordination paying merit to His Majesty the King on the occasion of celebrating the King’s 82nd Birthday on December 5th, at Wat Hnongkrin, Saraburi, and Wat Paa Hnongkam, Khon Kaen.

Social and Youth Activities

The Company is proud of its many Social and Youth activities: these help build the future strength of our youth. Through these activities, children have the chance to learn hands-on from real life and to broaden their horizons.

In 2009, the Company held many activities, and supported many agencies that organized useful Youth activities but lacked the monetary resources, as follows:-

“The Children’s Discovery Museum” Project. 80 students from Baan Kaomaikwean School and Baan Subbon School, Saraburi participated. Discovery Rally activities emphasized learning through entertainment via Mind Map, and challenged the students to cooperate with friends and teachers to work as a team, to express and share opinions, and to have a hands-on experience: true learning with enjoyment.

“Science Museum” Project. 122 students from Subprik School, Nikomleangkonon School, Muaklekna School, Chumchon-nikomsongkraw1 School, and Tubkwang kindergarten school participated. They joined a Science Walk Rally and answered questions about exhibitions in the museum by touching, experimenting, thinking, making decisions, and finding their own solutions. They also saw an easy-to-understand Science Show “The Change of State” using frozen nitrogen, and joined in experiments in the Science Show. Those activities enhance scientific and technological experiences, and bring joy to the children.

“Visiting Thai Historical and Scientific Learning Places” Project. 180 monks and novices, and 20 teachers, from Phraphariyattidhamsamun-suksa Wat Phrathatphanom School visited “the Grand Palace, The temple of the Emerald Buddha, and Chakri Maha Prasart Throne Hall”. The objective of this program was to instill gratitude to past and present Royal Thai Monarchs, and promote a sense of national pride. Participants also paid their respects to the Emerald Buddha.





“Save the Planet Car Rally 2009” Project from Bangkok to Pranburi. The Environment for Better Life Foundation by TPI Polene Public Company Limited, together with the Grand prix International Co., Ltd., held a car rally on November 21-22, 2009. This was presided over by the Committee, and by the Secretary of the Foundation. Participants contributed learning and sports equipment to students of Wat Na Huai School and Baan Hnong Bua School, Prachuabkirikan. The Environment for Better Life Foundation contributed educational funds of Baht 75,000, together with learning and sports equipment, totaling Baht 95,000. These activities not only brought knowledge and fun, but also benefitted those lacking opportunities in our society.

“Enhance Knowledge to the Youth: People Love The World and the Environment” Project. The Company supported students from Bann Subbon School, Baan Kaomaikwean School, Tubkwang Kindergarten School, and Chunchonnikomtubkwangsongkraw 1 School in Saraburi by taking them to learn outside their classrooms and to visit an agricultural museum, and TPI Polene’s cement plants.

In addition to the above activities, the Company realizes the importance of youth education as the strong foundation of the nation’s future. The Company made a contribution of Baht 229,500 for scholarships and educational funds to purchase teaching and learning materials for needy students in Kangkoi and Muaklek Districts, Saraburi.

The Company contributed lunch funds for Jatuwatmaharachanusorn School, and made donations through the Thansettakij Foundation to schools all over the country. In addition, The Company made contributed of Baht 1,279,720 to Wat Yannawa School to purchase educational materials, particularly technological materials, to enhance learning and benefits of the students.

The Company also made a contribution of 384 tons of TPIPL cement products (including TPI Super Green cement, TPI Red Portland Type 1, TPI Blue Portland Type5, TPI Mortar 197, and TPI Mortar 199) to build study rooms, fences, floors and to repair dilapidated buildings in several schools. These included Rajaprachanukraw Schools in Pattani, Yala and Satul; Baan Huaimaihok School in Chiangmai; Prachauthit Foundation School in Nakonsrithammarat; Baan Koh Rang School in Lopburi, Muaklekwittaya School in Saraburi, and many more.

The Company also contributed cement to 17 universities all over the country for their Community Development Volunteer Camps. This allowed buildings and community facilities to be constructed in rural areas. This includes projects at Chulalongkorn University, Kasetsart University, Thammasat University, King Mongkut’s Institute of Technology Lardkrabang, and Rajamangala University of Technology Thanyaburi in Patumtani, and many others.

The Company performs these activities in the ardent wish to inculcate good common sense in the next generation, so they may become quality people. When all manufacturers, in all industries, seriously cooperate to promote quality in our youth, our country will surely stand side-by-side with other leading nations in the world. Through activities such as these, we help our youth mature and become essential forces for successful-and sustainable-business development.

Social Activities

In addition to organizing activities with schools, the management and the staff of the Company performed many other acts for the benefit of the society. We made a contribution of 7,500 blankets (totaling Baht 1,260,000), to relieve the coldness for those in need in the Northeast and the North. This contribution also included calendars depicting the photograph of His Majesty the King.

Border Patrol Police School #24, Northeastern center, Udornthani received 2,500 blankets to distribute to students in Border Patrol Police Schools. In Chaingmai we contributed 5,000 blankets as follows: 3,000 blankets to Border Patrol Police School #3; 500 blankets to Samoeng Hospital; 500 blankets to Mae Jam Hospital; 850 blankets to Wat Jomhmok, Omkoi District; 100 blankets to Wat Sridonmul; and 50 blankets to Baan Suanthamsilp Sanctuary for the sick, and for hill tribes suffering from the coldness.

The Company also contributed Baht 3,545,000 to foundations, hospitals, governmental agencies and many organizations to support activities that benefitted society but which were short of funds. For instance, the Foundation of The 50th Anniversary of Mahavajiralongkorn Hospital; the Health Revival Building at Saohai Hospital, Saraburi; Nomklao Night Event and “Anti-Drug” soccer competition held by the National Council on Social Welfare of Thailand; the Braille Reading Marathon Competition Project of Thailand Association of the Blind (this promoted Braille usage to the public).

In addition, we supported art education and creation, and the conservation of Thai culture with contributions to the National Gallery, Art Center, and the “Statesman General Admiral Prem Tinsulanonda Foundation”.





Promoting Art Work by TPI Cement, Preserving Thai Unique Identity

TPI Polene acknowledges the importance of promoting and preserving the unique identity of our country, as well as Thai art and culture. Thailand has a long history as a nation with a unique identity. People around the world dream of visiting Thailand at least once. Thailand has ancient cities with many historical places and sculptures.

The Company realized that stucco molding is an art form that manifests skill, creativity and artistic developed. It can be seen at many historical sites around the country. However, the interest of Thai craftsmen has waned and the art of stucco molding might vanish. The Company intends to keep promoting art and culture.

Therefore, the Company, with the collaboration of the Ministry of Culture, the Poh Chang Campus of the Rajamangala University of Technology Ratanakosin, and the Thai Sculpturers Association arranged "The 9th Art of Stucco Molding" competition comprising two levels. I. General Public Level with 3 categories: 1. molding stucco under the title of "Tripoom (Three Worlds)" 2. molding premixed cement under the title of "Mettadham Supports The World" 3. sculpturing of cement under the title of "The Goodness of Thai Way of Life". And, II: Youth level molding premixed cement under the title of "Mettadham Supports The World". The competition was held on May 6-10, 2009.

We were honored to have Privy Councilor Kasem Watanachai preside at the opening ceremony of the 9th Thailand art of Stucco Exhibition, on October 6, 2010 at the National Gallery in Bangkok. In addition, there was a mobile exhibition at Baan Damnglae, Muang District, Chiangrai (home of Arjarn Thawan Duchanee, National Artist - Visual Arts).

The Company intends to support cultural arts in parallel with improvement of the quality of life, so as to encourage an awareness of Thai artists amongst children of the new generation. And an awareness amongst Thai people in general of the need for conservation and development of Stucco Art. This art form should be seen as a valuable national resource for good.

The activities above are only part of TPI Polene work to enhance the quality of life and to manifest our gratitude to our country. At TPI Polene, we build the future with intellectual belief together with morality and social consciousness. As we step forward, we will operate our business in harmony with social development to ensure sustainability.

TPI Polene for Safety and Environment

TPI Polene has relentlessly improved its businesses by developing new products to satisfy customers' need. The Company always conducts its businesses not only for profit but also to give back to society and to conserve the environment. In addition, the Company realizes the importance of employees' health and safety at workplace. Consequently, the Company's management has implemented Quality Standard Systems ISO 9001, Environment Standard System ISO14001, Health and Safety Management Standard TIS 18001, OHSAS 18001, as well as API Spec 10A Standard. This enables us to run our businesses effectively and efficiently.

Quality Management

The Company uses new and modern technologies to improve and develop its products. This is particularly apparent in its research on specific workability needs for cements and ready-mixed concrete, as well as advanced new grades of plastic quality products with special specifications. All products were developed under the Quality Control System BS EN ISO 9001:2008.

Environmental Protection and Environmental Impact Reduction

Regarding environmental preservation, the Company implemented international Environmental Standard System BS EN ISO 14001:2004 to reduce wastes and environmental impact.

In 2009, our cement plants sent more staff to test and register as environmental pollution protection inspectors at the plants, in addition to renewing the registration of our existing inspectors. This increases in the company's total number of inspectors allowed even more effective control of our environmental pollution protection system.

In addition, not only has our cement plants eliminated industrial waste (under the improving waste quality plant licenses), but we have also reduced raw material and fuel usage: resulting in further savings of natural resources.

Our plastic resin plants tightly control any discharge of pollution. The amount of waste-water discharged is already minimal, below legally allowable levels. In any event, the Company installed additional water treatment systems so that any waste-water that is discharged is as close as possible to natural water. Control checks have been implemented before waste is released into natural waterways.

Although production already involves clean, closed, high-pressure, leak-controlled systems, the Company further eliminates the risk of system leakage into the atmosphere. The Company participated in a project held by the Department of Industrial Works, to reduce the effect of Volatile Organic Compounds (VOCs) in the atmosphere. There will be random sample testing of the air around plants to analyze VOCs that might impact the environment. Most of the waste from the production





process can be used as raw materials or alternative fuels in our cement plants, without negative impact to the environment.

The Company sent staff to be trained to become registered environment managers; treatment system controllers; and operators for air, water, and waste pollution treatments, in accordance with the regulations and standards of the appropriate governmental agencies. As a result, the Company ensures its staff is highly trained, and that its management systems will protect against any adverse environmental impact.

Concrete batching plants control water pollution by recycling almost all the water used. Even though each plant produces minimal waste-water, and so has minor effects on the environment, the Company always treats waste-water according to the law. The Company also has a system to prevent water from overflowing into the public waterways, again eliminating environmental affects.

To prevent air pollution, the Company has designed closed systems to contain almost all dust. In cases where closed systems are not used, there are other protective systems to effectively contain dust and comply strictly with the law.

The Company has also implemented efficient preventive maintenance. The Company routinely manages waste according to the law, to standard systems, and to the requirements of the relevant governmental agencies. The Company intends to continue to reduce waste. Even though the Company discharges so little waste that it is not legally required to have a registered environmental pollution prevention supervisor, the Company has acquired personnel to be in charge of environmental control, and has implemented good management systems to prevent environmental impacts in all batching plants.

Health and Safety in the Workplace

Health and safety in the workplace, for all employees and all stakeholders, is a Company priority. The Company has implemented Health and Safety Management System (OHSAS 18001:2007 /TIS 18001) emphasizing the health of employees and all people involved with the Company.

The Company has conducted its businesses strictly according to all the rules and regulations of the standard systems, the law, and relevant governmental agencies. The Company has received OHSAS /TIS 18001 certification for all businesses including its cement, ready-mixed, and plastic resins businesses. The Company practices emergency drills annually; has fully checked all safety equipment; and has examined potentially unsafe situations and taken actions to improve safety and eliminate potential accident causes. Other than that, the Company holds regular activities in our “Mind - Friends Safety” project. This involves protecting friends’ safety and promotes safety awareness for employees, in order to improve working conditions, the environment, and Health and Safety system management.

Crown Standard: Thai Clean Development Mechanism

The Company is well aware of the problem of global warming. Hence, the Company's cement plants participated in a project using the Clean Development Mechanism (CDM) under the Kyoto Protocol. This project utilized waste heat from cement production plants to generate electricity for those cement production plants. Not only does this reduces carbon dioxide or greenhouse gas emissions, but it also decreases the need to buy electricity generated by imported fossil fuels, such as oil and coal, which means the country saves money on imports.

The current Waste Heat Recovery Project could generate 245 million kilowatt hours of electricity per annum, for an energy cost saving of almost Baht 600 million, and a reduction in carbon dioxide emissions of approximately 90,000 tons, annually. This project is for sustainable development. Moreover, TPI Polene Power Co. Ltd. plans to expand the generation of electricity capacity to save more energy cost and further reduce the effect of global warming.

On December 1, 2009, the Thailand Greenhouse Gas Management Organization (Public Organization) or TGO, who has the authority to certify Clean Development Mechanism (CDM) in Thailand under the Kyoto Protocol of United Nations Framework Convention on Climate Change (UNFCCC) and to promote Thai CDM, presented a Crown Standard Award for the Waste Heat Recovery Project of TPI Polene Power Co. Ltd., a subsidiary of TPI Polene Plc. This award demonstrated that our Company had achieved the standards set by TGO. TPI Polene Power Co., Ltd. was one of the three companies to receive this award. The Company was honored and proud to play a driving role in pursuing other environmentally friendly projects in the future.



Corporate Developments in 2009

During the past several years, we have committed ourselves, as a good Thai corporation, to develop our business with modern technology, and build the ability to compete internationally. We are now ready to drive the economy of our country even more vigorously. Corporate developments can be summarized as follows:-

Achieved Mutual Solution to Pay Debt Liabilities to over 35 Creditors

TPI Polene and TPI Concrete negotiated with creditors to achieve mutual solutions to repay total debts under the Rehabilitation Plan (as approved by the Central Bankruptcy Court) of Baht 1,032 million or equivalent to 35 creditors.

Achieved Mutual Solution/ Under Negotiation Process to Extend Outstanding Debt Repayment Period

TPI Polene negotiated with financial institution creditors to achieve mutually agreeable solutions to defer debt repayments with the majority of creditors. Presently, TPI Polene is negotiating to extend debt repayment periods with the remaining creditors. It is anticipated that negotiations will conclude shortly.

As at December 31, 2009, financial debt liabilities were approximately Baht 5,510 million and the debt to equity ratio was 0.31 time (after full provision for the fine of Baht 6,900 million) whereas the financial debt to equity ratio was only 0.10 time. This is relatively low compared to other companies in this field of business.

All objecting creditors under debt repurchase program filed withdrawal motions with the Supreme Court to withdraw their appeals against the Central Bankruptcy Court's Order

On February 24, 2004, the Company filed motion with the Central Bankruptcy Court to repay debts repurchased at discount by way of depositing cashier cheques and/or drafts with the Central Bankruptcy Court. Participating creditors under the Debt Repurchase Program ("DRP") would receive repayments according to terms and conditions of the Business Rehabilitation Plan. However, some creditors filed objections with the Court against the Company's motion to pay the DRP debts. On September 30, 2005, the Central Bankruptcy Court issued an order dismissing the objections of the objecting creditors. Consequently, such objecting creditors filed appeals with the Supreme Court against the order of the Central Bankruptcy Court.

Currently, all objecting creditors have filed withdrawal motions to withdraw their appeals against the order of the Central Bankruptcy Court. As a consequence, the Company recorded gains on restructured debt under the Business Rehabilitation Plan as approved by the

Central Bankruptcy Court in the amount of Baht 2,738 million.

Waste Heat Recovery Power Plant Expansion with capacity 54 MW Outputs

To accommodate the long-term growth potential of our company, TPI Group continues to reduce energy costs. TPI Polene Power Co., Ltd., a subsidiary, is expanding its Power Plant Project with an addition capacity of 18 MW output. The project is anticipated to be completed within 2010. Upon completion of this project, total electricity generating capacity will be 54 MW. (Our Waste Heat Recovery Power Plant Project, with a capacity of 36 MW, commenced commercial operation in 2009.)

This project will save energy costs of approximately Baht 750-800 million per annum. Not only will this project save energy, it will also reduce environmental impact: cutting carbon dioxide emissions, and reducing emissions of greenhouse gases that cause the global warming. TPI Polene Power is in the process of obtaining registration as an industry with a greenhouse gas reduction commitment under the Clean Development Mechanism ("CDM"), an arrangement under the Kyoto Protocol, which will enable the Company to earn carbon credits under the CDM.



The first Cement Manufacturer awarded the Carbon Label

On March 28, 2009, recognizing the commitment and dedication of the Company's staff to producing cement products in an environmentally friendly fashion, the Committee of Thailand Greenhouse Gas Management Organization (Public Organization) ("TGO") bestowed the Carbon Label on our Company's Portland cement product group and mortar cement group products. The Carbon Label demonstrates that the producer has submitted data to show that it has significantly reduced carbon dioxide (greenhouse) emissions.

Continued Development of Cement Products

The Company has further improved its cement products to better meet with consumer demand, as follows:-

20% Save -TPI Red Super Cement

TPI red super cement is developed using very modern technologies. This product meets the applicable 15-2547 Standards Institute: its quality is 20% higher than general Portland cement. TPI red super cement has a characteristic that is made for laying concrete work (concrete blocks, compressive strength concrete pipes, hollow stakes, etc). TPI red super cement, with its high early strength cement, is specially designed to quickly become robust, enabling to be delivered faster, increasing productivity.

The properties of the 40-kg TPI super red cement include workability equivalent to that of general 50-kg Portland cement, saving up to 20% in cement cost and transportation charges.

TPI M900 - Cement Mortar

" TPI M900 " molding premixed cement: when added to an appropriate proportion of water, and mixed well, is well suited for molding design and decorative work. Uses include sculpture, bas-relief, pediment and gable-end work, etc. This product is specially developed for decorative work for buildings, houses and gardens, etc..

High Quality Adhesive Mortar "TPI M500" and "TPI M501"

TPI Polene has provided viable alternatives for customers, who use only small quantities of mortar for minor work. Workability of the mortar is extended with 5-kg TPI M500 adhesive mortar for glass tiles; and TPI M501, special type high-bond adhesive mortar.

Extra High Early Strength Concrete

TPI Concrete provides concrete with extra high early strength: with maximum compressive strength to 240 kgf/cm² in only 12 hrs. After being placed and compacted, the concrete is specially designed to have high slump at a maximum of 25.0 ± 3.5 centimeters, and extends the workability of fresh concrete by up to two hours.

Extra high strength is also designed for bridges and high-rise buildings.

It has compressive strength of at least 600 kgf/cm², lasts 28 days, and can be developed to a maximum compressive strength of 700 kgf/cm², to last 56 days. These concretes are designed to have high-workability and can be spreaded by pumping at least 150 meters vertically, or at least 500 meters horizontally. These concretes have smooth surfaces, suitable for fair-face concrete.





Development of Human Resources in line with the Company's Objectives

The Company strongly believes that efficient staffs are the key driver for corporate success. To this end, the Company has focused on continuous development of our human resources over the long-term.

The Company has a policy to encourage good management called: "Knowledge Organization and Professional Management Style". Our Code of Conduct sets guidelines for Directors, Management and all the Company's staff to perform their duties with an emphasis on honesty, ethics and the highest standards of integrity. In addition, it is Company policy to encourage all levels of staff to participate in social assistance activities. Within the Group, we give top priority to fostering employee development. We aim for our employees to be good, competent members of society and so reinforce the sustainable growth of our organization.

In addition, the Company has undertaken the following activities to support and develop employees' quality of life, and increase their efficiency.

Essential Knowledge and Human Resource Development: The Company fosters staff development at all levels through continuous in-house and external training. Our aim is to provide every employee with all the knowledge needed to perform productively and to develop every employee's competitive skills, special expertise, and administrative skills. Continuous improvement courses and training program develop employee potential in line with the Company's directions, targets, objectives and competitive circumstances.

Ethical Issues and the Quality of Life: We hold regular in-house ethical and moral standards projects for employees, and provide welfare programs. The Company has arranged a "How to be a good member of the family and to be good employee of the Company" program for employees. In addition, new employees are encouraged to join our "Dharma leading the life" program: an ethical training course emphasizing cultivating consciousness and respect for the organization. In addition, the Company guards against drug problems with the encouragement: "Plants with No Drugs". The Company has been certified to maintain HIV/AIDS workplace standards.

Traditional and Cultural aspects: The Company hosted the Royal Kratin Offering at Dharram Phirom Forest Temple, Chiangmai province; and made contribution of Kratin robes and annual off-season robe offerings at Thamsarika Temple, Nakornnayok province; Hin Lab Temple, Saraburi province; Surin province; etc. TPI Polene made donation of cement for construction at temples such as Dharram Phirom Forest Temple, Benchasiri Forest Temple and Churpleung Temple, etc.

Productivity Enhancement: in line with Total Productive Management (TPM), we have training programs to encourage Office Improvement (OI), in those departments that support (rather than being directly involved in) production. These departments focus on improving working processes, increasing working efficiency, to improve productivity and extend machine life.

Using free time for maximum benefit: The Company also encourages employees to participate in social activities during their free time. Activities available include a Buddhism Club, Athletic Clubs, a Petanque Club, a Football Club, a Golf club and a Fishing Club, etc.

Encourage saving program: TPI Polene - Concrete has established a co-operative savings program for employees.

Employee's welfare: The Company also supports education for children of employees by providing Scholarships for outstanding children, and increased medical aid to employees and their family members.

Public Well-being Participation

In addition to excellent performance of its business operations, the Company pledges its commitment to public well-being and societal improvement, including environmental conservation. The Company's continued support for this is demonstrated in all our projects to develop well-being and the quality of our society, and in our environmental conservation projects. The Company considers this vital and fundamental to creating sustainable growth in the country, evidenced by the sections in this report on "TPI Polene and Society" and "TPI Polene and Thai Cultural Conservation"

Nature of Business

The Company and its subsidiary are principally engaged in the manufacture and supply of cement, ready-mixed concrete and LDPE/EVA plastic resin, ammonium nitrate and nitric acid through a joint venture company. In addition, the Company has invested in high efficiency modern technology to use industrial waste as an alternative fuel in its processing plants (the Waste Heat Recovery Power Plant Project), and is involved in oil and NGV service stations, and the provision of life insurance services, etc.

All the Company's cement products meet the ISO/TIS certifications of industrial standards, ASTM Industrial Standards and the EU Industrial Standards. TPI Polene was the first cement manufacturer in Thailand to be awarded ISO 9002 Certification from the International Standard Institute for surpassing industrial and environmental protection standards. This has enabled the Company to export cement to the state of California, where surrounding communities are highly aware of environmental conservation.

In addition, TPI Polene is the first Cement Manufacturer to be awarded the Carbon Label for both the Portland cement product group and the mortar cement group. The Carbon Label (as discussed above) demonstrates that the producer has submitted data to show that it has significantly reduced carbon dioxide or greenhouse emissions.

The Company currently operates three cement production plants, using technologically advanced machinery, strategically located, adjacent to both a limestone quarry and an efficient transportation distribution network, which reaches throughout the country. This gives the Company its low-cost competitive advantage. In addition, TPI Polene is one of the two highest market share for mortar cement in the domestic market and have become the 2nd largest ready-mixed concrete manufacturer in the country.

As for our plastic resin business, the Company has strengthened its position as a leading player, with the largest market share for LDPE and EVA in Thailand. We are the sole producer of EVA in Thailand and one of the few producers of EVA in the world who can develop proprietary EVA production technology.

Thai Nitrate Co., Ltd. (our joint venture company), is the largest producer of ammonium nitrate and nitric acid in the country and Thai Nitrate is the sole producer of nitric acid in Thailand

In addition, TPI Polene Power Co., Ltd. (a subsidiary) is completing a Waste Heat Recovery Power Plant Project to use energy emitted from cement production to generate electricity. This project will increase capacity to 54 MW in 2010. In addition, TPI Polene Power Co., Ltd. also operates oil service stations and NGV gas stations in Bangkok and provincial areas. Presently, TPI Polene Power is developing a Renewal Energy with Alternative Fuel Power Plant, which will use recycled garbage and industrial waste to generate electricity.

The above investments in related businesses will strengthen revenue sources and enhance the Company's future sustainable growth.

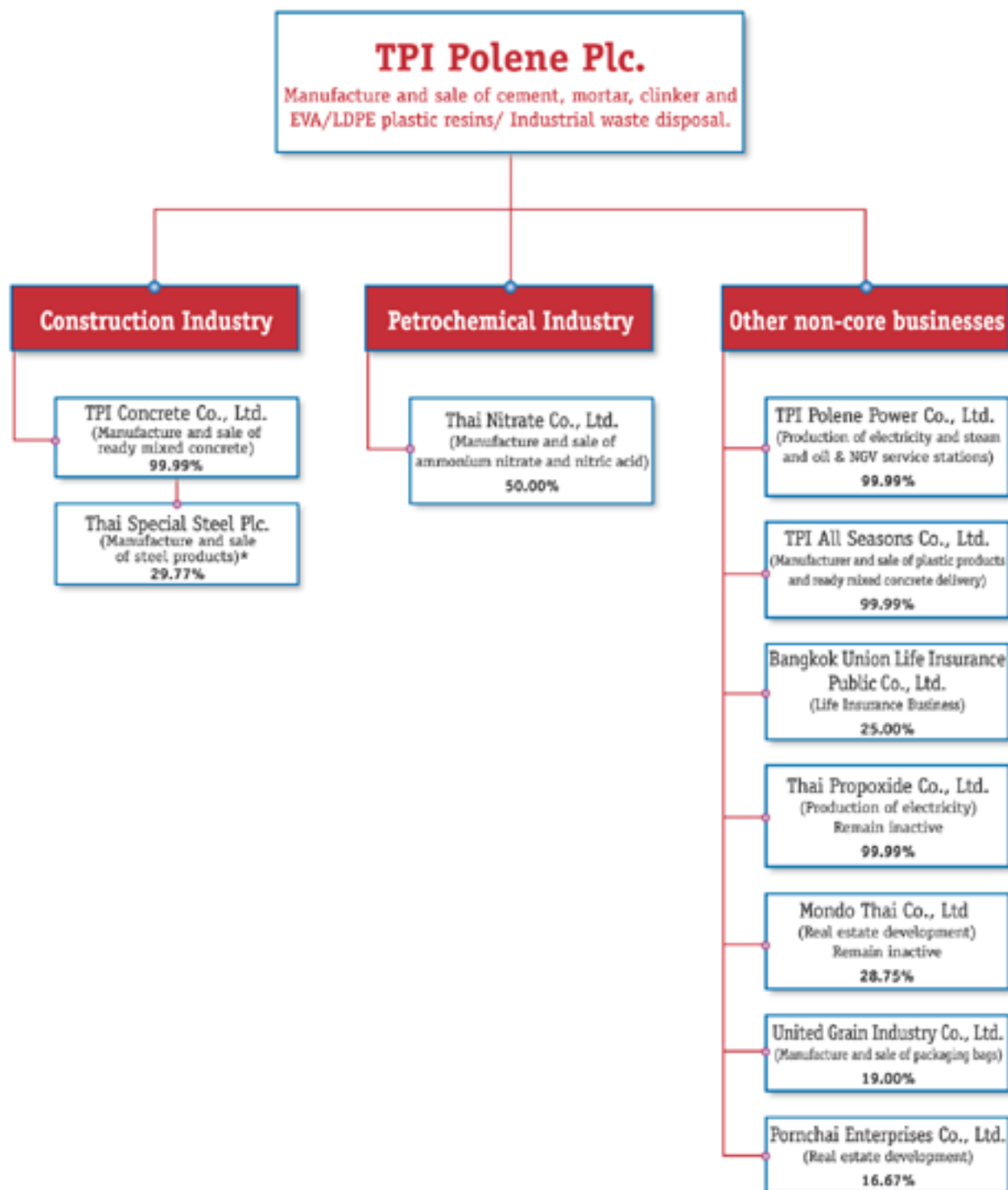


Sales Revenue Structure

Unit: Baht Million

Product/Service	Operated by	% of TPIPL's shareholding	2007		2008		2009	
			Revenue	%	Revenue	%	Revenue	%
Cement	TPI Polene Plc.	-	13,419	53.84	13,387	52.07	12,994	59.44
Ready-mixed Concrete	TPI Concrete Co.,Ltd.	99.99	3,247	13.03	3,580	13.93	3,017	13.80
Plastic Resin	TPI Polene Plc.	-	8,098	32.49	8,082	31.44	7,121	32.58
Electricity, oil service stations and NGV gas stations	TPI Polene Power Co., Ltd.	99.99	409	1.64	735	2.86	962	4.40
Ammonium Nitrate	Thai Nitrat Co.,Ltd.	50.00	642	2.58	908	3.53	652	2.98
Others			(889)	(3.57)	(984)	(3.83)	(2,885)	(13.20)
Total			24,926	100.00	25,708	100.00	21,860	100.00

Business Structure of the Group as at December 31, 2009



Remarks: * Temporarily ceased operations; in the process of seeking strategic partners and under debt restructuring.

Operating Results and Financial Status for 2009

Increase in Net Profit

In 2009, total consolidated sales revenues and total revenues were Baht 21,860 million and 26,571 million compared with Baht 25,708 million and Baht 27,322 million in 2008. Net profit in 2009 was Baht 4,763 million (or earning per share of Baht 2.39) compared with net loss of Baht 5,433 million (loss per share of Baht 2.72) in 2008. This represents a 188% increase in 2009.

Net profit in 2009 of Baht 4,763 million comprised normal operating profit of Baht 1,879 million; gain on restructured debts under the Business Rehabilitation Plan (as approved by the Central Bankruptcy Court) of Baht 3,117 million; gain on foreign exchange of Baht 236 million; and income tax of Baht 468 million. In contrast, in 2008, the Company recorded a provision for a fine in the amount of Baht 6,900.30 million and had loss on foreign exchange of Baht 381 million. In addition, interest expenses in 2009 decreased to Baht 255 million from Baht 837 million in 2008. This drop of 69.56% was mainly due to reduction in debt principal during the period.

Management of Assets to be in line with Current Liabilities

At the year ended 2009, the Company's total consolidated assets were Baht 70,360 million, decreasing from Baht 74,122 million in 2008. This mainly reflected debt settlement to the DRP creditors under the Rehabilitation Plan in the amount of Baht 5,856 million, and gain on restructured debts under the Business Rehabilitation Plan of Baht 3,117 million.

At the year ended 2009, current assets slightly decreased to Baht 8,303 million from Baht 10,614 million at the year ended 2008. Inventory accounted for the highest proportion of current assets, representing 57.09% (and 35.82%) of current assets in 2009 (and 2008, respectively). The 2009 figure reflects the Company having increased its stock of coal. Account Receivables represented 20.54% and 17.72% of total current assets which equated to average collection periods of 32 days for both 2009 and 2008. So, management of inventory and account receivables being at about the same level as in the previous year.

Trade accounts payable at the year ended 2009 and 2008 were Baht 1,949 million and Baht 1,543 million, respectively: equating to an average payment period of 37 days and 34 days, respectively. This reflects timely management of debt servicing to match the collection period.

Consistent Reduction in Liabilities

Total liabilities of the Company decreased to Baht 16,485 million at the end of 2009, from Baht 23,599 million at the end of 2008: a fall of Baht 7,114 million. This mainly reflects the Company recording repayment of restructured debt under consideration by the Court, as all objecting creditors filed to withdrawal their appeals from the Supreme Court. In addition, the Company successfully negotiated, and made, total debt repayments of Baht 1,032 million to creditors according to the Business Rehabilitation Plan (as approved by the Court). Accordingly, as at the end of 2009, the principal debt of the Company was equivalent to Baht 5,510 million, representing 0.10 times shareholders' equity.

Steady Financial Position

As at December 31, 2009 and December 31, 2008, shareholders' equity was Baht 53,875 million (book value per share of Baht 26.98) and Baht 50,523 million (book value per share of Baht 25.30), respectively: this represents an increase of Baht 3,352 million.

Strengthened Capital Structure

At the end of 2009, the debt to equity ratio and the financial debt to equity ratio were at 0.31 times and 0.10 times respectively. This is considered relatively low compared to other companies in the same field of business.

Financial Liquidity for Business Operations

In 2009, consolidated net cash flow increased by Baht 7 million. This comprises net cash flows from operating activities of Baht 2,004 million; net cash flows from investing activities of Baht 1,056 million; and net cash flows from financing activities of Baht 940 million. The Company's cash and cash equivalents at the beginning of 2009 were Baht 1,429 million. By year end 2009, the Company had cash and cash equivalents of Baht 1,436 million. Overall, the Company has sufficient liquidity to operate its businesses and had the capability to make principal repayments, and interest due payments, to all financial creditors and trade creditors.

Risk Factors

TPI Polene has constantly managed risks to be at a controllable and acceptable level. The Company has already implemented a management information system ("MIS") which covers various areas of management to identify different aspects of risk, in order to ensure that each operation unit operates so as to achieve its targets. Risk management can be classified as follows:

Risks associated with potential foreign currency exchange rate fluctuations

42% of the Company's debt is denominated in foreign currencies; therefore, the Company has to bear risks associated with exchange rate fluctuations. The Company has a policy to mitigate foreign exchange risk through natural hedging by balancing its foreign currency revenues and expenses. The Company also closely monitors potential adverse currency movements. In addition, after evaluating its net foreign currency positions, revenue structures, and net foreign currency cash flows and current financial situation, the Company enters into forward exchange contracts to hedge its foreign exchange exposure. These measures partly protect the company against currency fluctuations.

Risk associated with potential coal price fluctuations

Coal is a principle source of kiln fuel in the manufacture of cement. The Company's fundamental approach to managing coal price fluctuation risk is to identify extensive supply sources for coal, and establish import sales contracts throughout the entire year, with an appropriate allocation of short-term and long-term contracts: efficiently managing cement production costs.

Risk associated with credit provision

To mitigate credit risk stemming from debtors' potential failure to comply with their contracts, the Company sells cement products based on cash and credit terms, usually requiring a bank guarantee for customer's credit line. A Credit Committee has been appointed to consider proper criteria for offering credit lines to customers and develop a monitoring process for cash collection from the customers.

Risk associated with environmental regulatory enforcement issues

The Company's businesses are subject to strict laws and regulatory enforcement relating to protection of the environment and to safety in Thailand. The Company assigns related business units to be responsible for environmental quality assessment, analysis and monitoring. Assessment, analysis and monitoring are based on standardized measurements and subject to continuous improvement. The Company coordinates closely with the relevant governing authorities throughout its operations, to determine measurement principles and to foster mutually positive attitudes within the surrounding communities.

Shareholding Structure

Top 10 major shareholders as at January 11, 2010

Shareholders	Number of Shares	Shareholding (%)
1. Thai Petrochemical Industry Co., Ltd. ^{1/}	275,269,816	13.63
2. Leophairatana Enterprises Co., Ltd. ^{1/}	192,673,325	9.54
3. TPI Holding Company Limited ^{1/}	126,271,084	6.25
4. Mr. Prayad Liewphaitana	86,712,274	4.29
5. Mr. Pakorn Leophairatana	86,274,581	4.27
6. Mrs. Orapin Leophairatana	85,106,224	4.22
7. Mrs. Boonsri Leophairatana	82,138,536	4.07
8. Dr. Pramuan Leophairatana	80,890,000	4.01
9. Bangkok Bank Public Company Limited	65,769,324	3.26
10. Miss Pattrapan Leophairut	62,907,722	3.12

Note: ^{1/} Majority shares held by Leophairatana family

Dividend Payment Policy

Dividend payments are subject to the operational results and financial status of the Company.

In addition, the Board Directors of the Company may from time to time approve to pay interim dividends to shareholders, where it is justified by the profit of the Company. After the payment of dividends, the transaction shall be reported to shareholders at the next meeting.

The Management

Management Structure

As at December 31, 2009, the management structure of the Company consists of three Executive Committees: the Board of Directors, the Executive Management Committee and the Audit Committee. The Board of Directors of the Company was total of 17, consisting of 6 independent directors, which exceeds one third of total number of directors, details of which are as follows:

The Board of Directors as at December 31, 2009

Name	Position
1. Mr. Visith Noiphan	Chairman and Independent Director
2. Mr. Prachai Leophairatana	Director
3. Mr. Prateep Leopairut	Director
4. Mr. Chainarong Taephaisitphongse	Director
5. Dr. Pramuan Leophairatana	Director
6. Dr. Narasri Vaivanijkul	Independent Director and Chairman of the Audit Committee
7. Mrs. Boonsri Leophairatana	Director
8. Ms. Suchitra Taychanavakul	Director
9. Dr. Chavin Iamsopana	Director
10. Mr. Prayad Liewphairatana	Director
11. Mrs. Orapin Leophairatana	Director
12. Mr. Manas Sooksmarn	Independent Director and Audit Committee
13. Pol.Gen. Charnchit Bhiraleus	Independent Director and Audit Committee
14. Mr. Pisej Iamsakulrat	Director
15. Mr. Thavich Taychanavakul	Independent Director
16. Mr. Tayuth Sriyuksiri	Director
17. Mr. Khantachai Vichakkhana	Independent Director

Remarks: 1. Mr. Khantachai Vichakkhana has been in the position of Independent Director since October 30, 2009.

2. Mr. Nitisit Jongphitakratana is the Corporate Secretary.

Functions and Responsibilities of the Board of Directors

1. To carry out activities prudently and in compliance with related governing laws, the objectives of the Company, and the Articles of Association, in order to protect the Company's interests and for the benefit of shareholders.
2. To consider policy, vision, work plans and key strategies, as well as ethical standards for business operations, and to supervise and monitor Management, to ensure that they perform duties efficiently and are in compliance with the Company's policies.
3. To monitor the operational results of the Company and any other key progress criteria.
4. To determine interim dividends to shareholders.
5. To ensure that financial reports are complete, accurate, reliable and timely, and are prepared in compliance with generally accepted accounting principles.
6. To monitor the implementation of internal control and audit systems; to comply with all regulations and related governing laws; and to ensure appropriate risk management.
7. To ensure that the Company performs in compliance with good corporate governance policies, and focuses on fair treatment for all related parties, and discloses all relevant information that might affect the interests of related parties and the public.
8. To monitor and to prevent conflicts of interest, and ensure that connected transactions and any other transactions that might affect the interests of related parties are in compliance with related rules and regulations.

The Executive Management Committee as at December 31, 2009

Name	Position
1. Mr. Prachai Leophairatana	Chairman of Executive Committee
2. Mr. Prateep Leopairut	Executive Director
3. Dr. Pramuan Leophairatana	Executive Director
4. Mr. Prayad Liewphairatana	Executive Director
5. Mrs. Orapin Leophairatana	Executive Director
6. Mrs. Boonsri Leophairatana	Executive Director
7. Dr. Chavin Iamsopana	Executive Director
8. Mr. Chainarong Taephaisitphongse	Executive Director
9. Mr. Tayuth Sriyuksiri	Executive Director

Nine Directors are authorized to sign on behalf of the Company. Two of the nine directors must jointly sign, together with the affixation of the official company stamp.

Functions and Responsibilities of the Executive Management Committee

1. To govern and determine the operational strategy of the business, in compliance with the policy of the Board of Directors.
2. To monitor operational results of each department.
3. To select and nominate top management of the Company.
4. To nominate and remove officers of the Company, and to determine their rewards.
5. To perform their duties in relation to the general administration of the Company.

The Audit Committee as at December 31, 2009

Name	Position
1. Dr. Narasri Vaivanijkul	Chairman of the Audit Committee*
2. Mr. Manas Sooksmarn	Audit Committee
3. Pol.Gen. Charnchit Bhiraueus	Audit Committee

Remarks : *Possess background and experience in auditing of financial statements.

Functions and Responsibilities of the Audit Committee

1. To control and monitor the Company's financial reports to ensure that they are complete, adequate and reliable.
2. To monitor the auditing process and internal control systems of the Company to ensure that they are appropriate and efficient.
3. To select and propose the appointment of the statutory auditor of the Company.
4. To supervise and ensure that the Company acts in compliance with the regulations imposed by the SET and the SEC and related governing laws.
5. To consider the disclosure of information regarding connected transactions or transactions that might have conflicts of interest, to ensure it is accurate and complete.
6. To prepare the Audit Committee Report as disclosed in the Company's Annual Report to be in compliance with the provisions imposed by the SET and the SEC.
7. To perform any other tasks that may be stipulated in the Articles of Association of the Company.
8. To perform any other tasks that may be delegated by the Board of Directors.

Name	Position
1. Mr. Prachai Leophairatana	Chief Executive Officer
2. Mr. Prateep Leopairut	President
3. Dr. Pramuan Leophairatana	President
4. Mr. Prayad Liewphairatana	President
5. Mrs. Orapin Leophairatana	Senior Executive Vice President
6. Mr. Prasert Ittimakin	Senior Vice President -Accounting and Finance Division
7. Miss Chularat Danwattanachai	Vice President - Accounting and Finance Division
8. Mr. Anugoon Piyapakorn	Assistant Vice President - Accounting Department
9. Mr. Pongsak Yiengsakun	Assistant Vice President - Finance Department

Functions and Responsibilities of the Chief Executive Officer

1. To carry out activities prudently; to be in compliance with the objectives of the articles of Association; and to be in line with establishing policy as approved by the Board of Directors of the Company, in order to protect the Company's interests and for the benefit of shareholders.
2. To monitor and manage daily operational results of each department to ensure these are carried out effectively and efficiently.
3. To assign, nominate, remove and punish employees and staff of the Company to comply with the Company discipline.
4. To report work progress to be in line with work plans and budgets as approved by the Board of Directors.

Business relationships or professional service relationships between independent directors and the Company, or the parent company, or its affiliates, or subsidiary companies, or associated companies, or juristic persons within the Company, that may impose conflicts of interest in an amount exceeding the restricted amount under the notification of the SEC regarding permission and approval of new shares issuance (if any), as well as the resolution and opinion of the Board of Directors approval (if any).

-None-

Selection of the Directors and the Management

The Board of Directors of the Company is responsible for selection of Directors and Management of the Company. Selection of Directors takes into consideration their: background knowledge, experience in related fields of business, ethical behavior, standards of integrity, independence, courage in giving opinions, responsible discharge of duties, precision and honesty, consistent attendance at all Board meetings. Their resumes and their ethical behavior are taken into consideration as well as other appropriate qualifications deemed beneficial to the Company. We also consider other factors that may impose conflicts of interest.

Selection of the directors to replace those retiring by rotation is under the criteria of the Office of Securities and Exchange Commission and the Stock Exchange of Thailand.

Selection of Management takes into consideration their background knowledge, abilities, professional skills, and experience deemed beneficial to the Company. Management selection is in compliance with recruitment procedures of the Company.

Criteria for selection of the Independent Directors are as follows:

1. Under the criteria of the Office of Securities and Exchange Commission and the Stock Exchange of Thailand, Independent Directors:
 - 1.1 Are restricted in the number of shares they may hold to not greater than 1% of the voting shares in the Company, its affiliates, its associated companies, or its juristic persons that may impose conflicts of interest (implicitly including related persons as stated in Section 258 of the SEC's Act B.E. 2535.)
 - 1.2 Have no management participation in the Company, its affiliates, or its associated companies; and are not employees or regularly paid consultants, or persons who have control over the Company, its affiliates, or its associated companies or its juristic persons that may impose conflicts of interest.

- 1.3 Have no business relationship with the Company, its affiliates, or its associated companies; and do not have any loss or gain, directly or indirectly, in the finance or management of the Company, its affiliates, or its associated companies; or its juristic persons that may impose conflicts of interest.
- 1.4 Have no close relatives, or persons related in a way that may lead to a lack of independence from the management or major shareholders of the Company, its affiliates, or its associated companies, or its juristic persons that may impose conflicts of interest; nor may they be appointed to protect the interest of any director or major shareholders.
- 1.5 Maintain consistent attendance at all board meetings, and follow and monitor the business performance and operations of the Company.
2. Independent Directors must be capable, talented and knowledgeable, with backgrounds and experience deemed beneficial to the Company; such as backgrounds in engineering, accounting, finance etc.
3. Independent Directors must detail their qualifications and perform their duties with great care and loyalty in the best interest of the shareholders, without conflict of interest for their own businesses or former businesses, or related parties.

Remuneration of the Directors and the management

1. Remuneration in monetary terms

1.1 Remuneration of the Directors

In 2009, remuneration awarded to the Company's 18 directors in the form of meeting allowances and bonuses was Baht 20,681,002 compared to Baht 19,228,836 in 2008 for 18 directors. Details of remuneration in 2009 are as follows:

Unit : Baht

No.	Name	Position	Meeting allowances	Bonus	Total
1.	Mr. Visith Noiphan	Chairman	1,140,396	90,508	1,230,904
2.	Mr. Prachai Leophairatana	Director	1,140,396	90,508	1,230,904
3.	Mr. Prateep Leopairut	Director	1,140,396	90,508	1,230,904
4.	Mr. Chainarong Taephaisitphongse	Director	1,140,396	90,508	1,230,904
5.	Dr. Pramuan Leophairatana	Director	1,140,396	90,508	1,230,904
6.	Dr. Narasri Vaivanijskul	Director	1,140,396	90,508	1,230,904
7.	Mrs. Boonsri Leophairatana	Director	1,140,396	90,508	1,230,904
8.	Ms. Suchitra Taychanavakul	Director	1,140,396	90,508	1,230,904
9.	Dr. Chavin Iamsopana	Director	1,140,396	90,508	1,230,904
10.	Mr. Kittu Vongchingtrong *	Director	760,264	90,508	850,772
11.	Mr. Prayad Liewphairatana	Director	1,140,396	90,508	1,230,904
12.	Mrs. Orapin Leophairatana	Director	1,140,396	90,508	1,230,904
13.	Mr. Manas Sooksmarn	Director	1,140,396	90,508	1,230,904
14.	Pol.Gen. Charnchit Bhiraueus	Director.	1,140,396	90,508	1,230,904
15.	Mr. Pisej Iamsakulrat	Director	1,140,396	90,508	1,230,904
16.	Mr. Tayuth Sriyusiri	Director	1,140,396	90,508	1,230,904
17.	Mr. Thavich Taychanakul	Director	1,086,096	90,508	1,176,604
18.	Mr. Khantachai Vichakkhana**	Director	190,066	-	190,066
Total			19,142,366	1,538,636	20,681,002

Note : * Passed away on September 9, 2009.

** In the position of Director in replacement of Mr. Kittu Vongchingtrong on October 30, 2009

1.2 Remuneration of Management

In 2009, remuneration awarded to the Company's 5 Executives including salaries and bonuses was Baht 170,972,400 compared to Baht 168,813,000 for total of 5 persons in 2008.

2. Other remuneration

Other remuneration to the Management includes company cars for each position.

Audit Fees

1. The Company and its subsidiaries paid audit fees for 2009 to

1.1 The statutory auditor of the Company for the financial year ended 2009 in the amount of Baht -0-

1.2 The office of the statutory auditor of the Company, or other persons or related enterprises relating to the statutory auditor of the Company for year 2009 in the amount of Baht 6,120,000.

Non-Audit Fees

-None-

Company Shares Held by the Directors and the Management

Name	Shareholding As at January 15, 2009	Shareholding As at January 11, 2010	Change + (-) in 2009
1. Mr. Visith Noiphan	-	-	-
2. Mr. Prachai Leophairatana	85,116,224	85,116,224	-
3. Mr. Prateep Leopairut	114,000	114,000	-
4. Mr. Chainarong Taephaisitphongse	-	-	-
5. Dr. Pramuan Leophairatana	80,890,000	80,890,000	-
6. Dr. Narasri Vaivanijskul	-	-	-
7. Mrs. Boonsri Leophairatana	82,138,536	82,138,536	-
8. Ms. Suchitra Taychanavakul	5,753,478	107,778	(5,645,700)
9. Dr. Chavin Iamsopana	2,191,000	2,191,000	-
10. Mr. Prayad Liewphairatana	88,321,714	88,321,714	-
11. Mrs. Orapin Leophairatana	*	*	*
12. Mr. Manas Sooksmarn	-	-	-
13. Pol.Gen. Charnchit Bhiraueus	215,000	215,000	-
14. Mr. Pisej Iamsakulrat	300,000	1,800,042	1,500,042
15. Mr. Thavich Taychanavakul	109,118	109,118	-
16. Mr. Tayuth Sriyusiri	1,042,589	17,042,589	16,300,000
17. Mr. Khantachai Vichakkhana	2,776**	2,776	-
18. Mr. Prasert Ittimakin	1,048	1,048	-
19. Miss Chularat Danwattanachai	-	-	-
20. Mr. Anugoon Piyapakorn	-	-	-
21. Mr. Pongsak Yiengsakun	-	-	-

Note * Included in shareholding changes of Mr. Prachai Leophairatana to comply with the provisions contained in the SEC Act, article 258.

** As of October 30, 2009.

Positions of the Management and Controlling Persons over the Company, its Subsidiaries, the Joint Venture Company, Associated Companies and other related Companies as at 31 December 2009.

Name	TPI Polene	The subsidiaries				Joint venture company	The Associated Companies			Other	
		1	2	3	4		1	2	3	1	2
1. Mr. Visith Noiphan	X	-	-	-	-	-	-	-	-	-	-
2. Mr. Prachai Leophairatana	//	//x	//x	//x	//x	//x	//	//	-	//x	//x
3. Mr. Prateep Leopairut	//	//	//	//	//	//	//	/	-	//	//
4. Mr. Chainarong Taephaisitphongse	//	-	-	-	-	-	-	-	-	/	-
5. Dr. Pramuan Leophairatana	//	//	//	//	//	//	//	/	//x	//	//
6. Dr. Narasri Vaivanijkul	/	-	-	-	-	-	-	-	-	-	-
7. Mrs. Boonsri Leophairatana	//	-	-	-	-	-	-	-	-	-	-
8. Ms. Suchitra Taychanavakul	/	-	-	-	-	-	-	-	-	/	-
9. Dr. Chavin Iamsopana	//	-	-	-	-	-	-	-	//	//	-
10.Mr. Prayad Liewphairatana	//	//	//	//	//	//	//	//	//	//	//
11.Mrs. Orapin Leophairatana	//	//	-	//	//	//	-	-	-	-	-
12.Mr. Manas Sooksmarn	/	-	-	-	-	-	-	-	-	-	-
13.Pol. Gen. Charnchit Bhiraleus	/	-	-	-	-	-	-	-	-	-	-
14.Mr. Pisej Iamsakulrat	/	-	-	-	-	-	-	-	-	-	-
15.Mr. Thavich Taychanavakul	/	-	-	-	-	-	-	-	-	-	-
16.Mr. Tayuth Sriyuksiri	//	-	-	-	-	-	-	-	-	-	-
17.Mr. Khantachai Vichakkhana	-	-	-	-	-	-	-	-	-	-	-

Note : 1: / = Director X = Chairman // = Executive Director
2 : Names of the Companies

Subsidiaries	Joint Venture Company
1. TPI Concrete Co., Ltd. 2. Thai Propoxide Co., Ltd. 3. TPI Polene Power Co., Ltd. 4. TPI All Seasons Co., Ltd.	Thai Nitrate Co., Ltd.

Associated Companies	Others
1. Thai Special Steel Industry Plc. 2. Mondo Thai Co., Ltd. 3. BUI Life Insurance Co., Ltd.	1. United Grain Industry Co.,Ltd. 2. Pornchai Enterprise Co.,Ltd.

The Board of Directors - TPI Concrete Co., Ltd. as at December 31, 2009

1. Mr. Prachai Leophairatana	Chairman and Executive Director
2. Mr. Prateep Leopairut	Executive Director
3. Dr. Pramuan Leophairatana	Executive Director
4. Mr. Prayad Liewphairatana	Executive Director
5. Mrs. Orapin Leophairatana	Executive Director
6. Mr. Panya Tangsingtrong	Executive Director
7. Ms. Niphond Punyaratabandhu	Executive Director

The Board of Directors - TPI Polene Power Co., Ltd. as at December 31, 2009

1. Mr. Prachai Leophairatana	Chairman and Executive Director
2. Mr. Prateep Leopairut	Executive Director
3. Dr. Pramuan Leophairatana	Executive Director
4. Mr. Prayad Liewphairatana	Executive Director
5. Mrs. Orapin Leophairatana	Executive Director
6. Mr. Pakorn Leopairut	Executive Director
7. Miss Pattrapan Leopairut	Executive Director

Note : TPI Concrete Co., Ltd. and TPI Polene Power Co., Ltd. are wholly- owned subsidiaries, which generate significant sales revenues.

Board of Directors as at January 11, 2010

NAME /AGE / FAMILY RELATION AMONG DIRECTORS & EXECUTIVES	EDUCATIONAL BACKGROUND/ TRAINING	% SHARE HOLDING*	WORK EXPERIENCE		
			DURATION	POSITION	COMPANY/ BUSINESS
Mr.Visith Noiphan 77 years of age -	M.ENG.(Sanitary Engineering) Chulalongkorn University Directors Accreditation Program (DAP- No.5/2003) Thai Institute of Directors (IOD) Role of the Chairman (RCP) No.20/2008 Thai Institute of Directors (IOD)		2005-Present	Chairman and Independent Director	TPI Polene Public Co.,Ltd.
			1993-2005	Independent Director and member of the Audit Committee	TPI Polene Public Co.,Ltd.
			2001-Present	Independent Director and member of the Audit Committee	Sahaviriya Steel Industrial Plc.
			2001-Present	Chairman	Sahaviriya Plate Mill Co., Ltd.
			1999-Present	Chairman	West Coast Engineering Co., Ltd.
			2004-Present	Independent Director	Bangsaphan Barmill Plc.
			1992-1993	Advisor	The Office Of Prime Minister
				Acting of Permanent Secretary	Ministry of Industry
				Deputy Permanent Secretary	Ministry of Industry
			1988-1992	Director General Department of Mineral Resources	Ministry of Industry
			1986-1988	Secretary General Thai Industrial Standards	Ministry of Industry
			1984-1986	Director General Department of Industrial Promotion	Ministry of Industry
			1982-1984	Director General Department of Industrial Works	Ministry of Industry
Mr. Prachai Leophairatana 66 years of age Elder brother of Mr. Prateep Leopairut, Dr. Pramuan Leophairatana, and Mr. Prayad Liewphairatana	M.S.E.E. University of California (Berkeley) U.S.A. B.E. (1 st Class Hons.) University of Canterbury, New Zealand Directors Accreditation Program (DAP- No.35/2005) Thai Institute of Directors (IOD)	4.22	2001-Present	Chief Executive Officer	TPI Polene Public Co.,Ltd.
			1990-Present	Chairman	Thai Nitrate Co.,Ltd.
			1989-Present	Chairman	United Grain Industry Co.,Ltd.
			1989-Present	Chairman	Thai Plastic Film Co.,Ltd.
			1988-Present	Chairman	Thai Plastic Product Co.,Ltd.
			1973-Present	Chairman	Leophairatana Enterprises Co., Ltd.
			1981-2006	Chief Executive Officer	International Plastic Trading Co.,Ltd.
			1978-2006	Chief Executive Officer	Thai Petrochemical Industry Public Co.,Ltd. and TPI Group of Companies.
			2000-2006	Board Executive Director	Bangkok Union Insurance Public Co.,Ltd.
			1969-1997	Chairman	Cathay Finance & Securities Plc.
Mr. Prateep Leopairut 64 years of age Younger brother of Mr. Prachai Leophairatana, elder brother of Dr. Pramuan Leophairatana, and Mr. Prayad Liewphairatana	M.S. (Engineering) Stanford University U.S.A. B.E. (Industrial Engineering) Chulalongkorn University Directors Accreditation Program (DAP- No.28/2004), DCP No.53/2005 Thai Institute of Directors (IOD)	0.01	2001-Present	President	TPI Polene Public Co., Ltd.
			1990-Present	Director	Thai Nitrate Co.,Ltd.
			1989-Present	Director	United Grain Industry Co., Ltd.
			1989-Present	Director	Thai Plastic Film Co., Ltd.
			1988-Present	Director	Thai Plastic Product Co., Ltd.
			1987-Present	Vice Chairman	Bangkok Union Insurance Public Co., Ltd.
			1981-2006	President	International Plastic Trading Co., Ltd.
			1978-2006	President	Thai Petrochemical Industry Public Co.,Ltd.
			1973-Present	Director	Leophairatana Enterprises Co., Ltd.

NAME /AGE / FAMILY RELATION AMONG DIRECTORS & EXECUTIVES	EDUCATIONAL BACKGROUND/ TRAINING	% SHARE HOLDING*	WORK EXPERIENCE		
			DURATION	POSITION	COMPANY/ BUSINESS
Mr.Chainarong Taephaisitphongse 68 years of age -	Master of Business Administration, Syracuse University, U.S.A. Directors Accreditation Program (DAP- No.19/2004) Thai Institute of Directors (IOD)	-	1990-Present	Executive Director	TPI Polene Public Co.,Ltd.
			1994-Present	Director	TPI Holding Co.,Ltd.
			1991-2006	Director	Thai ABS Co.,Ltd.
			1988-2006	Director	Thai Polyurethane Industry Co.,Ltd
			1987-2006	Director	TPI Polyol Co.,Ltd.
			1981-2006	Director	International Plastic Trading Co.,Ltd.
			1980-2006	Director	Thai Petrochemical Industry Public Co.,Ltd.
			1974-Present	Managing Director	International Trading Development Corp,Ltd.
Dr. Pramuan Leophairatana 61 years of age Younger brother of Mr. Prachai Leophairatana, Mr. Prateep Leopairut, elder brother of Mr. Prayad Liewphairatana	B.S. (Honors) in Chemical Engineering, University of California at Berkeley, U.S.A. M.S. , SC.D. in Chemical Engineering, Massachusetts Institute of Technology at Cambridge, M.A., U.S.A. Directors Accreditation Program (DAP- No.39/2005) Thai Institute of Directors (IOD)	4.01	2001-Present	President	TPI Polene Public Co.,Ltd.
			1997-Present	Chairman	BUI Life Insurance Co., Ltd.
			1990-Present	Director	Thai Nitrate Co.,Ltd.
			1989-Present	Director	United Grain Industry Co.,Ltd.
			1989-Present	Director	Thai Plastic Film Co.,Ltd.
			1988-Present	Director	Thai Plastic Product Co.,Ltd.
			1978-2006	President	Thai Petrochemical Industry Public Co.,Ltd.
			1973-Present	Director	Leophairatana Enterprises Co.,Ltd.
Dr. Narasri Vaivanijkul 77 years of age -	Ph.D. in Management Science The University of Texas at Austin, Texas. Dissertation Title:Model Testing and Allocation Processes with some Variables in Queue. Directors Accreditation Program (DAP- No.5/2003) Thai Institute of Directors (IOD)	-	2005-Present	Chairman of the Audit Commit- tee and Independent Director	TPI Polene Public Co.,Ltd.
			1998-2005	Independent Director and member of the Audit Committee	TPI Polene Public Co.,Ltd.
			1999-Present	Chairman of Audit Committee	S.P. Suzuki Public Co.,Ltd.
			2007-Present	Director	Educational & Training centers, Faculty of Commerce and Accountancy, Chulalongkorn University
			2007-Present	Director	Asian University of Science and Technology
			2007-Present	Council Vice Chairman	Rajapark College
			2002-Present	Director	Assumption University Council
Mrs.Boonsri Leophairatana 88 years of age Mother of Mr. Prachai Leophairatana, Mr. Prateep Leopairut, Dr. Pramuan Leophairatana, and Mr. Prayad Liewphairatana	-	4.07	1987-Present	Executive Director	TPI Polene Public Co.,Ltd.
			1996-2006	Director	Leophairatana Enterprises Co., Ltd.
			2006-Present	Executive Director	Thai Petrochemical Industry Co., Ltd.
Ms. Suchitra Taychanavakul 86 years of age -	M.6 Sahaing School, Saraburi	0.01	1994 -Present	Director	TPI Polene Public Co.,Ltd.
			1999 -Present	Director	Thai Industrial Estate Co., Ltd.
			1992 -Present	Director	Thana Pornchai Enterprise Co., Ltd.
			1992 -Present	Director	Thana Pronchai Co., LTD.
			1992 -Present	Director	United Grain Industry Co.,Ltd.

NAME /AGE / FAMILY RELATION AMONG DIRECTORS & EXECUTIVES	EDUCATIONAL BACKGROUND/ TRAINING	% SHARE HOLDING*	WORK EXPERIENCE		
			DURATION	POSITION	COMPANY/ BUSINESS
Dr. Chavin Iamsopana 68 years of age Brother-in-law of Mr. Prachai Leophairatana, Mr. Prateep Leopairut, Dr. Pramuan Leophairatana, and Mr. Prayad Liewphairatana	Doctor of Engineering, Osaka City University Japan Directors Accreditation Program (DAP- No.28/2004) Thai Institute of Directors (IOD)	0.11	1987-Present	Executive Director	TPI Polene Public Co.,Ltd.
			1997-Present	President	BUI Life Insurance Co.,Ltd.
			1989-Present	Executive Director	United Grain Industry Co.,Ltd.
			1989-Present	Executive Director	Thai Plastic Product Co.,Ltd.
			1989-Present	Executive Director	Thai Plastic Film Co.,Ltd.
Mr. Prayad Liewphairatana 59 years of age Younger brother of Mr. Prachai Leophairatana, Mr. Prateep Leopairut, and Dr. Pramuan Leophairatana	M.S.C.E. University of Michigan (ANN ARBOR) U.S.A. Directors Accreditation Program (DAP- No.29/2004) Thai Institute of Directors (IOD)	4.37	1987-Present	President	TPI Polene Public Co.,Ltd.
			2009-Present	Director	Thai Nitrate Co.,Ltd.
			1997-Present	Executive Director	BUI Life Insurance Co.,Ltd.
			1989-Present	President	Thai Plastic film Co.,Ltd.
			1988-Present	President	United Grain Industry Co.,Ltd.
			1988-Present	President	Thai Plastic Product Co.,Ltd.
			1973-Present	Director	Leophairatana Enterprises Co.,Ltd.
			1995- Present	Director	TPI Aromatics Public Co.,Ltd.
			1991-2006	Director	Thai ABS Co., Ltd.
			1989-2006	Director	TPI Oil Co., Ltd.
Mrs.Orapin Leophairatana 63 years of age Mr. Prachai Leophairatana's wife	Political Science (2 nd Class Honors) Chulalongkorn University Directors Accreditation Program (DAP- No.35/2005) Thai Institute of Directors (IOD)	4.22	2005-Present	Senior Executive Vice President	TPI Polene Public Co.,Ltd.
			2009-Present	Director	Thai Nitrate Co.,Ltd.
			1998-2003	Executive Director	TPI All Season Co., Ltd.
			1998-2003	Senior Executive Vice President	TPI Polene Public Co.,Ltd.
			1998-Present	Executive Director	TPI Concrete Co., Ltd.
			2007-Present	Executive Director	TPI Polene Power Co., Ltd
			2001-Present	Director	Thai Listed Company Association
			1986-1997	Managing Director	Cathay Finance & Securities Plc.
			1995-1997	Chairman	Association of the Securities Brokerage
			1995-1997	Director	Bangkok Stock Trading Center
Mr.Manas Sooksmarn 75 years of age -	Master of Science In Industrial Engineering and Management, Oklahoma State University, U.S.A. Post Graduate diploma Industrial Development Programming. (Economics) Institute of Social Studies (ISS), The Hague, Netherlands Master of Political Science, Ramkhamhaeng University B.E. (Industrial Engineering), Chulalongkorn University. National Defense College No.31 Directors Accreditation Program (DAP- No.47/2005) Thai Institute of Directors (IOD)	-	2005-Present	Independent Director and member of the Audit	TPI Polene Public Co.,Ltd.
			1996-2000	Senator	
			1996-1997	Committee	Express Authority of Thailand
			1997	Advisor to Deputy Minister	Ministry of Interior
			1997, 2001	Advisor to Deputy Minister	Ministry of Agriculture and Cooperatives
			2006	Honorable Committee	The Constitutional Court

NAME /AGE / FAMILY RELATION AMONG DIRECTORS & EXECUTIVES	EDUCATIONAL BACKGROUND/ TRAINING	% SHARE HOLDING*	WORK EXPERIENCE		
			DURATION	POSITION	COMPANY/ BUSINESS
Pol.Gen.Charnchit Bhiraueus 65 years of age -	Master Program of Public and Private Management, National Institute of Development Administration Directors Accreditation Program (DAP- No.47/2005) Thai Institute of Directors (IOD) Understanding the Fundamental of Financial Statements (UFS) No.11/2007 Thai Institute of Directors (IOD) Finance for Non-finance Director (FND) No.38/2007 Thai Institute of Directors (IOD)	0.01	2005-Present	Independent Director and member of the Audit Committee	TPI Polene Public Co., Ltd
			2000-2004	Deputy Commissioner -General	Royal Thai Police
			2002-Present	Vice Chairman	Asian Crime Prevention Foundation congress
			2005-2006	Advisor to Deputy Minister	Ministry of Justice
			2006-2007	Advisor to Deputy Prime Minister	
			2006-Present	Committee of National Justice	Ministry of Justice
			2007- 2008	Vice Chairman and CEO	TOT Public Co.,Ltd
			2007-Present	Honorable Committee	Thai Pariamanet
Mr. Pises Iamsakulrat 46 years of age -	Bachelor Degree, Business Administration, Menlo College, California, U.S.A. Master of International Trade, Golden Gate University, U.S.A.	0.09	2008- Present	Director	TPI Polene Public Co., Ltd
			1990- Present	Managing Director	Lampang Food Products Co., Ltd.
			1995- Present	Vice President	Laos Industrial-Agriculture Co., Ltd.
			1997- Present	Director	K. Cotton & Gloss Co., Ltd.
			1997- Present	Director	TPI Holding Co., Ltd.
			2004-Present	Managing Director	Maekong Inter Trade Co., Ltd.
Mr. Thavich Taychanavakul 61 years of age -	Bachelor Degree, Business Administration Kinki University, Japan National Defense College No. 366 Directors Accreditation Program (DAP- No.(6/2003) Thai Institute of Directors (IOD) Finance for Non-finance Director (FND) No.30/2006 Thai Institute of Directors (IOD)	0.01	2008- Present	Independent Director	TPI Polene Public Co., Ltd
			1988- Present	Board Executive Director	Royal Group of Company
			1990- Present	Managing Director	Thai Industrial Estate Co., Ltd.
			1991- Present	Secretary-General	Thai Industrial Estate Association
			1991- Present	Director	Hong Yiah Sent Co.,Ltd.
			1991- Present	Board Executive Director	Hi-Tech Nittsu (Thailand) Co.,Ltd.
			1999-Present	Chairman of the Audit Committee	Bangkok Union insurance Plc.
			1999-Present	Board Executive Director	Ayutthaya Technology Hi-Tech Center
Mr. Tayuth Sriyusiri 56 years of age -	Bachelor Degree, Engineering, Mechanic, Worcester University, U.S.A. Master Of Business Administration, Boston University, U.S.A. Director Accreditation Program (DAP- No.29/2005) Thai Institute of Directors (IOD)	0.86	2008-Present	Executive Director	TPI Polene Plc.
			1982- Present	Managing Director	K. Cotton & Gloss Co., Ltd.
			1994- Present	Director	TPI Holdings Co., Ltd.
			1999- Present	Director	Micro Fiber Industry Co., Ltd.
			2005- Present	Director	Hua Thai Manufacturing Plc.
			1984-2004	Deputy Managing Director	Hua Thai Manufacturing Plc.

NAME /AGE / FAMILY RELATION AMONG DIRECTORS & EXECUTIVES	EDUCATIONAL BACKGROUND/ TRAINING	% SHARE HOLDING*	WORK EXPERIENCE		
			DURATION	POSITION	COMPANY/ BUSINESS
Mr. Khantachai Vichakkhana 62 years of age -	Master of Political Science, (Public Administration), Thammasat University	0.00	Oct 2009-Present	Independent Director	TPI Polene Public Co., Ltd
			2002-2008	Deputy Director -General	Department of Lands
			2000-2002	Directors : Land Registra- tion Bureau of Standards	Department of Lands
	Bachelor of Law, Thammasat University		2000	Staff Plan & Policy Analysis (Land)	Department of Lands
	Guest Speaker Training Program- Land Class 2 : Department of Land (1979)		1999-2000	Inspector-General	Department of Lands
			1998-1999	Director of Bureau Authority Land	Department of Lands
	Division Director of Security within the Kingdom Program (Ka.Rmn): Royal Thai Army (1979)		1995-1998	Land Management Division	Department of Lands
			1992-1995	Department of Important book	Department of Lands
			1900-1992	Land Officer- Chonburi	Department of Lands
			1989-1990	Land Officer- Phuket	Department of Lands
			1988-1989	Land Officer- Nonthaburi and Bangyai District	Department of Lands
	Advance Land Management School Program Class 3 : Department of Lands (1984)		1986-1988	Land Officer- Nakhornnayok	Department of Lands
			1986	Land Officer- Uttaradit	Department of Lands
	Advance administration Program: Class 30, Institute of Administration Development, Department of Provincial Administration (1993)			Extracurricular	
				Council Member, Rajamangala University or technology Bangkok	
				Qualified Director, National Council Boy Scouts	
				Assets Management Committee, Thai Red Cross Council	
	High Level Information Technology Executives (CIO) Seminar (2003)			Sub-Committee, Office of the National Anti-Corruption Commission (NACC)	
				Education Committee, Triam Udom Suksa School	
	Political Development in Democratic Governance, King Prajadhipok's Institute (2004)			Board, Parent and Teacher Association of Triam Udom Suksa School	
				Vice President, Co-operative of The Department of Lands Limited	

OTHER EXECUTIVES

Mr. Prasert Ittimakin 51 years of age -	M.B.A. Finance University of St. Thomas, U.S.A.	0.00	2001-Present	Senior Vice President Finance and Account Division	TPI Polene Public Co.,Ltd.
			1998-2001	Vice President Finance and Account Division	TPI Polene Public Co.,Ltd.
	Bachelor of Accounting, Chulalongkorn University		1990-1998	Vice President Corporate Finance Department	Asia Credit & Securities Plc.
Miss. Chularat Danwattanachai 49 years of age -	M.B.A. Thammasart University	-	2001-Present	Vice President Finance and Account Division	TPI Polene Public Co.,Ltd.
			1999-2001	Asst.Vice President Finance and Account Division	TPI Polene Public Co.,Ltd.
			1989-1998	Asst. Vice President Corpo- rate Finance Department	Asia Credit & Securities Plc.
Mr. Anugoon Piyapakorn 52 years of age -	M.B.A. Chulalongkorn University	-	2001-Present	Asst. Vice President Accounting Department	TPI Polene Public Co.,Ltd.
			1989-2001	Manager Accounting Department	TPI Polene Public Co.,Ltd.
Mr. Pongsak Yiengsakun 55 years of age -	Bachelor of Accounting, Chulalongkorn University	-	2001-Present	Asst.Vice President Finan- cial Operation Department	TPI Polene Public Co.,Ltd.
			1992-2001	Manager Finance Department	TPI Polene Public Co.,Ltd.

Remarks: * Percentage of shareholding above includes shares held by spouses and offspring.

Corporate Governance

Throughout the year 2009, the Board of Directors of the Company operated in compliance with the principles of good corporate governance by carrying out their duties with transparency, ethics, and responsibility to shareholders, customers, employees, society and others stakeholders.

As the Company values ethical business conduct, we issued a Code of Business Conduct, which is constantly reviewed to make it more suitable for changed circumstances. The Company's directors acknowledge best practice for directors of a listed company as their principle guideline. The directors, management and all level of staff carry out their duties with honesty, integrity, and good ethics. All realize that the Company is a long-established, leading, reputable company with more than 20 years track record. Corporate governance practices of the Company can be divided into 5 sections as follows:

Section 1. Stakeholder' Rights

The Company realizes and respects the importance of the rights of all shareholders. The Company has policies to protect shareholders fundamental rights and ensure equitable treatment under the law as follows:-

1. Shareholders' Meeting

The Company schedules an annual general meeting of the shareholders (AGM) within 4 months of the annual closing date of its accounting books. In 2009, the AGM was held on April 29, 2009 at the Conference Room on 9th floor of TPI Tower, 26/56 Chan Tat Mai Rd, Thungmahamek, Sathorn, Bangkok. A total of 15 directors attended the AGM. The chairman performed his role thoroughly as defined by law and the meeting also gave unanimous approval on each agenda item.

2. Delivering Meeting Notices

The Company assigns Thailand Securities Depository Co., Ltd., its Securities Registrar, to mail meeting notices together with details of the agenda and accompanying documents (both supplementary and supporting) for decision-making. In addition, the Securities Registrar mails the opinion of the Board, minutes of the past meeting, the annual report, all meeting documents, and proxy forms designed by the Ministry of Commerce, to shareholders at least 14 days ahead of the meeting date. Invitation to the AGM is also announced in newspapers for three consecutive days in advance of the meeting.

3. Facilitating Shareholders

The Company treats all shareholders in a fair manner. The Company always allows registration of shareholders at least one hour before each meeting. A barcode system summarizing details of each shareholder is printed on the registration form, or the proxy form, to facilitate registration and save time. A suitable reception is also extended to all shareholders.

4. Conduct of Shareholders' Meetings

Before the meeting, the chairman explains clearly the rules on voting and vote counting for individual agenda items. Once information has been disclosed for each item, the chairman allocates sufficient time for each item and facilitates the meeting appropriately. During the meeting, the chairman allows thorough expression of views and queries by shareholders before voting and summarizes the meeting's resolution on each agenda item. Minutes of the meeting must be completely and accurately recorded, with a summary of voting results on each item.

5. After the Shareholders' Meetings

The Company duly submits the minutes of the Shareholders' meeting to the SET, the Securities Registrar of public company, Department of Business Development, the Ministry of Commerce, within 14 days.

Section 2. Equitable Treatment of Shareholders

The Company values and treats all shareholders equally and fairly through the following actions: -

1. **Conducting the meeting in sequence of agenda items as specified in the invitation** and not adding agenda items without notifying shareholders in advance, to ensure they have enough time to investigate before making their decisions.
2. **Appointing Proxies** to maintain the rights of those shareholders who cannot attend in person: they are able to appoint proxies, or to delegate their votes to any independent director in attendance.
3. **Encouraging shareholders to use ballots for every agenda item**, voting tickets are provided for each agenda item separately.

4. **All groups of shareholders can access the Company information** completely, accurately, transparently, and in a timely manner. The Company has established an Investor Relations Office to take responsibility for providing information (in both Thai and English) to all shareholders, equally and completely, to ensure that shareholders can make appropriate investment decisions. Corporate information is disclosed on the Company's website, as well as on the websites of the SET and the SEC to facilitate access by shareholders and other interested people.

5. **Ensuring strict supervision of the use of inside information** by explicitly defining in writing the misuse of inside information as part of the Code of Conduct. In addition, in order to prevent any conflicts of interest, or misuse of inside information by the Board and Management, the Company has put in place internal information controls to supervise the use of inside information as follows:

1. Directors and Management will be regularly informed of related laws and regulations pertaining to misuse of inside information, through various communication channels
2. The Company discloses in the TPIPL annual report the shareholdings of Directors, Management (and the holdings of management equivalents in Finance and Accounting Division) in compliance with the regulations of the Office of Securities and Exchange Commission.
3. The Directors and Management of the Company are fully responsible for submitting a report of their shareholdings in the Company, and those of their spouses and minors, in accordance with provisions contained in the Securities and Exchange Act B.E. 2535.
4. Any misuse of internal information shall be subject to disciplinary action, including dismissal, as announced in the Company's rules and regulations.

6. **Devising practical guidelines for potential conflict of interest** in its Good Corporate Governance and Code of Conduct for the Directors. Management and employees must strictly comply with these.

Section 3. Stakeholder Roles

The Company is well aware of the roles of all stakeholders. The Company understands its responsibility to be prudent, fair, and respect the rights of all stakeholders. Hence, the Company has established a Code of Business Conduct emphasizing the balanced consideration of all stakeholders, as follows:

1. Community Development

1. Promoting community economy according to HM the King's sufficiency economy philosophy
2. Supporting democracy in the community by respecting the rights and protecting fair benefits of the community

2. Interaction with respect for the principles of human rights

1. Respecting human rights for privacy.
2. Respecting human rights for equal treatment
3. Performing in a non-partisan and not politically aligned fashion, while, supporting and respecting the political rights of employees
4. Respecting human rights for security: both in terms of privacy and in terms on no brutality or ill-treatment.
5. Awareness of the fundamental rights of employees and community members living nearby regarding quality of life, safety, happiness at work, living together in a society. This includes provision of the necessities of life: trying to prevent or mitigate any drought, health hazards, and natural disasters.
6. Respecting the human right to express opinion and complaints, in goodwill and in accordance with the law, both within and outside the Company and community.
7. Respecting the right to defend against an accusation. When an employee is accused of violating the Company's rules and regulations, the Company will appoint an independent and fair investigation committee. The accused has the right to defend him or herself against the accusation.

3. Labor Practice

1. No child labor or informal labor is used. Neither child under age 18, nor informal laborer whose rights are not protected by law, is hired by the Company, its contractors, or its subcontractors.
2. Employees are given appropriate job descriptions according to their job positions. Employees are provided with equal opportunities, without discrimination.
3. Knowledge Enhancing Training allows employees to develop to the best of their potential. Training is provided to enhance knowledge, abilities, and skills at work, frequently and equally without any discrimination.

4. Nature and Environment

The Company is very serious in formulating measures to promote nature and environment conservation, and implementing these in its operations. Natural resources are utilized without negative effects on employees, communities, related persons, or the environment. In addition, the Company instills awareness of the need for this behavior in all its employees.

5. Fair Business Operation

This includes:

1. Fair competition without distorting facts about competitors or dumping.
2. Fair procurement with fair and transparent procedures to select sellers and contractors.
3. Supervising and respecting company assets. All employees have a duty to look after company assets, and keep them in a safe condition. All confidential data in the company must be protected from being used or publicized without permission.
4. Respecting the assets of others. The Company is aware of, and promotes, the rights of others: including asset rights, intellectual rights, and the rights to local wisdom. The Company does not promote activities that violate the assets of others; whether by counterfeiting, copying, or violating the benefits of other consumers.

6. Consumer Issue

The Company actively promotes morality and fairness to suppliers and to consumers by providing actual and complete information to all (while always avoiding disclosure of information of customers held by the Company in confidence).

7. Business Transaction with the Government

The Company undertakes business transaction with government, and government officials (including local government agencies and local politicians) in a transparent, and appropriate manner, and without corruption. Good relationships with proper boundaries are maintained at all times.

8. Anti-corruption

The Company does not allow its employees to accept or give assets with more than a nominal value to persons with whom they have a business relationship. Such nominal gifts are only allowed when the gift is a memento, or giving/receiving is a local custom.

9. Controlling the Security Control of Company Assets and Locations

The Company has clear measures and suitable procedures to ensure that the assets of the Company are protected and are kept safe. The Company also has operational contingency plans, and trained operational teams, in case of emergencies.

10. Conflicts of Interest

The Management and employees and related persons must avoid any conflicts of interest that could affect work operations, procedures, or decisions. All activities and duties must be performed for the greatest benefit of the Company, in compliance with the law and moral principles.

Monitoring Operations according to a Code of Conduct

The Company stipulates that it is a duty and responsibility of the Directors, the Management, and every employee to acknowledge, understand, and strictly follow regulations stated in the Code of Conduct. Management at all levels must take responsibility for ensuring that the employees reporting to them acknowledge, understand and seriously conform to the Code of Conduct of the Company.

Section 4. Information Disclosure and Transparency

The Company is aware of its duty to conduct business in conformity with relevant rules and regulations as follows:-

- 4.1 Disclosure of Company information including financial reports is executed accurately, completely and in a timely fashion as reflected in the Annual Report form (Form 56-1), the Company's Annual Report (Form 56-2) and other reports, which are carried out in compliance with the guidelines set by the SEC and the SET.
- 4.2 Disclosure of Company information is made through approved communication channels via the SET, the SEC and the Company's internet website in Thai and in English. In addition, the Investor Relations Unit has been established to be responsible for communicating information to institutional investors, shareholders, analysts, and relevant authorities in an equitably and fair manner.
- 4.3 The Company pays close attention to the quality of the financial information it provides: particularly in its accuracy and adequacy. In addition, all financial information conforms to the general accepted accounting principles and is audited by independent auditors. Hence, the Company has provided a report of the Board of Director's responsibility for financial statements in this Annual Report.
- 4.4 Functions and responsibilities of the Board and Sub-Committees are disclosed: see above in the section "Management". In addition, the number of meetings and meeting attendance of each member are disclosed in the section "Corporate Governance", clause 5 "Responsibilities of the Board".
- 4.5 Disclosure of remuneration to Directors and Management Remuneration: this is detailed above in the section "Management". Remuneration levels are based on the operating results of the Company during the previous fiscal year; reflect duties and responsibilities fairly and reasonably; and are comparable to general practices in the industry.

Section 5. Responsibility of the Board

The Board plays a key role in supervising corporate governance to create maximum benefits for the Company. Each director represents all shareholders, and takes part in promoting good corporate governance within the Company, and in maintaining the rights of, and creating benefits for, all shareholders and other stakeholders. Details as follows:

1. Structure of the Board

(1) Composition

As of December 31, 2009, The Company's Board of Directors consists of 17 directors, of whom 9 were management team member and 8 were non-management team, of whom 6 were independent directors, this exceeds one-third of the Board.

(2) Qualifications of the Company's Directors

The Company's Board of Directors comprise qualified members who have the skills, experience, honesty, ethics, and independence. They have capabilities in diverse fields, pertinent to the Company's businesses and, accordingly, can safeguard the interests of all shareholders. In addition, all Directors are aware of their duties, responsibilities and nature of the Company's businesses. They perform their duties with honesty and prudence, and regularly update themselves on new knowledge. Directors attend each Board meeting with full responsibilities.

(3) Definition of the Independent Director Qualification

The Board of Directors has defined the qualification of Independent Directors in line with the requirements of SEC and SET. Details are contained in the section "Management", above.

(4) Segregation of the Power of the Chairman and the Chief Executive Officer

The Company's Board is well organized to ensure there is clear distinction between supervision, policy-making, and day-to-day business administrative roles. The positions of the Chairman of the Board and the Chief Executive Officer are separated. This ensures separation between governing and managing duties.

(5) Independence of the Chairman

The Chairman of the Board, as an independent director, is not a member or chairman of any sub-committee, and is thus able to express his views on the business operations independently. This ensures a balance of power.

(6) Corporate Secretary

A knowledgeable and experienced secretary to the Board serves as an advisor to the Board regarding pertinent laws, relevant rules and regulations, and monitors compliance of the Board's actions on a regular basis. In addition, the Secretary is also responsible for assisting in Board activities and coordinating with other relevant functions to comply with the Board's resolutions and good corporate governance principles.

2. Sub-Committee:

The Board of Directors has appointed directors who have knowledge and skills suitable to be members of Sub-Committees to assist in important matters. The Sub-Committees consist of the Executive Management Committee and the Audit Committee.

The Executive Management Committee is composed of 9 members knowledgeable, capable, ethical and experienced in diverse fields. Duties and responsibilities of the Executive Management Committee are contained in section "Management"

The Audit Committee consists of 3 Independent Directors. Members' qualifications meet the requirements stipulated in relevant SEC and SET announcements. The Committee is assigned to perform checks on Management and secure balance of power in various business activities to ensure reliability and integrity: serving the best interests of all stakeholders at all times. Duties and responsibilities of the Audit Committee are contained in section "Management".

3. Roles, Duties and Responsibilities of the Board

(1) Good Corporate Governance and the Code of Business Conduct: The Board of directors values good corporate governance and maintains high standards of integrity and ethics. All Directors have responsibilities in carrying out their duties and are held accountable to the Company and its stakeholders. They perform their duties with integrity, in compliance with the governing laws and regulations of the Company, and based on professional standards. The Company conducts business in a transparent, honest and fair manner for the interests of all groups of stakeholders.

The Company also issued a Code of Business Conduct for its Board, Management, staff and all employees. These principles are strictly followed, together with the Company's rules and regulations, as detailed in Section 3: Stakeholder Roles

(2) Conflict of Interest: The Board has a clear policy to execute transactions which have potential conflicts of interest in a manner that is in the best interests of the Company and its shareholders. Transactions between the Company (and its subsidiaries) and anyone with which a possible conflict of interest might occur, require approval under the rules and regulations imposed by the SEC and the SET concerning information disclosure. In addition, such transactions are subject to an approval process in which only unconnected persons may participate.

Details of connected transactions that may involve conflicts of interest (according to criteria of the SET and the SEC) must be disclosed in the Company's Annual Report; in the Annual Report form (Form 56-1) or declared in other reports. This also includes disclosure of information on connected transactions according to the general accepted accounting standard criteria. Details of connected transactions are disclosed in the section "Inter-Company Transactions"

In addition, pursuant to the Articles of Association, Directors shall notify the Company without delay of their interests in any contract executed with the Company or affiliated companies, and of their holding, and its increase or decrease, of shares or debentures of the Company.

(3) Internal Control and Internal Audit: The Board employs an appropriate, and effective, internal control system to ensure Management prevents and mitigates business risks, and produces accurate and reliable financial statements.

To protect the assets of the Company and shareholders' investments from potential loss, an internal audit unit has been set up as a separate division, responsible for auditing and monitoring the Company's operations for efficiency and effectiveness under a sufficient and appropriate internal audit system. The internal audit unit is independent and able to report its resultant audit openly. This allows management to be notified of problems and irregularities in a timely manner and to be able to establish measures to safeguard the Company's assets and shareholders' investments against fraud in the Company or its subsidiaries. This can also be applied to improve and develop the efficiency and effectiveness of the Company's operations.

In addition, an Audit Committee has been appointed to review and evaluate internal control systems, to examine disclosure and assessment of all relevant information for investors, and to ensure that the Company performs in compliance with regulations and governing laws.

At the Board of Directors' meeting no. 1/2553 held on January 29, 2010, attended by the Audit Committee and the Independent Directors, the Board evaluated five aspects of the sufficiency of the internal control systems of the Company and its subsidiaries. These were: the organization and environmental control system; the risk management system; Management control system; the information and communication system; and the monitoring system.

The resultant assessment showed that the internal control systems of the Company and its subsidiaries operated appropriately and sufficiently in all five aspects, thus mitigating business and operational risks and allowing the Company to manage its operations effectively and efficiently.

In addition, the Company and its subsidiaries have policies and measures in place to regulate business transactions with major shareholders, Directors and Management or connected persons so as to avoid conflict of interest, in order to pursue the best interests of all parties concerned. (See details in the Audit Committee Report)

(4) Meetings of the Board: The Company arranges regular meetings of the Board at least once a month, and may hold special meetings as deemed appropriate, to continuously supervise management operations. The time allowed for each meeting is sufficient for the Board to consider all related matters. The Chairman and the Chief Executive Officer jointly establish and approve meeting agendas to ensure that all material issues are fully considered by the Board. Each Director may independently propose agenda items and freely expresses opinions. At meetings, Directors are encouraged to use discretion to consider all raised issues.

The Company convenes each meeting in compliance with the provisions of the Public Company Act. The minutes of each meeting are properly documented; are certified by the Board; and are systematically filed under tight security. In 2009, the Board of Directors and the Audit Committee convened meetings in the total of 12 times and 5 times, respectively, with attendance as detailed below;

Name	Position	Number of Meeting Attendance	
		The Board of Directors 12 Times / Year	The Audit Committee 5 Times / Year
1. Mr. Visith Noiphan	Chairman and Independent Director	12/12	
2. Mr. Prachai Leophairatana	Director	12/12	
3. Mr. Prateep Leopairut	Director	12/12	
4. Mr.Chainarong Taephaisitphongse	Director	10/12	
5. Dr. Pramuan Leophairatana	Director	12/12	
6. Dr. Narasri Vaivanijskul	Independent Director and Audit Committee	10/12	5/5
7. Mrs. Boonsri Leophairatana	Director	12/12	
8. Ms. Suchitra Taychanavakul	Director	9/12	
9. Dr. Chavin Iamsopana	Director	12/12	
10. Mr. Prayad Liewphairatana	Director	10/12	
11. Mrs. Orapin Leophairatana	Director	12/12	
12. Mr. Manas Sooksmarn	Independent Director and Audit Committee	12/12	5/5
13. Pol.Gen. Charnchit Bhiraless	Independent Director and Audit Committee	11/12	4/5
14. Mr. Pises Iamsakulrat	Director	12/12	
15. Mr. Thavich Taychanavakul	Independent Director	11/12	
16. Mr. Tayuth Sriyusiri	Director	11/12	
17. Mr. Khantachai Vichakkana*	Independent Director	2/12	

Note: * Assumed the position of director as of October 30, 2009

4. Remuneration of Directors and Management

The Company rewards its Directors fairly and reasonably, taking into account directors' responsibilities and the Company's operating results. Directors' remuneration has been approved by the shareholders meeting.

The Company fairly remunerates its management, taking into account of their responsibilities, performance, the operating results of the Company, and comparability within the industry. Details of remuneration are disclosed in section "Management".

5. Training of Directors and the Executive

The Company continuously builds the corporate governance knowledge of its Directors and Management so they may carry out their business operations in compliance with good corporate governance principles. The Company supports all Directors to participate in training courses organized by the Thai Institute of Directors Association (IOD) so as to add to their knowledge concerning their roles in the Company, and apply such learning to their job performance.

INTER-COMPANY TRANSACTIONS

Disclosure of information about inter-company transactions, and other transactions that might have the potential to involve conflicts of interest, is in compliance with the rules and regulations imposed by the SET and the SEC.

The Audit Committee has performed its duties and responsibilities to review inter-company transactions. The procedures used in inter-company transactions have always been subject to the normal terms and conditions of business and reflect applicable market prices. The Company established procedures for the above transactions in the same manner as for transactions with general customers and all inter-company transactions reflect applicable market prices to ensure that there are no conflicts of interest.

In 2009, the Company and its subsidiaries had inter-company transactions with related persons which might have the potential to involve conflicts of interest. The Directors and/or Management have considered the reasonableness of the above inter-company transactions, all were undertaken for the maximum benefit of the Company and were subject to the normal terms and conditions of business to reflect applicable market prices and in compliance with the rules and regulations imposed by the SET and the SEC. Details of the inter-company transactions are contained in Note 5 of the consolidated financial statements for year 2009, which can be summarized as follows:

Company (Description of relationship)	Description of transaction	Baht million	Necessity and reasonableness
1. Pornchai Enterprise Co.,Ltd. (Leophairatana family holds shares and has control of Pornchai Enterprise. There are some common Directors.)	The Company and its subsidiaries advanced funds for infrastructure expenses to obtain good terms and conditions to Pornchai Enterprise for 90-year lease period.	195.6	Such agreements are regarded as special reciprocal agreements because the advance rent is considered to be a financial support to Pornchai Enterprise for the construction of the building and to ensure that the Company and its subsidiaries pay the total rental expense below that in the market and at the fixed rate for 90-year lease period, free from inflation rate reflection. In addition, the location is suitable for office building in Bangkok Metropolitan and the number of employees. Such agreements are regarded as special reciprocal agreement.
	The Company pays rental advance to Pornchai Enterprise for 3-year lease period.	0.4	Transactions are undertaken to accommodate the necessity to use office buildings of the Company. Therefore, the transaction is to support business operations under the same conditions as other tenants.
	The Company pays rental deposit to Pornchai Enterprise	6.8	The same as above
	The Company and its subsidiaries pay rental fee to Pornchai Enterprise	16.4	The same as above
2. United Grain Industry Co., Ltd. (“UGI”) (Leophairatana family holds shares and has a controlling interest in UGI. There are some common Directors.)	The Company hires UGI to produce cement bags at the rate of Baht 2.50 to 2.60 per bag. (This rate includes labor cost, rental charges, electricity and other related expenses)	199.0	Transactions are always undertaken at market rates to support normal business operations of the Company.
	The Company purchases pallets from UGI.	2.2	
	Accounts Payable	47.6	
3. Thai Plastic Film Co., Ltd. (a 99.99% subsidiary of UGI.)	The Company sells plastic resin to Thai Plastic Film.	33.5	Transactions are always undertaken at market rates to support normal business operations of the Company.
	The Company purchases plastic bags from Thai Plastic Film	61.9	
	Accounts Receivable	6.8	

Company (Description of relationship)	Description of transaction	Baht million	Necessity and reasonableness
4. Thai Plastic Product Co.,Ltd. (a 99.99% subsidiary of UGI.)	The Company purchases cement bags for export from Thai Plastic Product.	32.9	Transactions are always undertaken at market rates to support normal business operations of the Company.
	Accounts Payable	3.9	
5. Bangkok Union Insurance Plc. (BUI) (There are some common Directors.)	The Company and its subsidiaries pay insurance premium to BUI.	120.5	Transactions are always undertaken at market rates to support normal business operations of the Company.
	The Company pays insurance premium advance to BUI.	39.3	
6. Bangkok Union Life Insurance Co., Ltd. (There are some common Directors.)	The Company pays insurance premium advance to Bangkok Union Life Insurance.	3.5	Transactions are always undertaken at market rates to support normal business operations of the Company.
	The Company pays life insurance premium to Bangkok Union Life Insurance.	3.2	
7. Leopairatana Enterprise Ltd. (Leopairatana family are the controlling shareholders in Leopairatana Enterprise Ltd. There are some common directors.)	The Company pays share borrowing fees to Leopairatana Enterprise as a consideration to secure its loan with the Creditor's Bank.	3.0	Transactions are always undertaken at market rates to support the borrowings of the Company, until such time as the Company can release security to Leopairatana Enterprise as with other companies that pay share borrowing fees to Leopairatana Enterprise, to be in accordance with the Court's order.
8. TPI Polene Power Co.,Ltd.	The Company purchases fuel oil from TPI Polene Power.	9.4	Transactions are always undertaken at market rates to support the normal business operations of the Company.

Procedures to approve Related Transactions

Since the Company is a listed company, its practices regarding related transactions are conducted according to the rules and regulations of the SET and the SEC. The Company is highly aware of the sensitivity of this issue and closely monitors any situation in which a potential related transaction could occur. The above inter-company transactions were subject to the normal terms and conditions of business to reflect applicable market prices. Directors of the Company who are not deemed to be connected parties to such transactions are responsible for making decisions in regard to the said connected transactions.

The process for approval of connected transactions will be carried out under the standards of integrity, and be reviewed by the Audit Committee to be in the best interests of the Company and its shareholders. This complies with SEC's and SET's regulations. The Company will disclose types and values of transactions that might present conflicts of interest accurately and completely. For any transactions that are considered to have potential conflicts of interest, market prices will be used as criteria to consider those transactions.

Potential Future Related Transactions

The Company expects to continue its business transactions with subsidiaries, the Joint Venture Company, affiliated companies, and related companies in the normal course of its business. Inter-company transactions are subject to normal terms and there is no conflict of interest. The Company adheres to practices for the above transactions that comply with the SET's regulation, and regulations of other relevant governmental authorities, with regard to the reasonableness of the conditions and fair prices.

Affiliated Companies as of December 31, 2009

Company's name	Head Office Address	Business	Registered Capital (Baht)	Shareholding (%)
Subsidiaries				
1. TPI Concrete Co., Ltd.	26/56, 5 th Floor, TPI Tower, Chan Tat Mai Rd., Thungmahamek, Sathorn, Bangkok 10120 Tel. (02) 678-5350-74 Fax: (02) 678-5375-6	Manufacture and sale of ready-mixed concrete	840,000,000	99.99
2. TPI Polene Power Co., Ltd.	26/56, 8 th Floor, TPI Tower, Chan Tat Mai Rd., Thungmahamek, Sathorn, Bangkok 10120 Tel: (02) 285-5090-9 Fax: (02) 213-1035	Manufacture and sale of electricity and steam including oil and NGV service stations	2,535,250,000	99.99
3. Thai Propoxide Co., Ltd.	26/56, 7 th Floor, TPI Tower, Chan Tat Mai Rd., Thungmahamek, Sathorn, Bangkok 10120 Tel. (02) 678-5000, 678-5050 Fax: (02) 678-5001-5	Manufacture and sale of electricity (remain inactive)	1,000,000	99.99
4. TPI All Seasons Co., Ltd.	26/56, 5 th Floor, TPI Tower, Chan Tat Mai Rd., Thungmahamek, Sathorn, Bangkok 10120 Tel : (02) 678-5350-74 Fax: (02) 678-5375-6	Manufacture and sale of plastic product and ready-mixed concrete transporting service	36,250,000	99.99
Joint Venture Company				
1. Thai Nitrate Co., Ltd.	26/56, 21 th Floor, TPI Tower, Chan Tat Mai Rd., Thungmahamek, Sathorn, Bangkok 10120 Tel: (02) 678-5450-2 Fax: (02) 678-5484	Manufacture and sale of ammonium nitrate and nitric acid	468,750,000	50.00
Associated Companies				
1. Bangkok Union Life Insurance Co., Ltd.	175-177 Bangkok Insurance Tower, Surawongse, Bangrak, Bangkok 10500 Tel. (02) 634-7323-30 Fax: (02) 634-7331	Life Insurance	500,000,000	25.00
2. Mondo Thai Co., Ltd.	26/56, 19 th Floor, TPI Tower, Chan Tat Mai Rd., Thungmahamek, Sathorn, Bangkok 10120 Tel. (02) 678-5470 Fax: (02) 678-6511	Property Development as a residential estate (remain inactive)	36,000,000	28.75
Others				
1. Pornchai Enterprise Co., Ltd.	26/56, 22 th Floor, TPI Tower, Chan Tat Mai Rd., Thungmahamek, Sathorn, Bangkok 10120 Tel. (02) 678-5490-3 Fax: (02) 678-5494	Real estate business and rental service	180,000,000	16.67

Report of the Board of Directors' Responsibilities for Financial Statements

The Board of Directors of the Company are aware of their duties and responsibilities to ensure that the financial reports of the Company and its subsidiaries are accurate, complete, and transparent, and are prepared in compliance with generally accepted accounting principles, and reflect the application of an appropriate and consistent accounting policy. Such reports must be prepared prudently and on a reasonable basis, and must reflect the Company's financial position and operational performance fairly and precisely for the benefit of shareholders and general investors.

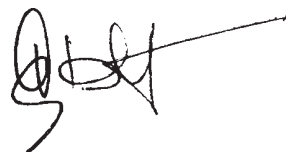
In this regard, the Board of Directors have entrusted an Independent Audit Committee to be responsible for the review of accounting policy and financial reports, internal controls, internal audit and risk management systems. Comments on these issues have been included in the Audit Committee Report, which thereby forms a part of this Annual Report.

The Board of Directors are of the opinion that the overall internal control systems of the Company and its subsidiaries have functioned with satisfaction and creditability to ensure that the financial statements of the Company and its subsidiaries present financial position, operational results and financial cash flow which are accurate and reliable in all material aspects.

Sincerely Yours



Visith Noiphan
Chairman of the Board



Prachai Leopairatana
Chief Executive Officer

Audit Report of Certified Public Accountant

To the Shareholders of TPI Polene Public Company Limited


I have audited the accompanying consolidated and separate balance sheets as at 31 December 2009, and the related statements of income, changes in equity and cash flows for the year then ended of TPI Polene Public Company Limited and its subsidiaries, and of TPI Polene Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits. The consolidated and separate financial statements of TPI Polene Public Company Limited and its subsidiaries, and of TPI Polene Public Company Limited, respectively, for the year ended 31 December 2008 were audited by another auditor of the same firm whose report dated 27 February 2009 expressed an unqualified opinion on those financial statements. The audit report also included emphasis of matter due to the following matters: 1) On 3 December 2007, the Criminal Court ruled that the Company jointly committed breaches of certain Sections of the Securities and Exchange Act B.E. 2535 in connection with the disclosure of information relating to an offering of the Company's securities prior to the effective date of the registration statement and draft prospectus. The Company was fined approximately Baht 6,900 million in respect of these alleged breaches. The Company recorded a provision for the fine of Baht 6,900 million in the financial statements whilst continuing to pursue its appeals and objections through the Courts. 2) The Company's ability to comply with the Rehabilitation Plan and obtain approval for extension of the rehabilitation plan period to 31 December 2008. Subsequently, on 19 January 2009, the Central Bankruptcy Court issued an order to terminate the rehabilitation proceedings of the Company and its subsidiary. At present, the Company and its subsidiary are in the process of negotiating with the financial institution creditors to extend the repayment schedule of outstanding debts. 3) The continued uncertainty on the ultimate outcome of the matter concerning litigation regarding the supply and engineering contracts for the Fourth Cement Plan Projects. 4) The change in the Company's accounting policy for negative goodwill arising from business combinations.

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

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

Without qualifying my opinion, I draw your attention to the following matters:

As described in note 38 to the financial statements, there continues to be uncertainty on the ultimate outcome of litigation regarding contracts for supply and engineering of machines entered into by the Company in 1996 and 1997. This matter was also disclosed in the financial statements for the year ended 31 December 2008 and emphasized in the auditor's report thereon dated 27 February 2009. There have been no significant developments since the date of such audit report on those financial statements.



(Santi Pongjareanpit)

Certified Public Accountant

Registration No. 4623

KPMG Phoomchai Audit Ltd.

Bangkok

22 February 2010

Balance sheets

TPI Polene Public Company Limited and its Subsidiaries
As at 31 December 2009 and 2008

(in thousand Baht)

(in thousands of Baht)

Assets	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Current assets					
Cash and cash equivalents	6	1,436,414	1,429,138	990,175	323,204
Current investments	7	6,000	-	3,000	-
Trade accounts receivable	5, 8	1,705,554	1,880,972	1,351,991	1,362,655
Short-term loans to related parties	5	-	-	74,200	75,323
Advances to related parties	5	70	3,130	13,155	12,032
Inventories	9	4,740,065	3,801,836	4,549,340	3,597,670
Deposits for debt repurchase	4, 27	-	326,573	-	326,573
Court deposits for debt repurchase	4, 27	-	2,778,829	-	2,778,829
Other current assets	10	414,623	393,070	280,367	302,751
Total current assets		8,302,726	10,613,548	7,262,228	8,779,037
Non-current assets					
Investments in subsidiaries and joint venture	11	-	-	2,898,907	2,872,657
Investments in associates	12	137,913	134,187	135,350	135,350
Long-term investments in related parties	13	104,717	104,717	104,717	104,717
Other long-term investments	7	468,248	263,332	430,394	231,200
Receivable from and advance to related parties	5	-	-	665,961	552,561
Property, plant and equipment	14, 15	60,001,374	61,763,440	56,619,010	58,551,448
Intangible assets	16	364,736	393,562	364,736	393,562
Other non-current assets	5, 17	980,029	849,662	727,182	737,676
Total non-current assets		62,057,017	63,508,900	61,946,257	63,579,171
Total assets		70,359,743	74,122,448	69,208,485	72,358,208

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

Balance sheets

TPI Polene Public Company Limited and its Subsidiaries

As at 31 December 2009 and 2008

(in thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Liabilities and equity					
Current liabilities					
Bank overdrafts and short-term loans from financial institutions	18	283,061	560,394	257,040	511,332
Trade accounts payable	5, 19	1,949,174	1,542,958	1,804,266	1,274,229
Current portion of long-term liabilities	18	5,006,065	-	4,952,827	-
Current portion of long-term liabilities under debt restructuring	4, 18	-	6,342,098	-	6,158,918
Liabilities under debt restructuring under consideration by the court	4, 18, 27	-	3,806,688	-	3,806,688
Short-term loans from related parties	5, 18	-	-	1,544	322,209
Advances from related parties	5	8,609	14,300	4,499	13,960
Accrued interest payable	27	154,274	-	152,150	-
Accrued interest payable under the master restructuring agreement		-	2,048,871	-	2,048,871
Current portion of finance lease liabilities	18	3,851	-	3,851	-
Income tax payable		175,559	420,161	148,464	386,201
Provision for fine	22	6,900,300	6,900,300	6,900,300	6,900,300
Other current liabilities	20	1,634,541	1,847,454	1,449,454	1,397,459
Total current liabilities		<u>16,115,434</u>	<u>23,483,224</u>	<u>15,674,395</u>	<u>22,820,167</u>
Non-current liabilities					
Provision for staff retirement benefits		116,737	76,693	116,737	76,693
Finance lease liabilities	18	7,593	-	7,593	-
Long-term loan	18	209,169	-	147,961	-
Other non-current liabilities	5, 21	35,578	39,439	195,136	200,991
Total non-current liabilities		<u>369,077</u>	<u>116,132</u>	<u>467,427</u>	<u>277,684</u>
Total liabilities		<u>16,484,511</u>	<u>23,599,356</u>	<u>16,141,822</u>	<u>23,097,851</u>

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

Balance sheets

*TPI Polene Public Company Limited and its Subsidiaries
As at 31 December 2009 and 2008*

(in thousand Baht)

		Consolidated financial statements		Separate financial statements	
Liabilities and equity	Note	2009	2008	2009	2008
Equity					
Share capital	23				
Authorised share capital		24,815,000	24,815,000	24,815,000	24,815,000
Issued and paid-up share capital		20,190,000	20,190,000	20,190,000	20,190,000
Treasury shares held by a subsidiary	25	(360,140)	(360,140)	-	-
Additional paid-in capital					
Shares premium	24	60,600	60,600	60,600	60,600
Surplus on treasury shares held by a subsidiary	25	185	185	-	-
Unrealised surpluses (deficits)					
Revaluation differences on assets	15, 24	29,947,971	31,480,223	29,491,904	31,084,695
Shareholding changes in Group		52,943	52,943	-	-
Fair value changes on available-for-sale securities	24				
- Company		(233,197)	(348,772)	(233,197)	(348,772)
- Associated company		2,385	(3,004)	-	-
Retained earnings (Deficit)					
Appropriated					
Legal reserve	24	177,868	-	177,868	-
Unappropriated (Deficit)		4,036,615	(548,944)	3,379,488	(1,726,166)
Total equity attributable to equity holders of the Company		53,875,230	50,523,091	53,066,663	49,260,357
Minority interests		2	1	-	-
Total equity		53,875,232	50,523,092	53,066,663	49,260,357
Total liabilities and equity		70,359,743	74,122,448	69,208,485	72,358,208

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

Statements of income

TPI Polene Public Company Limited and its Subsidiaries
For the years ended 31 December 2009 and 2008

(in thousand Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2009	2008	2009	2008
Revenues	5				
Revenue from sales of goods		21,860,051	25,707,878	18,427,104	21,469,071
Delivery income		860,280	983,426	993,652	1,182,007
Dividend income		8,330	15,618	760,671	15,618
Gain on the master restructuring agreement	4, 27	3,116,591	-	3,098,824	-
Net foreign exchange gain		235,907	-	239,075	-
Other income	28	489,426	614,711	496,223	591,245
Total revenues		26,570,585	27,321,633	24,015,549	23,257,941
Expenses	5				
Cost of sales of goods		17,038,414	19,491,126	14,447,001	16,029,066
Selling expenses	29	2,937,625	3,726,455	2,763,852	3,564,511
Administrative expenses	30	868,438	742,555	628,993	711,341
Management benefit expenses		237,873	226,292	221,942	211,817
Fine expense	22	-	6,900,300	-	6,900,300
Net foreign exchange loss		-	381,450	-	366,534
Total expenses		21,082,350	31,468,178	18,061,788	27,783,569
Share of profit (loss) of associates, net of income tax	12	(1,663)	195	-	-
Profit (loss) before finance costs and income tax expense		5,486,572	(4,146,350)	5,953,761	(4,525,628)
Finance costs	32	(254,681)	(836,658)	(248,102)	(824,784)
Profit (loss) before income tax expense		5,231,891	(4,983,008)	5,705,659	(5,350,412)
Income tax expense	33	(468,464)	(450,137)	(422,137)	(393,320)
Profit (loss) for the year		4,763,427	(5,433,145)	5,283,522	(5,743,732)
Basic earnings (loss) per share (Baht)	35	2.39	(2.72)	2.62	(2.84)

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

Statements of changes in equity

TPI Polene Public Company Limited and its Subsidiaries

For the years ended 31 December 2009 and 2008

(in thousand Baht)

Consolidated financial statements									
	Additional paid-in capital			Unrealised surpluses (deficits)			Retained earnings (deficit)		
	Issued and paid up share capital	Treasury shares held by a subsidiary	Share premium	Surplus on treasury shares held by a subsidiary	Revaluation differences on assets	Shareholding changes in Group	Fair value changes on available-for-sale securities	Legal reserve	Unappropriated (Deficit)
Balance at 1 January 2008	20,190,000	(360,140)	60,600	185	33,071,641	52,943	(123,411)	-	4,764,326
Effects of changes in accounting policies	-	-	-	-	-	-	-	-	119,875
Restated balance	20,190,000	(360,140)	60,600	185	33,071,641	52,943	(123,411)	-	4,884,201
Unrealised gains (losses)									
Net change in property revaluation recognised in equity									
- Company	-	-	-	-	(1,566,512)	-	-	-	(1,566,512)
- Joint venture	-	-	-	-	(24,906)	-	-	-	(24,906)
Net change in fair value of available-for-sale securities recognised in equity									
- Company	-	-	-	-	(1,591,418)	-	(218,135)	-	(218,135)
- Associated company	-	-	-	-	-	-	(10,230)	-	(10,230)
Net expense recognised directly in equity									
- Company	-	-	-	-	(1,591,418)	-	(228,365)	-	(1,819,783)
Loss for the year	-	-	-	-	(1,591,418)	-	-	-	(5,433,145)
Total recognised income and expense	-	-	-	-	(1,591,418)	-	(228,365)	-	(7,252,928)
Balance at 31 December 2008	20,190,000	(360,140)	60,600	185	31,480,223	52,943	(351,776)	-	50,523,092
Balance at 1 January 2009	20,190,000	(360,140)	60,600	185	31,480,223	52,943	(351,776)	-	50,523,092
Unrealised gains (losses)									
Net change in property revaluation recognised in equity									
- Company	-	-	-	-	(1,592,791)	-	-	-	(1,592,791)
- Joint venture	-	-	-	-	60,539	-	-	-	60,539
Net change in fair value of available-for-sale securities recognised in equity									
- Company	-	-	-	-	-	-	115,575	-	115,575
- Associated company	-	-	-	-	-	-	5,389	-	5,389
Net income (expense) recognised directly in equity	-	-	-	-	(1,532,252)	-	120,964	-	(1,411,288)
Profit for the year	-	-	-	-	-	-	-	-	4,763,427
Total recognised income and expense	-	-	-	-	(1,532,252)	-	120,964	-	3,352,139
Transfer to legal reserve	-	-	-	-	-	-	-	177,868	(177,868)
Minority interest from call-up share capital of subsidiaries	-	-	-	-	-	-	-	-	1
Balance at 31 December 2009	20,190,000	(360,140)	60,600	185	29,947,971	52,943	(230,812)	177,868	53,875,230
									53,875,232

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

Statements of changes in equity

TPI Polene Public Company Limited and its Subsidiaries

For the years ended 31 December 2009 and 2008

(in thousand Baht)

Separate financial statements

	<i>Additional paid-in capital</i>		<i>Unrealised surpluses (deficits)</i>		<i>Retained earnings (deficit)</i>		
	<i>Issued and paid up share capital</i>	<i>Share premium</i>	<i>Revaluation differences on assets</i>	<i>Fair value changes on available-for-sale securities</i>	<i>Legal reserve</i>	<i>Unappropriated (Deficit)</i>	<i>Total equity attributable to equity holders of the Company</i>
Balance at 1 January 2008	20,190,000	60,600	32,651,207	(130,637)	-	4,017,566	56,788,736
Unrealised gains (losses)							
Net change in property revaluation recognised in equity	-	-	(1,566,512)	-	-	-	(1,566,512)
Net change in fair value of available-for-sale securities recognised in equity	-	-	-	(218,135)	-	-	(218,135)
Net expense recognised directly in equity	-	-	(1,566,512)	(218,135)	-	-	(1,784,647)
Loss for the year	-	-	-	-	-	(5,743,732)	(5,743,732)
Total recognised income and expense	-	-	(1,566,512)	(218,135)	-	(5,743,732)	(7,528,379)
Balance at 31 December 2008	20,190,000	60,600	31,084,695	(348,772)	-	(1,726,166)	49,260,357
Balance at 1 January 2009	20,190,000	60,600	31,084,695	(348,772)	-	(1,726,166)	49,260,357
Unrealised gains (losses)							
Net change in property revaluation recognised in equity	-	-	(1,592,791)	-	-	-	(1,592,791)
Net change in fair value of available-for-sale securities recognised in equity	-	-	-	115,575	-	-	115,575
Net income (expense) recognised directly in equity	-	-	(1,592,791)	115,575	-	-	(1,477,216)
Profit for the year	-	-	-	-	-	5,283,522	5,283,522
Total recognised income and expense	-	-	(1,592,791)	115,575	-	5,283,522	3,806,306
Transfer to legal reserve	-	-	-	-	177,868	(177,868)	-
Balance at 31 December 2009	20,190,000	60,600	29,491,904	(233,197)	177,868	3,379,488	53,066,663

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

Statements of cash flows

TPI Polene Public Company Limited and its Subsidiaries
For the years ended 31 December 2009 and 2008

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<i>Cash flows from operating activities</i>				
Profit (loss) for the year	4,763,427	(5,433,145)	5,283,522	(5,743,732)
<i>Adjustments for</i>				
Depreciation and amortisation	1,108,416	1,089,282	948,341	935,913
Interest income	(21,284)	(35,579)	(16,437)	(26,432)
Finance costs	254,681	836,658	248,102	824,784
Dividend income	(8,330)	(15,618)	(760,671)	(15,618)
Unrealised (gain) loss on foreign exchange	(182,495)	328,229	(175,862)	302,758
Doubtful accounts and bad debts (reversal)	(10,013)	29,359	(123,413)	95,855
Provision for staff retirement benefits	40,934	6,585	40,934	6,585
Gain on disposal of property and equipment	(7,586)	(8,938)	(8,582)	(8,425)
Loss on impairment of assets (reversal)	(5,533)	46,662	-	47,067
Gain on the master restructuring agreement	(3,116,591)	-	(3,098,824)	-
Share of losses (profits) of associates, net of income tax	1,663	(195)	-	-
Income tax expense	468,464	450,137	422,137	393,320
Provision for fine	-	6,900,300	-	6,900,300
	3,285,753	4,193,737	2,759,247	3,712,375
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	192,821	339,378	24,965	147,472
Advances to related parties	3,060	(1,922)	(1,123)	11,642
Inventories	(863,117)	(169,801)	(876,558)	(162,862)
Other current assets	(11,380)	236,157	33,652	172,209
Other non-current assets	(38,825)	34,176	(3,123)	10,391
Trade accounts payable	395,646	(581,899)	519,466	(506,026)
Advances from related parties	(7,390)	10,835	(10,126)	11,668
Other current liabilities	(241,939)	16,840	17,583	6,200
Other non-current liabilities	3,732	5,744	1,737	5,788
Staff retirement paid	(890)	(5,279)	(890)	(5,279)
Income tax paid	(713,325)	(177,909)	(659,874)	(137,726)
Net cash provided by operating activities	2,004,146	3,900,057	1,804,956	3,265,852

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

Statements of cash flows

TPI Polene Public Company Limited and its Subsidiaries
For the years ended 31 December 2009 and 2008

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<i>Cash flows from investing activities</i>				
Interest received	21,584	41,363	17,723	41,036
Dividend received	8,330	15,618	760,671	15,618
Purchase of property, plant and equipment	(911,538)	(1,612,007)	(635,980)	(685,893)
Sale of property and equipment	23,035	11,365	16,005	10,809
Advance payment for machine	(101,308)	(3,113)	-	-
Short-term loans to related parties	-	-	-	(108,000)
Proceeds from short-term loans from related parties	-	-	-	173,000
Purchase of current investments	(6,000)	-	(3,000)	-
Purchase of held-to-maturity debt instruments	(103,756)	(1,088,711)	(97,819)	(439,477)
Redemption of held-to-maturity debt instruments	14,000	1,088,711	14,000	439,477
Purchase of intangible assets	-	(28,482)	-	(28,482)
Cash outflow on addition investment in subsidiary	-	-	(26,250)	(1,099,999)
Net cash (used in) provided by investing activities	(1,055,653)	(1,575,256)	45,350	(1,681,911)
<i>Cash flows from financing activities</i>				
Interest paid	(31,405)	(582,284)	(26,951)	(565,043)
Finance lease payments	(3,633)	-	(3,633)	-
(Decrease) increase in bank overdrafts and short-term loans from financial institutions	(277,203)	193,225	(254,162)	206,770
Proceeds from short-term loans from related party	-	-	-	815,000
Repayment of short-term loans from related party	-	-	(320,000)	(495,000)
Repayment of long-term liabilities	(587,210)	-	(555,277)	-
Repayment of long-term liabilities under debt restructuring	(40,130)	(1,816,468)	(21,680)	(1,763,617)
Net cash used in financing activities	(939,581)	(2,205,527)	(1,181,703)	(1,801,890)
Net increase (decrease) in cash and cash equivalents	8,912	119,274	668,603	(217,949)
Cash and cash equivalents at beginning of year	1,429,138	1,309,031	323,204	540,320
Effect of exchange rate changes on balances held in foreign currencies	(1,636)	833	(1,632)	833
Cash and cash equivalents at end of year	1,436,414	1,429,138	990,175	323,204

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

Notes to the financial statements

TPI Polene Public Company Limited and its Subsidiaries

For the years ended 31 December 2009 and 2008

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Notes to the financial statements

TPI Polene Public Company Limited and its Subsidiaries

For the years ended 31 December 2009 and 2008

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 22 February 2010.

1 General information

TPI Polene Public Company Limited, the "Company", is incorporated in Thailand and has its registered office at 26/56, TPI Tower, Chan Tat Mai Road, Tungmahamek, Sathorn, Bangkok.

The Company was listed on the Stock Exchange of Thailand in November 1990.

The Company operates in 2 major industries and has 10 distribution terminals around the country. It operates in the cement industry at Kang-Khoi, Saraburi and has 6 plants consisting of 3 cement manufacturing plants and 3 dry mortar manufacturing plants. It operates in the plastic industry at Amphur Muang, Rayong and has 2 LDPE and EVA plastic manufacturing plants. Details of the Company's subsidiaries and a jointly controlled entity, "joint venture" as at 31 December 2009 and 2008 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2008	2007
Direct subsidiaries				
Prosper Delta Ltd.	Negotiating and entering into a debt repurchase at discount agreement with foreign creditor	Hong Kong	100.00	-
TPI Concrete Co., Ltd.	Manufacturing and distributing ready mixed concrete	Thailand	99.99	99.99
TPI Polene Power Co., Ltd.	Distributing gasoline, diesel and natural gas / Manufacturing and distributing electricity	Thailand	99.99	99.99
TPI All Seasons Co., Ltd.	Transporting ready mixed concrete (not yet operating)	Thailand	99.99	99.99
Thai Proproxide Co., Ltd.	Manufacturing and distributing electricity (not yet operating)	Thailand	99.99	99.99
Indirect subsidiary				
Polene Plastic Co., Ltd.	Export cement and plastic	Thailand	99.99	99.99
Joint venture (proportionate consolidation)				
Thai Nitrate Co., Ltd.	Manufacturing and distributing nitric acids and ammonium nitrate	Thailand	50.00	50.00

2 Basis of preparation of the financial statements

The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

The financial statements are prepared in accordance with Thai Accounting Standards ("TAS") and Thai Financial Reporting Standards ("TFRS") including related interpretations and guidelines promulgated by the Federation of Accounting Professions ("FAP") and with generally accepted accounting principles in Thailand.

On 15 May 2009, the FAP announced (Announcement No.12/2009) the re-numbering of TAS to the same numbers as the International Accounting Standards ("IAS") on which the TAS/TFRS are based.

The Group has adopted the following revised TAS/TFRS and accounting guidance which were issued by the FAP during 2008 and 2009 and effective for annual accounting periods beginning on or after 1 January 2009:

TAS 36 (revised 2007)	Impairment of Assets
TFRS 5 (revised 2007)	Non-current Assets Held for Sale and Discontinued Operations (formerly TAS 54)

Framework for the Preparation and Presentation of Financial Statements (revised 2007) (effective on 26 June 2009)

Accounting Guidance about Leasehold Right (effective on 26 June 2009)

The adoption of these revised TAS/TFRS and accounting guidance does not have any material impact on the consolidated or separate financial statements.

The FAP has issued during 2009 a number of new and revised TAS which is not currently effective and have not been adopted in the preparation of these financial statements. This new and revised TAS is disclosed in Note 41.

The financial statements are presented in Thai Baht and rounded in the notes to the financial statements to the nearest thousand, unless otherwise stated. They are prepared on the historical cost basis except as stated in the accounting policies.

The preparation of financial statements in conformity with TAS and TFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3 Significant accounting policies

(a) Basis of consolidation

The consolidated financial statements relate to the Company, its subsidiaries and joint venture (together referred to as the "Group") and the Group's interests in associates.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

Jointly-controlled entities

A jointly-controlled entity is an entity over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. The consolidated financial statements include the Group's proportionate share of the entity's assets, liabilities, revenue and expenses combined with items of a similar nature on a line by line basis, from the date that joint control commences until the date that joint control ceases.

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. The consolidated financial statements include the Group's share of the income, expenses and equity movements of associated, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and joint venture are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of income.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

Non-monetary assets and liabilities measured at fair value in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates that fair value was determined.

Foreign entities

The assets and liabilities of foreign entities are translated to Thai Baht at the foreign exchange rates ruling at the reporting date.

The revenues and expenses of foreign entities are translated to Thai Baht at rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on translation are recognised in a separate component of equity until disposal of the investments.

(c) Derivative financial instruments

Derivative financial instruments are used to manage exposure to foreign exchange arising from operational activity.

Derivative financial instruments are recognised initially at fair value; attributable transaction costs are recognised in the statement of income when incurred. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the statement of income.

The fair value of forward exchange contracts is based on their listed market price.

(d) Hedging

Fair value hedges

Where a derivative financial instrument hedges the changes in fair value of a recognized asset, liability or unrecognized firm commitment (or an identified portion of such asset, liability or firm commitment), any gain or loss on remeasuring the fair value or foreign currency component of the hedging instrument is recognised in the statement of income. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the statement of income.

(e) Cash and cash equivalents

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

(f) Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost principle, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

(h) Investments

Investments in subsidiaries, jointly-controlled entity and associates

Investments in subsidiaries, joint controlled entity and associates in the separate financial statements of the Company are accounted for using the cost method. Investments in associates in the consolidated financial statements are accounted for using the equity method.

Investments in other debt and equity securities

Debt securities that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost less any impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Marketable equity securities are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses on available-for-sale monetary items, are recognised directly in equity. Impairment losses are recognised in the statement of income. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in the statement of income.

Equity securities which are not marketable are stated at cost less any impairment losses.

The fair value of financial instruments classified as available-for-sale is determined as the quoted bid price at the reporting date.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in the statement of income.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(i) Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and allowance for impairment losses, except for buildings, machinery and equipment which are stated at their revalued amounts. The revalued amount is the fair value determined on the basis of the property's existing use at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statement of income.

Revalued assets

Revaluations are performed by independent professional valuers with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

Any increase in value, on revaluation, is credited to equity under the heading "revaluation surplus" unless it offsets a previous decrease in value recognised in the statement of income in respect of the same asset. A decrease in value is recognised in the statement of income to the extent it exceeds an increase previously recognised in equity in respect of the same asset. The revaluation surplus is utilised by reference to the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost and credited to the statement of income. Upon disposal of a revalued asset, any remaining related revaluation surplus is transferred from the equity to the statement of income and is taken into account in calculating the gain or loss on disposal.

Depreciation

Depreciation is charged to the statement of income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment or estimated production units of the relevant assets. The estimated useful lives are as follows:

Leasehold improvements	Per lease period
Buildings and structures	20 - 40 years
Machinery and equipment of pipe (for LDPE)	Per estimated production units:
- For the first plastic plant	2,100,000 tons
- For the second plastic plant	2,400,000 tons
Machinery (for concrete)	10 years
Other machinery and major spare parts	15 - 40 years
Others	5 - 10 years

No depreciation is provided on land or assets under construction or major spare parts that are expected to be used for more than one year and have not been issued.

(j) Intangible assets

Negative goodwill

Negative goodwill in a business combination represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired. The Group changed its accounting policy for negative goodwill with effect from 1 January 2008 as follows:

Acquisitions prior to 1 January 2008

Negative goodwill was stated at cost from the date of initial recognition and amortised over its estimated useful life of 5 years. On 1 January 2008, the Group discontinued amortisation of goodwill. Negative goodwill carried in the financial statements as at 31 December 2007 was derecognised by crediting unappropriated retained earnings on 1 January 2008.

Acquisitions on or after 1 January 2008

Negative goodwill is recognised immediately in the statement of income.

Other intangible assets

Cost of concessions on mining limestone and shale, include acquisition, exploration and development costs.

Other intangible assets that are acquired by the Group, which have finite useful lives, are stated at cost less accumulated amortisation. Other intangible assets are amortised in the statement of income on a straight-line basis over their estimated useful lives from the date that they are available for use. The estimated useful lives are as follows:

Concessions	Life of concessions :	13 - 25 years
Software licenses		3 - 12 years

(k) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in the statement of income unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the assets is impaired, the cumulative loss that had been recognised directly in equity is recognised in the statement of income even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the statement of income is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the statement of income.

Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the assets' value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(l) Interest-bearing liabilities

Interest-bearing liabilities are recognised at cost.

(m) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(n) Employee benefits

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of income as incurred.

(o) Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Staff retirement benefits

A provision for staff retirement benefits is based on the years of service and remuneration at retirement and is provided for employees aged 60 years old up. The plan is not funded but a reserve for the liability is recorded in the financial statements.

(p) Treasury shares held by a subsidiary

When share capital recognised as equity is repurchased, the amount of consideration paid, including directly attributable costs, is classified as treasury shares held by a subsidiary and recognised as a deduction from equity. When treasury shares held by a subsidiary are sold, the amount received is recognised as an increase in equity by crediting the cost of the treasury shares held by a subsidiary sold, calculated using the weighted average method, to the treasury shares account. Surpluses on the sale of treasury shares held by a subsidiary are taken directly to a separate category within equity, "Surplus on treasury shares held by a subsidiary". Net deficits on sale or cancellation of treasury shares are debited to retained earnings after setting off against any remaining balance of surplus on treasury shares held by a subsidiary.

(q) Revenue

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

Sale of goods and services rendered

Revenue is recognised in the statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs, the probable return of goods. Service income is recognised as services are provided.

Interest and dividend income

Interest income is recognised in the statement of income as it accrues. Dividend income is recognised in the statement of income on the date the Group's right to receive payments is established.

(r) Expenses

Operating leases

Payments made under operating leases are recognised in the statement of income on a straight-line basis over the term of the lease. Contingent rentals are charged to the statement of income in the accounting period in which they are incurred.

Finance costs

Interest expense and similar costs are charged to the statement of income for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale. The interest component of finance lease payments is recognised in the statement of income using the effective interest rate method.

(s) Income tax

Income tax on the profit or loss for the year comprises current tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

4 Significant matters relating to the business operations of the Company and its subsidiaries

4.1 Debt restructuring

In 1999, the Company and a subsidiary agreed to participate in a restructuring program of the Bank of Thailand. On 20 July 2000, the Company and a number of its creditors (including its major creditor) signed the Process Agreement, which included a Business Rehabilitation Plan and Master Restructuring Agreement. Consequently, the Company and the subsidiary filed petitions for reorganisation of their business with the Central Bankruptcy Court on 21 July 2000. On 9 February 2001, the Central Bankruptcy Court appointed the Company and the subsidiary as Plan Administrators for their own Business Reorganisation Plan.

The Company and its subsidiary operated under the terms and conditions of the Master Restructuring Agreement which initially had an initial period of 5 years, from year 2000 to 2004, with 3 twelve-month extendable periods (totaling 8 years) or until 31 December 2007. On 11 December 2007, the Central Bankruptcy Court issued an order approving the extension of the implementation period of the Plan of the Company and its subsidiary for a further one year to 31 December 2008.

Subsequently, on 19 January 2009, the Central Bankruptcy Court issued an order to terminate the rehabilitation proceedings of the Company and its subsidiary. At present, the Company and its subsidiary are in the process of negotiating with the financial institution creditors to extend the repayment schedule of outstanding debts.

4.2 Purchase and repayment of the debt repurchase program

The Company purchased debt from financial institution creditors for the consideration of USD 180 million through the voluntary debt-buy-back auction mechanism at a discount price to the face value. On 27 November 2000, the Company paid the 10% deposit of the settlement value, equivalent to USD 18 million, to the creditors.

On 24 February 2004, the Company applied the proceeds from the equity fund raising to repay the Company's and subsidiary's participating creditors under the Debt Repurchase Program (DRP) for the remaining 90% of the settlement amount under the DRP, at discount by way of depositing cashier cheques and/or drafts with the Central Bankruptcy Court in the amount of Baht 5,550 million.

The Company has received cancellation letters filed by 11 creditors to terminate the DRP amounting to Baht 2,709 million. However, the Company is of the opinion that such creditors cannot terminate the DRP. The 11 objecting creditors have filed objections against the Company's motion to pay the DRP debts with the Court.

On 30 September 2005, the Central Bankruptcy Court issued an order dismissing the objections of the 11 objecting creditors against the Company's motion to pay the DRP debts. According to the Central Bankruptcy Court's order, the 11 objecting creditors are not entitled to terminate the DRP contracts with the Company. Therefore, the debt settlement of the Company under the Central Bankruptcy Court proceedings is legally binding.

On 9 November 2005, 1 of the objecting creditors agreed to receive payment of the DRP debt by filing a petition with the Central Bankruptcy Court, and the Court has given permission.

The 10 objecting creditors jointly filed a petition with the Supreme Court requesting for an extension period to file and appeal and jointly filed an appeal against the Central Bankruptcy Court's order on 29 December 2005. On 28 March 2006, the Supreme Court issued an order allowing the 10 objecting creditors to file the appeal with the Supreme Court. The Company submitted the responses to the appeal dated 20 June 2006 to the Supreme Court via the Central Bankruptcy Court.

Consequently, 5 objecting creditors filed their withdrawal motions with the Supreme Court to withdraw their appeals and the Supreme Court issued orders approving the withdrawal motions. The 5 objecting creditors thereafter received cashier cheques and/or drafts from the Central Bankruptcy Court.

In addition, all remaining 5 objecting creditors also filed withdrawal motions with the Supreme Court to withdraw their appeals in November and December 2009. Thus, the Company recorded total debt repayments to all remaining 5 objecting creditors in the financial statements for the year ended 31 December 2009, as such objecting creditors have already filed their motions with the Supreme Court to withdraw their appeals and as the Supreme Court used to issue its orders in the same case approving the withdrawal motions filed by all other objecting creditors with the Supreme Court to withdraw their appeals. Presently, the motions to withdraw the appeals of the remaining objecting creditors are under consideration by the Supreme Court.

Notes to the financial statements

TPI Polene Public Company Limited and its Subsidiaries

For the years ended 31 December 2009 and 2008

Consequently, as at 31 December 2009, the Company has recorded the reversal of all amounts previously provided for the long-term debts under restructuring agreement under consideration by the court (2008: Baht 3,807 million) and has recognised the gain on the repurchase of the debt at a discount in the statement of income for the year ended 31 December 2009 of Baht 3,117 million and Baht 3,099 million in the consolidated and separate financial statements, respectively (Note 27).

5 Related party transactions and balances

Related parties are those parties linked to the Group and the Company as shareholders or by common shareholders or directors. Transactions with related parties are conducted at prices based on market prices or, where no market price exists, at contractually agreed prices.

Relationships with related parties that control or jointly control the Company or are being controlled or jointly controlled by the Company or have transactions with the Group were as follows.

Name of entities	Country of incorporation/ nationality	Nature of relationships
Peosper Delta Ltd.	Hong Kong	Subsidiary, 100% shareholding, more than 50% of directors are representatives of the Company
TPI Concrete Co., Ltd.	Thailand	Subsidiary, 99.99% shareholding, more than 50% of directors are representatives of the Company
TPI Polene Power Co., Ltd.	Thailand	Subsidiary, 99.99% shareholding, more than 50% of directors are representatives of the Company
TPI All Seasons Co., Ltd.	Thailand	Subsidiary, 99.99% shareholding, more than 50% of directors are representatives of the Company
Thai Propoxide Co., Ltd.	Thailand	Subsidiary, 99.99% shareholding, more than 50% of directors are representatives of the Company
Polene Plastic Co., Ltd.	Thailand	Indirect subsidiary, 99.99% held by TPI Polene Power Co., Ltd., more than 50% of directors are representatives of the Company
Thai Nitrate Co., Ltd.	Thailand	Jointly controlled entity, 50% shareholding, a half of directors are representatives of the Company
Thai Special Steel Public Co., Ltd.	Thailand	Associate, 29.77% shareholding, more than 20% of directors are representatives of the Company
BUI Life Insurance Co., Ltd.	Thailand	Associate, 25% shareholding, more than 20% of directors are representatives of the Company
Mondo Thai Co., Ltd.	Thailand	Associate, 28.75% shareholding, more than 20% of directors are representatives of the Company
United Grain Industry Co., Ltd.	Thailand	Co-director
Pornchai Enterprise Co., Ltd.	Thailand	Co-director
TPI Holding Co., Ltd.	Thailand	Co-director
Thai Plastic Film Co., Ltd.	Thailand	Co-director
Thai Plastic Product Co., Ltd.	Thailand	Co-director
Leophairatana Enterprise Co., Ltd.	Thailand	Co-director
Bangkok Union Insurance Public Co., Ltd.	Thailand	Co-director
TPI Commercial Co., Ltd.	Thailand	Co-director
Lampang Food Products Co., Ltd.	Thailand	Co-director
Hong Yiah Seng Co., Ltd.	Thailand	Co-director

Notes to the financial statements

TPI Polene Public Company Limited and its Subsidiaries

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The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Sale of goods	Market price
Energy service for electrical manufacturing income	Agreed price
Purchase of raw materials	Market price
Purchase of electricity	Market price
Delivery income	Market price
Interest income	MLR-1%
Insurance expense	Market price
Paper bag service charge	2.50 - 2.60 Baht per bag
Interest expense	4% and MLR-1%

Significant transactions for the years ended 31 December 2009 and 2008 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<i>(in thousand Baht)</i>				
Subsidiaries				
Sales of goods	-	-	894,613	974,280
Delivery income	-	-	166,739	198,581
Purchase of electricity	-	-	305,627	-
Interest income	-	-	3,673	8,747
Interest expense	-	-	808	2,184
Other income	-	-	34,665	18,046
Administrative expenses	-	-	2,853	-
Indirect subsidiary				
Sales of goods	-	-	1,674,962	-
Joint venture				
Other income	345	345	691	691
Purchase of raw materials	11,390	11,020	22,780	22,040
Associate				
Insurance expense	3,192	3,845	2,334	2,911
Other related parties				
Sales of goods	124,009	174,788	123,819	174,761
Purchases of raw materials and spare parts	220,434	233,926	199,037	205,869
Other income	499	259	183	259
Insurance expense	120,489	113,091	108,078	101,800
Administrative expenses	28,050	24,947	17,870	21,089

Notes to the financial statements

TPI Polene Public Company Limited and its Subsidiaries

For the years ended 31 December 2009 and 2008

Balances as at 31 December 2009 and 2008 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<i>(in thousand Baht)</i>				
Trade accounts receivable - related parties				
Subsidiaries				
TPI Concrete Co., Ltd.	-	-	312,138	245,335
TPI Polene Power Co., Ltd.	-	-	125	-
Indirect subsidiary				
Polene Plastic Co., Ltd.	-	-	265,980	-
Associate				
BUI Life Insurance Co., Ltd.	97	-	-	-
Other related parties				
United Grain Industry Co., Ltd.	4	50	-	47
Bangkok Union Insurance Public Co., Ltd.	12	3	-	-
Thai Plastic Film Co., Ltd.	6,760	17,836	6,760	17,836
Pornchai Enterprise Co., Ltd.	37	-	-	-
Hong Yiah Seng Co., Ltd.	30	-	-	-
Total	6,940	17,889	585,003	263,218
Short-term loans to related party				
Subsidiary				
TPI Concrete Co., Ltd.	-	-	73,602	73,602
Short-term loans	-	-	598	1,721
Accrued interest received	-	-	-	-
Total	-	-	74,200	75,323
Advances to related parties - current				
Subsidiaries				
Prosper Delta Ltd.	-	-	141	-
TPI Concrete Co., Ltd.	-	-	1,985	6,417
TPI Polene Power Co., Ltd.	-	-	9,866	2,415
TPI All Seasons Co., Ltd.	-	-	96	-
Indirect subsidiary				
Polene Plastic Co., Ltd.	-	-	933	-
Joint venture				
Thai Nitrate Co., Ltd.	65	70	129	140
Other related parties				
United Grain Industry Co., Ltd.	1	3,042	1	3,042
Pornchai Enterprise Co., Ltd.	4	2	4	2
TPI Commercial Co., Ltd.	-	16	-	16
Total	70	3,130	13,155	12,032

Notes to the financial statements

TPI Polene Public Company Limited and its Subsidiaries

For the years ended 31 December 2009 and 2008

Movements during the years ended 31 December 2009 and 2008 of short-term loans to related party were as follows:

	(in thousand Baht)	
	2009	2008
Subsidiary		
At 1 January	73,602	206,127
Increase	-	108,000
Decrease from cash received repayment	-	(173,000)
Decrease from credit note settlement	-	(67,525)
At 31 December	73,602	73,602

	(in thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Receivable from and advances to related parties - non-current				
Subsidiaries				
TPI Polene Power Co., Ltd. (see Note 25)	-	-	333,248	333,248
Thai Propoxide Co., Ltd.	-	-	488,961	488,961
	-	-	822,209	822,209
Less allowance for doubtful accounts	-	-	(156,248)	(269,648)
Net	-	-	665,961	552,561

Other non-current asset - rental deposit

Pornchai Enterprise Co., Ltd. (see Note 39)	195,636	198,210	146,202	148,126
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In 1997, the Company entered into an agreement to sell land to Thai Propoxide Co., Ltd. (a subsidiary) at the price of Baht 477 million. Title has been transferred, but no cash has been received and the gain of Baht 40 million and interest income of Baht 155 million, totalling Baht 195 million has been deferred and is shown as other non-current liabilities in the consolidated and the separate financial statements. Under the said agreement, the payment would be made by August 2000. The subsidiary used the land as security for borrowings from a bank and in turn loaned the amount to the Company. In 2000, the subsidiary transferred the loans burden from the said bank to the Company.

The Company and the subsidiary have agreed to change the terms of such land payment to within 180 days, starting from the date that the mortgage of the land is released by the bank. As at 31 December 2009, this amount is still unpaid.

	(in thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Trade accounts payable - related parties				
Subsidiaries				
TPI Concrete Co., Ltd.	-	-	104	23
TPI Polene Power Co., Ltd.	-	-	-	14
Joint venture				
Thai Nitrate Co., Ltd.	2,783	-	5,565	-
Other related parties				
United Grain Industry Co., Ltd.	47,563	116,941	47,563	115,513
Thai Plastic Film Co., Ltd.	19,384	1,025	19,384	1,025
Bangkok Union Insurance Public Co., Ltd.	133	43	133	43
Thai Plastic Product Co., Ltd.	4,941	45,608	3,906	42,390
Total	74,804	163,617	76,655	159,008

Notes to the financial statements

TPI Polene Public Company Limited and its Subsidiaries

For the years ended 31 December 2009 and 2008

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Short-term loans from related parties				
Subsidiaries				
TPI All Seasons Co., Ltd.	-	-	1,250	1,250
TPI Polene Power Co., Ltd.	-	-	-	320,000
Accrued interest payable	-	-	294	959
Total	-	-	1,544	322,209
Advances from related parties				
Subsidiaries				
TPI Concrete Co., Ltd.	-	-	4	335
TPI Polene Power Co., Ltd.	-	-	-	390
Associate				
Thai Special Steel Industry Public Co., Ltd.	-	325	-	325
Other related parties				
Pornchai Enterprise Co., Ltd.	4,155	12,753	3,919	11,968
Bangkok Union Insurance Public Co., Ltd.	3,846	947	-	667
TPI Holding Co., Ltd.	239	182	239	182
Leophairatana Enterprise Co., Ltd.	337	93	337	93
Thai Plastic Product Co., Ltd.	32	-	-	-
Total	8,609	14,300	4,499	13,960

Movements during the years ended 31 December 2009 and 2008 of short-term loans from related parties were as follows:

	(in thousand Baht)	
	2009	2008
Subsidiaries		
At 1 January	321,250	1,250
Increase	-	815,000
Decrease	(320,000)	(495,000)
At 31 December	1,250	321,250

The Company and its subsidiaries entered into several land and office building space lease agreements with related parties for 3 years as follows:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Non-cancellable operating lease commitments				
Within one year	24,651	23,503	18,965	14,842
After one year but within five years	15,439	14,781	11,956	9,505
Total	40,090	38,284	30,921	24,347

As at 31 December 2009, the Company had contingent liabilities in respect of guarantees issued on behalf of a subsidiary of Baht 140 million (2008: Baht 232 million).

Notes to the financial statements

TPI Polene Public Company Limited and its Subsidiaries

For the years ended 31 December 2009 and 2008

6 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Cash on hand	5,092	7,681	2,154	5,031
Cash at banks - current accounts	34,540	77,361	12,892	11,528
Cash at banks - savings accounts	1,196,721	495,467	974,935	306,453
Cash at banks - fixed accounts (3 months)	125,212	210	194	192
Government bonds (maturity periods less than 3 months from the acquisition date)	74,849	848,419	-	-
Total	1,436,414	1,429,138	990,175	323,204

The currency denomination of cash and cash equivalents as at 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Thai Baht (THB)	1,407,996	1,420,021	981,371	314,901
United States Dollar (USD)	28,076	8,785	8,462	7,971
EURO (EUR)	281	251	281	251
Japanese Yen (JPY)	-	39	-	39
Others	61	42	61	42
Total	1,436,414	1,429,138	990,175	323,204

7 Other investments

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Current investments				
Short term deposits at financial institutions	6,000	-	3,000	-
	6,000	-	3,000	-
Other long-term investments				
Long term deposits at financial institutions	15,500	15,500	-	-
Equity securities available-for-sale	228,027	112,452	228,027	112,452
Other non marketable equity securities	1,596	1,596	1,596	1,596
Other debt securities held-to-maturity	223,125	133,784	200,771	117,152
	468,248	263,332	430,394	231,200
Total	474,248	263,332	433,394	231,200

Other investments of the Group as at 31 December 2009 and 2008 were denominated entirely in Thai Baht.

Deposits at financial institutions and other debt securities held-to-maturity of Baht 113 million (2008: Baht 110 million) in the consolidated financial statements and of Baht 93 million (2008: Baht 83 million) in the separate financial statements are pledged as collateral.

Equity securities available-for-sale are pledged to a bank as collateral for loans.

Notes to the financial statements

TPI Polene Public Company Limited and its Subsidiaries

For the years ended 31 December 2009 and 2008

8 Trade accounts receivable

Trade accounts receivable

		(in thousand Baht)			
		Consolidated financial statements		Separate financial statements	
	Note	2009	2008	2009	2008
Related parties	5	6,940	17,889	585,003	263,218
Other parties		1,870,608	2,049,026	896,285	1,239,581
		1,877,548	2,066,915	1,481,288	1,502,799
Less allowance for doubtful accounts		(171,994)	(185,943)	(129,297)	(140,144)
Total		1,705,554	1,880,972	1,351,991	1,362,655
Bad and doubtful debts expenses for the year (reversal)		(4,923)	(1,152)	(4,923)	(1,152)

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
(in thousand Baht)				
Related parties				
Within credit terms	6,940	17,889	343,622	96,037
Overdue:				
Less than 3 months	-	-	241,381	167,181
Net	6,940	17,889	585,003	263,218
Other parties				
Within credit terms	1,562,566	1,733,318	676,433	994,816
Overdue:				
Less than 3 months	98,498	114,452	53,685	89,938
3-6 months	21,494	14,751	21,359	14,690
6-12 months	16,473	1,777	16,473	1,754
Over 12 months	171,577	184,728	128,335	138,383
	1,870,608	2,049,026	896,285	1,239,581
Less allowance for doubtful accounts	(171,994)	(185,943)	(129,297)	(140,144)
Net	1,698,614	1,863,083	766,988	1,099,437
Total	1,705,554	1,880,972	1,351,991	1,362,655

The Group requires various customers to provide cash, bank and personal guarantees as collateral.

The normal credit term granted by the Group ranges from 30 days to 90 days.

The currency denomination of trade accounts receivable as at 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
(in thousand Baht)				
Thai Baht (THB)	1,511,395	1,622,755	1,351,991	1,109,836
United States Dollars (USD)	194,159	255,680	-	252,819
Japanese Yen (JPY)	-	2,537	-	-
Total	1,705,554	1,880,972	1,351,991	1,362,655

Notes to the financial statements

TPI Polene Public Company Limited and its Subsidiaries

For the years ended 31 December 2009 and 2008

9 Inventories

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Finished goods	718,343	630,611	674,377	577,491
Work in process	745,968	653,695	745,872	653,360
Raw materials and chemicals	714,881	914,753	668,144	871,353
Packages	136,710	156,815	133,085	152,469
Oil and coal	1,195,662	286,133	1,187,656	276,919
Spare parts and general supplies	1,877,729	2,015,495	1,789,446	1,921,822
Goods in transit	380,641	249,315	380,629	249,237
Total	5,769,934	4,906,817	5,579,209	4,702,651

Cost of inventories was recorded as expenses and included in cost of sales of goods for the year ended 31 December 2009 and 2008 as follows:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Changed in inventories of finished goods and work in progress	(180,005)	(196,215)	(189,398)	(191,497)
Raw materials and consumables used	9,274,582	11,589,818	6,850,782	8,712,647

10 Other current assets

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Prepaid expenses	82,348	69,703	57,676	60,716
Advances	46,859	66,226	41,637	33,302
Refundable value added tax	89,694	33,553	43	-
Other receivables - net	154,736	140,425	146,799	131,762
Others	40,986	83,163	34,212	76,971
Total	414,623	393,070	280,367	302,751

11 Investments in subsidiaries and joint venture

	Separate financial statements	
	2009	2008
Subsidiaries		
At 1 January	2,588,248	1,488,249
Acquisitions	26,250	1,099,999
At 31 December	2,614,498	2,588,248
Joint venture		
At 1 January	284,409	284,409
At 31 December	284,409	284,409
Total		
At 1 January	2,872,657	1,772,658
Acquisitions	26,250	1,099,999
At 31 December	2,898,907	2,872,657

Notes to the financial statements

TPI Polene Public Company Limited and its Subsidiaries

For the years ended 31 December 2009 and 2008

Investments in subsidiaries and joint venture as at 31 December 2009 and 2008, and dividend income for the years then ended were as follows:

	Separate financial statements							
	Ownership interest		Paid-up Capital		Cost method		Equity method	
	2009	2008	2009	2008	2009	2008	2009	2008
	(%)		(in thousand Baht)					
Subsidiaries								
TPI Concrete Co., Ltd.	99.99	99.99	840,000	840,000	839,999	839,999	-	-
TPI Polene Power Co., Ltd.	99.99	99.99	1,747,000	1,747,000	1,746,999	1,746,999	-	-
TPI All Seasons Co., Ltd.	99.99	99.99	27,500	1,250	27,500	1,250	-	-
Thai Propoxide Co., Ltd.	99.99	99.99	250	250	250	250	-	-
Less allowance for impairment					(250)	(250)	-	-
					<u>2,614,498</u>	<u>2,588,248</u>	<u>-</u>	<u>-</u>
Joint venture								
Thai Nitrate Co., Ltd.	50.00	50.00	468,750	468,750	<u>284,409</u>	<u>284,409</u>	<u>752,341</u>	-
					<u>284,409</u>	<u>284,409</u>	<u>752,341</u>	-
Total					2,898,907	2,872,657	752,341	-

The following summarised financial information on interests in joint venture which has been proportionately consolidated in the consolidated financial statements represents the Group's share:

	Ownership	Current	Non-current	Total	Current	Non-current	Total	Total	Total	Net
	(%)	assets	assets	assets	liabilities	liabilities	liabilities	revenues	expenses	profit
(in thousand Baht)										
2009										
Thai Nitrate Co., Ltd.	50.00	466,258	933,891	1,400,149	105,876	6,142	112,018	657,120	508,704	148,416
2008										
Thai Nitrate Co., Ltd.	50.00	1,078,851	898,051	1,976,902	138,736	6,645	145,381	925,374	651,626	273,748

12 Investments in associates

	Consolidated		(in thousand Baht)	
	financial statements		Separate	
	2009	2008	2009	2008
At 1 January	134,187	144,222	135,350	135,350
Share of profits (losses) of associates, net of income tax	(1,663)	195	-	-
Fair value changes on available-for-sale securities	5,389	(10,230)	-	-
At 31 December	137,913	134,187	135,350	135,350

The Group has not recognised loss relating to an investment in an associate accounted for using the equity method where its share of loss exceeds the carrying amount of its investment. As at 31 December 2009, the Group's cumulative share of unrecognised loss was Baht 398 million (2008: Baht 299 million), of which Baht 99 million was the Group's share of the current year's loss (2008: Baht 118 million). The Group has no obligation in respect of this loss.

Notes to the financial statements

TPI Polene Public Company Limited and its Subsidiaries

For the years ended 31 December 2009 and 2008

Investments in associates as at 31 December 2009 and 2008 were as follows:

	Consolidated financial statements							
	Ownership interest		Paid-up Capital		Cost method		Equity method	
	2009	2008	2009	2008	2009	2008	2009	2008
	(%)				(in thousand Baht)			
Thai Special Steel Industry Public Co., Ltd.	29.77	29.77	4,220,000	4,220,000	1,256,200	1,256,200	-	-
BUI Life Insurance Co., Ltd.	25.00	25.00	500,000	500,000	125,000	125,000	128,160	124,430
Mondo Thai Co., Ltd.	28.75	28.75	36,000	36,000	10,350	10,350	9,753	9,757
Total					1,391,550	1,391,550	137,913	134,187

	Separate financial statements					
	Ownership interest		Paid-up capital		Cost method	
	2009	2008	2009	2008	2009	2008
	(%)				(in thousand Baht)	
BUI Life Insurance Co., Ltd.	25.00	25.00	500,000	500,000	125,000	125,000
Mondo Thai Co., Ltd.	28.75	28.75	36,000	36,000	10,350	10,350
Total					135,350	135,350

The following summarised financial information on associates which have been accounted for using the equity method is not adjusted for the percentage of ownership held by the Group:

	Ownership	Total assets	Total liabilities	Total revenues	Net profit (loss)
	(%)				
		(in thousand Baht)			
2009					
Thai Special Steel Industry Public Co., Ltd.	29.77	3,067,064	4,505,624	2,012	(332,764)
BUI Life Insurance Co., Ltd.	25.00	585,468	72,828	62,612	(4,111)
Mondo Thai Co., Ltd.	28.75	33,935	5	9	1
Total		3,686,467	4,578,457	64,633	(336,874)
2008					
Thai Special Steel Industry Public Co., Ltd.	29.77	3,205,097	4,310,894	59,473	(395,719)
BUI Life Insurance Co., Ltd.	25.00	538,595	43,703	34,728	755
Mondo Thai Co., Ltd.	28.75	33,941	5	28	21
Total		3,777,633	4,354,602	94,229	(394,943)

13 Long-term investments in related parties

	Type of business	Paid-up Relationship	capital (in thousand Baht)	Ownership interest		Consolidated and Separate	
				2008	2007	2008	2007
					%		
<i>Related parties</i>							
United Grain Industry Co., Ltd.	Manufacturing and	Shareholder	550,000	19.00	19.00	104,500	104,500
United Grain Industry Co., Ltd.	Manufacturing and distributing packages	Shareholder	550,000	19.00	19.00	104,500	104,500
Pornchai Enterprise Co., Ltd.	Real estate	Shareholder	180,000	16.67	16.67	45,653	45,653
TPI Holding Co., Ltd.	Holding Company	Shareholder	5,000	0.87	0.87	217	217
Total						150,370	150,370
Less Allowance for impairment						(45,653)	(45,653)
Net						104,717	104,717

14 Property, plant and equipment

Changes in property, plant and equipment for the year ended 31 December 2009, are summarised as follows:

(in thousand Baht)

Consolidated financial statements				Cost/revaluation		Accumulated depreciation				Allowance for impairment				Book value	
At 1 January 2009	Additions	Surplus on revaluation	Disposals/Write off	Transfers, net	At 31 December 2009	At 1 January 2009	Depreciation	Accumulated depreciation surplus on evaluation	Disposals/Write off	Transfers, net	At 31 December 2009	At 1 January 2009	At 31 December 2009	At 1 January 2009	At 31 December 2009
Land and land improvement	2,906,613	-	(9,499)	-	2,897,114	(2,119)	-	-	-	-	(2,119)	-	-	2,904,494	2,894,995
Leasehold improvement	55,886	-	-	2,700	58,586	(47,755)	(1,680)	-	-	-	(49,435)	-	-	8,131	9,151
Buildings and structures															
- Cost	7,866,388	2,414	(3,234)	35,992	7,901,560	(3,310,248)	(221,816)	-	1,819	-	(3,530,245)	(1,415)	-	4,554,725	4,371,315
- Increment appraisal	7,609,155	-	(2,313)	-	7,606,842	(401,523)	(308,410)	-	172	-	(709,761)	-	-	7,207,632	6,897,081
Machinery and pipes															
- Cost	27,998,004	1,000	(853)	1,837,610	29,835,761	(12,632,978)	(762,884)	-	853	-	(13,395,009)	-	-	15,365,026	16,440,752
- Increment appraisal	25,238,338	-	-	-	25,538,514	(1,806,412)	(1,178,154)	(212,154)	-	-	(3,196,720)	-	-	23,431,926	22,341,794
Tools and factory equipment	4,350,884	36,317	(53,931)	67,017	4,400,287	(3,791,606)	(64,958)	-	53,461	-	(3,803,103)	-	-	559,278	597,184
Furniture, fixtures and office equipment	341,518	9,284	(11,426)	(733)	338,643	(285,674)	(21,365)	-	11,091	234	(295,714)	-	-	55,844	42,929
Vehicles	1,006,722	11,104	(12,908)	-	1,004,918	(962,172)	(8,285)	-	10,083	-	(960,374)	-	-	44,550	44,544
Increment appraisal - Other	1,124,265	-	-	-	1,124,265	(184,716)	(138,442)	-	-	-	(323,158)	-	-	939,549	801,107
Major spare parts	1,104,981	-	-	(75,112)	1,029,869	-	-	-	-	-	-	-	-	1,104,981	1,029,869
Construction in progress	3,850,656	804,198	(3,115)	(1,022,718)	3,629,021	-	-	-	-	-	-	-	-	3,850,656	3,629,021
Machinery under installation	1,778,983	164,624	-	(1,005,173)	938,434	-	-	-	-	-	-	(42,335)	(36,802)	1,736,648	901,632
Total	85,232,393	1,028,941	(97,279)	(160,417)	86,303,814	(23,425,203)	(2,705,994)	(212,154)	77,479	234	(26,265,638)	(43,750)	(36,802)	61,763,440	60,001,374

Changes in property, plant and equipment for the year ended 31 December 2008, are summarised as follows:

(in thousand Baht)

Consolidated financial statements														
Cost/revaluation				Accumulated depreciation				Allowance for impairment				Book value		
At 1 January 2008	Additions	Disposals/Write off	Transfers, net	At 31 December 2008	At 1 January 2008	Depreciation	Disposals/Write off	Transfers, net	At 31 December 2008	At 1 January 2008	At 31 December 2008	At 1 January 2008	At 31 December 2008	
Land and land improvement	2,895,027	19,810	(2,157)	(6,067)	2,906,613	(2,207)	(65)	-	153	(2,119)	-	-	2,892,820	2,904,494
Leasehold improvement	47,836	-	-	8,050	55,886	(45,055)	(2,547)	-	(153)	(47,755)	-	-	2,781	8,131
Buildings and structures														
- Cost	7,840,622	7,531	(17,994)	36,229	7,866,388	(3,086,870)	(236,464)	13,086	-	(3,310,248)	-	(1,415)	4,753,752	4,554,725
- Increment appraisal	7,609,155	-	-	-	7,609,155	(92,848)	(308,675)	-	-	(401,523)	-	-	7,516,307	7,207,632
Machinery and pipes														
- Cost	27,586,588	622	-	410,794	27,998,004	(11,911,202)	(721,776)	-	-	(12,632,978)	(405)	-	15,674,981	15,365,026
- Increment appraisal	25,238,338	-	-	-	25,238,338	(655,884)	(1,150,528)	-	-	(1,806,412)	-	-	24,582,454	23,431,926
Tools and factory equipment	4,239,267	21,865	(792)	90,544	4,350,884	(3,727,291)	(65,073)	758	-	(3,791,606)	-	-	511,976	559,278
Furniture, fixtures and office equipment	354,867	10,327	(26,716)	3,040	341,518	(290,053)	(22,110)	26,471	18	(285,674)	-	-	64,814	55,844
Vehicles	1,019,416	7,360	(20,054)	-	1,006,722	(971,499)	(10,727)	20,054	-	(962,172)	-	-	47,917	44,550
Increment appraisal - Other	1,124,265	-	-	-	1,124,265	(46,275)	(138,441)	-	-	(184,716)	-	-	1,077,990	939,549
Major spare parts	1,088,630	-	-	16,351	1,104,981	-	-	-	-	-	-	-	1,088,630	1,104,981
Construction in progress	3,293,044	1,103,250	-	(545,638)	3,850,656	-	-	-	-	-	-	-	3,293,044	3,850,656
Machinery under installation	853,324	1,006,498	-	(80,839)	1,778,983	-	-	-	-	-	(42,335)	-	810,989	1,736,648
Total	83,190,379	2,177,263	(67,713)	(67,536)	85,232,393	(20,829,184)	(2,656,406)	60,369	18	(23,425,203)	(42,740)	(43,750)	62,318,455	61,763,440

Notes to the financial statements

TPI Polene Public Company Limited and its Subsidiaries

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Changes in property, plant and equipment for the year ended 31 December 2009, are summarised as follows:

(in thousand Baht)

Separate financial statements				Cost/revaluation		Accumulated depreciation				Allowance for impairment				Book value	
At 1 January 2009	Additions	Disposals/ Write off	Transfers, net	At 31 December 2009	At 1 January 2009	Depreciation	Disposals/ Write off	Transfers, net	At 31 December 2009	At 1 January 2009	At 31 December 2009	At 1 January 2009	At 31 December 2009	At 1 January 2009	At 31 December 2009
Land and land improvement	2,308,983	-	(1,499)	-	2,307,484	-	-	-	-	-	-	-	-	2,308,983	2,307,484
Leasehold improvement	46,176	-	-	-	46,176	(45,974)	(202)	-	-	(46,176)	-	-	-	202	-
Buildings and structures															
- Cost	7,401,876	-	(3,234)	25,892	7,424,534	(3,027,494)	(85,608)	1,819	-	(3,211,283)	-	(1,415)	-	4,372,967	4,213,251
- Increment appraisal	7,609,155	-	(2,313)	-	7,606,842	(401,523)	(308,410)	172	-	(709,761)	-	-	-	7,207,632	6,897,081
Machinery and pipes															
- Cost	25,687,243	-	-	261,837	25,949,080	(10,771,954)	(650,238)	-	-	(11,422,192)	-	-	-	14,915,289	14,526,888
- Increment appraisal	24,373,535	-	-	-	24,373,535	(1,436,021)	(1,143,798)	-	-	(2,579,819)	-	-	-	22,937,514	21,793,716
Tools and factory equipment	4,221,396	33,977	(17,369)	4,915	4,242,919	(3,682,344)	(59,200)	17,345	-	(3,724,199)	-	-	-	539,052	518,720
Furniture, fixtures and office equipment	262,423	5,974	(3,797)	(742)	263,858	(216,414)	(17,268)	3,554	225	(229,903)	-	-	-	46,009	33,955
Vehicles	1,000,156	11,104	(11,869)	-	999,391	(956,855)	(8,046)	9,068	-	(955,833)	-	-	-	43,301	43,558
Increment appraisal - Other	1,124,265	-	-	-	1,124,265	(184,716)	(138,442)	-	-	(323,158)	-	-	-	939,549	801,107
Major spare parts	1,104,981	-	-	(75,112)	1,029,869	-	-	-	-	-	-	-	-	1,104,981	1,029,869
Construction in progress	3,357,506	588,918	(3,115)	(354,322)	3,588,987	-	-	-	-	-	-	-	-	3,357,506	3,588,987
Machinery under installation	778,463	102,133	-	(16,202)	864,394	-	-	-	-	-	-	-	-	778,463	864,394
Total	79,276,158	742,106	(43,196)	(153,734)	79,821,334	(20,723,295)	(2,511,212)	31,958	225	(21,202,324)	-	(1,415)	-	58,551,448	56,619,010

Changes in property, plant and equipment for the year ended 31 December 2008, are summarised as follows:

(in thousand Baht)

Separate financial statements				Cost/revaluation			Accumulated depreciation			Allowance for impairment			Book value	
At 1 January 2008	Additions	Disposals/ Write off	Transfers, net	At 31 December 2008	At 1 January 2008	Depreciation	Disposals/ Write off	Transfers, net	At 31 December 2008	At 1 January 2008	At 31 December 2008	At 1 January 2008	At 31 December 2008	
Land and land improvement	2,289,347	19,810	1,983	2,308,983	-	-	-	-	-	-	-	2,289,347	2,308,983	
Leasehold improvement	46,176	-	-	46,176	(44,770)	(1,204)	-	-	(45,974)	-	-	1,406	202	
Buildings and structures														
- Cost	7,372,306	-	29,570	7,401,876	(2,842,718)	(184,776)	-	-	(3,027,494)	-	(1,415)	4,529,588	4,372,967	
- Increment appraisal	7,609,155	-	-	7,609,155	(92,848)	(308,675)	-	-	(401,523)	-	-	7,516,307	7,207,632	
Machinery and pipes														
- Cost	25,289,007	-	398,236	25,687,243	(10,136,232)	(635,722)	-	-	(10,771,954)	-	-	15,152,775	14,915,289	
- Increment appraisal	24,373,535	-	-	24,373,535	(316,625)	(1,119,396)	-	-	(1,436,021)	-	-	24,056,910	22,937,514	
Tools and factory equipment	4,114,821	16,823	90,544	4,221,396	(3,623,148)	(59,954)	758	-	(3,682,344)	-	-	491,673	539,052	
Furniture, fixtures and office equipment	270,998	6,275	3,040	262,423	(216,038)	(18,063)	17,687	-	(216,414)	-	-	54,960	46,009	
Vehicles	1,010,152	6,949	-	1,000,156	(963,298)	(10,502)	16,945	-	(956,855)	-	-	46,854	43,301	
Increment appraisal - Other	1,124,265	-	-	1,124,265	(46,275)	(138,441)	-	-	(184,716)	-	-	1,077,990	939,549	
Major spare parts	1,088,630	-	16,351	1,104,981	-	-	-	-	-	-	-	1,088,630	1,104,981	
Construction in progress	3,258,989	651,525	(553,008)	3,357,506	-	-	-	-	-	-	-	3,258,989	3,357,506	
Machinery under installation	767,667	65,453	(54,657)	778,463	-	-	-	-	-	-	-	767,667	778,463	
Total	78,615,048	766,835	(67,941)	79,276,158	(18,281,952)	(2,476,733)	35,390	-	(20,723,295)	-	(1,415)	60,333,096	58,551,448	

Depreciation charges of the Group for the year ended 31 December 2009 of Baht 1,081 million (2008: Baht 1,058 million) in the consolidated financial statements and of Baht 921 million (2008: Baht 910 million) in the separate financial statements, are presented as cost of manufactured goods and selling and administrative expenses. Depreciation of asset revaluation for 2009 of Baht 1,625 million (2008: Baht 1,598 million) in the consolidated financial statements and of Baht 1,590 million (2008: Baht 1,567 million) in the separate financial statements are shown net of surplus on fixed assets revaluation in equity.

The gross amount of the Group's fully depreciated buildings and equipment that was still in use as at 31 December 2009, amounted to Baht 6,872 million (2008: Baht 6,389 million) in the consolidated financial statements and of Baht 5,401 million (2008: Baht 4,968 million) in the separate financial statements.

Most of the land, buildings, machinery and equipment are mortgaged or pledged as collateral for the long-term loans. The book value of such assets used as collateral as at 31 December 2009 is approximately Baht 40,796 million (2008: Baht 43,136 million) in the consolidated financial statements and Baht 40,456 million (2008: Baht 42,762 million) in the separate financial statements.

15 Surplus on fixed assets revaluation

In the manufacturing process of LDPE & EVA plastic and Cement, the Company has to annually maintenance and overhaul the machinery, for the period of 2 weeks to one month, in order to replace all defect parts so that the machinery are always in a good condition and that it can run efficiently and continuously every day for 24 hours without being shut down.

In August 2007, Company hired a foreign independent appraiser, SELECTRADE AG, to appraise the value of certain items of its manufacturing plant, machinery and factory equipment of cement and dry mortar including distribution terminals. The value of these assets, the original cost of which was Baht 29,140 million (book value of Baht 17,280 million), was appraised at USD 1,320 million, equivalent to reappraisal book value of Baht 45,497 million, calculated using the rate of Baht 34.4560 to USD 1 at the appraisal date. The appraised value is based on the Replacement Time Value, taking into consideration the replacement value and the remaining life of an asset which is the current acquisition cost of assets with the same layout, capacity and technological standard as the assets valued, including capitalised interest costs. As a result of this reappraisal, the carrying amounts of total assets and equity at that date increased by Baht 28,217 million in the consolidated and the separate financial statements (compared with the original cost). As at 31 December 2009, the remaining portion of surplus on assets revaluation amounted to Baht 25,542 million in the consolidated and the separate financial statements (2008: Baht 26,689 million).

However, buildings, machinery and other related equipment with book value of Baht 1,503 million have not been revalued by independent appraisers as the nature and use in the Company's operations is different from the revalued assets.

In addition, in October 2007, the Company hired a foreign independent appraiser, JOHN FOORD (ASIA) PTE LIMITED, to appraise the value of its LDPE and EVA plastic manufacturing plant and machinery. The value of these assets, the original cost of which was Baht 3,594 million (book value of Baht 1,515 million), was appraised at USD 188 million, equivalent to reappraisal book value of Baht 6,405 million, calculated using the rate of Baht 34.1228 to USD 1 at the appraisal date. The appraised value is based on the Fair Market Value which is the current acquisition cost of assets with the same layout, capacity and technological standard as the assets valued, including capitalized interest costs. As a result of this reappraisal, the carrying amounts of total assets and equity at that date increased by Baht 4,890 million in the consolidated and the separate financial statements (compared with the original cost). As at 31 December 2009, the remaining portion of surplus on assets revaluation amounted to Baht 3,950 million in the consolidated and the separate financial statements (2008: Baht 4,396 million).

In 2009, Thai Nitrate Co., Ltd. (joint venture) hired independent appraisers to appraise the value of its machinery based on the replacement value, which was the current acquisition cost of assets with the same layout, capacity and technological standard as the assets to be valued, which resulted in the increment of the machinery's value. On the appraisal date, the joint venture adjusted unrealised increment for asset appraisal by the increment of revaluation and adjusted accumulated depreciation in proportion to the increase in such unrealised increment. Such appraisal of the machinery resulted in the increase of Baht 600 million in the machinery appraisal value (proportion in the consolidated financial statement amounted to Baht 300 million). Accumulated depreciation of such appraisal increase also increased by Baht 424 million (proportion in the consolidated financial statement amounted to Baht 212 million).

Notes to the financial statements

TPI Polene Public Company Limited and its Subsidiaries

For the years ended 31 December 2009 and 2008

Details of changing in surplus on fixed assets revaluation

(in thousand Baht)

	At 1 January 2008	Change during the Year Decrease	At 31 December 2008
Company			
Building	7,609,155	(2,313)	7,606,842
Machinery	24,373,535	-	24,373,535
Other	1,124,265	-	1,124,265
	33,106,955	(2,313)	33,104,642
<i>Less Accumulated depreciation</i>			
Building	(401,523)	(308,238)	(709,761)
Machinery	(1,436,021)	(1,143,798)	(2,579,819)
Other	(184,716)	(138,442)	(323,158)
	(2,022,260)	(1,590,478)	(3,612,738)
Separate financial statements	31,084,695	(1,592,791)	29,491,904
Joint venture			
Machinery	729,226	300,176	1,029,402
<i>Less Accumulated depreciation</i>	(333,698)	(239,637)	(573,335)
	395,528	60,539	456,067
Consolidated financial statements	31,480,223	(1,532,252)	29,947,971

16 Intangible assets

(in thousand Baht)

	Consolidated and Separate financial statements		
	Cost of raw material resources and cost of concessions	Software licenses	Total
Cost			
At 1 January 2008	677,536	21,168	698,704
Additions	22,817	5,668	28,485
At 31 December 2008 and 1 January 2009	700,353	26,836	727,189
At 31 December 2009	700,353	26,836	727,189
Accumulated amortisation			
At 1 January 2008	(292,152)	(15,779)	(307,931)
Amortisation charge for the year	(24,762)	(934)	(25,696)
At 31 December 2008 and 1 January 2009	(316,914)	(16,713)	(333,627)
Amortisation charge for the year	(26,317)	(2,509)	(28,826)
At 31 December 2009	(343,231)	(19,222)	(362,453)
Net book value			
At 31 December 2008	383,439	10,123	393,562
At 31 December 2009	357,122	7,614	364,736

Notes to the financial statements

TPI Polene Public Company Limited and its Subsidiaries

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17 Other non-current assets

	Note	Consolidated financial statements		(in thousand Baht) Separate financial statements	
		2009	2008	2009	2008
Prepaid rental	39	199,302	198,210	146,201	148,126
Advance payments for machinery	38	509,106	386,060	318,908	327,563
Land under development		233,423	233,423	233,423	233,423
Deposits		28,293	19,353	18,745	15,946
Other receivables		2,173	7,135	2,173	7,135
Others		7,732	5,481	7,732	5,483
Total		980,029	849,662	727,182	737,676

18 Interest-bearing liabilities

18.1 Interest-bearing liabilities are summarized as follow:

				(in thousand Baht)	
		Consolidated financial statements		Separate financial statements	
	Note	2009	2008	2009	2008
Current					
Bank overdrafts					
unsecured		124,218	334,016	98,197	284,954
Short-term loans from financial institutions					
unsecured		158,843	226,378	158,843	226,378
Bank overdrafts and short-term loans from financial institutions		283,061	560,394	257,040	511,332
Current portion of long-term liabilities					
secured		3,887,069	-	3,854,307	-
unsecured		1,118,996	-	1,098,520	-
		5,006,065	-	4,952,827	-
Current portion of long-term liabilities under debt restructuring					
secured		-	4,059,638	-	3,955,431
unsecured		-	2,282,460	-	2,203,487
		-	6,342,098	-	6,158,918
Long-term liabilities under debt restructuring under consideration by the court					
unsecured	4	-	3,806,688	-	3,806,688
		-	3,806,688	-	3,806,688
Short-term loans from related party					
unsecured	5	-	-	1,250	321,250
		-	-	1,250	321,250
Current portion of finance lease liabilities		3,851	-	3,851	-
		3,851	-	3,851	-
Non-current					
Long-term loans from financial institutions					
secured		174,203	-	121,186	-
unsecured		34,966	-	26,775	-
		209,169	-	147,961	-
Finance lease liabilities		7,593	-	7,593	-
		7,593	-	7,593	-
Total		5,509,739	10,709,180	5,370,522	10,798,188

Notes to the financial statements

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For the years ended 31 December 2009 and 2008

Bank overdrafts are charged interest at MOR - MOR + 2% per annum in 2009 and 2008.

Short-term loans from financial institutions are charged interest at 6-month LIBOR+2.0% - 3.0% per annum in 2009 (2008: rate at 6-month LIBOR + 3.0% - 4.5% per annum) for loans denominated in foreign currency and at MLR - MLR+0.5% per annum in 2009 and 2008 for Baht loans.

Secured interest-bearing liabilities as at 31 December were secured on the following assets:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Land and buildings	10,579,027	11,126,835	10,285,521	10,833,329
Machinery and equipment	30,216,812	32,009,331	30,169,988	31,928,621
Equity securities	228,027	112,451	228,027	112,451
Total	41,023,866	43,248,617	40,683,536	42,874,401

(in thousand Baht)

As at 31 December 2009 the Group and the Company had unutilised credit facilities totalling Baht 32 million (2008: Baht 7 million and Baht 4 million, respectively).

Finance lease liabilities

Finance lease liabilities as at 31 December were payable as follows:

	Consolidated and Separate financial statements					
	Principal	2009 Interest	Payments	Principal	2008 Interest	Payments
Within one year	4,715	864	3,851	-	-	-
After one year but within five years	10,169	2,576	7,593	-	-	-
Total	14,884	3,440	11,444	-	-	-

(in thousand Baht)

The currency denomination of interest-bearing liabilities as at 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Thai Baht (THB)	3,201,470	2,982,030	3,062,253	3,121,322
United States Dollars (USD)	1,381,360	5,805,854	1,381,360	5,755,570
EURO (EUR)	919,423	1,380,340	919,423	1,380,340
Japanese Yen (JPY)	7,486	540,956	7,486	540,956
Total	5,509,739	10,709,180	5,370,522	10,798,188

(in thousand Baht)

18.2 Long-term liabilities under debt restructuring

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Liabilities under original agreements				
Short-term loans	2,170,510	3,649,225	2,141,844	3,570,252
Long-term loans in foreign currencies	1,955,361	4,745,622	1,955,361	4,745,622
Long-term loans in Baht	752,572	915,815	728,000	811,608
Debentures	21,690	111,781	21,690	111,781
Floating rate notes	62,490	525,137	62,490	525,137
Convertible debentures	43,442	201,206	43,442	201,206
	5,006,065	10,148,786	4,952,827	9,965,606

(in thousand Baht)

Note

Notes to the financial statements

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For the years ended 31 December 2009 and 2008

(in thousand Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2009	2008	2009	2008
Add Long-term liabilities under new agreement		209,169	-	147,961	-
Less Liabilities under debt restructuring under the consideration of the court	4, 27	-	(3,806,688)	-	(3,806,688)
Current portion of long-term liabilities		(5,006,065)	-	(4,952,827)	-
Current portion of long-term liabilities under debt restructuring		-	(6,342,098)	-	(6,158,918)
Long-term liabilities		209,169	-	147,961	-

The currency denomination of long-term liabilities under debt restructuring as at 31 December was as follows:

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Thai Baht (THB)	3,065,808	2,648,014	2,951,362	2,515,118
United States Dollars (USD)	1,224,891	5,604,658	1,224,891	5,554,374
EURO (EUR)	917,049	1,355,158	917,049	1,355,158
Japanese Yen (JPY)	7,486	540,956	7,486	540,956
Total	5,215,234	10,148,786	5,100,788	9,965,606

During the years 2000-2008, the Company and its subsidiary operated according to the Master Restructuring Agreement, which had an initial period of 5 years from year 2000 to 2004 with 3 twelve-month extendable periods (totalling 8 years) or until 31 December 2007. On 11 December 2007, the Central Bankruptcy Court issued an order to approve the extension of the implementation period of the Plan of the Company and its subsidiary for a further one year to 31 December 2008.

Subsequently, on 19 January 2009, the Central Bankruptcy Court issued an order to terminate the business rehabilitation proceedings of the Company and its subsidiary. At present, the Company and its subsidiary are in the process of negotiating with the financial institution creditors to extend the repayment schedule of outstanding debts (see Note 4.1).

19 Trade accounts payable

(in thousand Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2009	2008	2009	2008
Related parties	5	74,804	163,617	76,655	159,008
Other parties		1,874,370	1,379,341	1,727,611	1,115,221
Total		1,949,174	1,542,958	1,804,266	1,274,229

The currency denomination of trade accounts payable as at 31 December was as follows:

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Thai Baht (THB)	1,425,484	1,249,680	1,280,888	983,557
United States Dollars (USD)	483,830	229,785	483,518	229,785
EURO (EUR)	38,250	37,741	38,250	35,135
Swiss Francs (CHF)	1,610	19,602	1,610	19,602
Others	-	6,150	-	6,150
Total	1,949,174	1,542,958	1,804,266	1,274,229

Notes to the financial statements

TPI Polene Public Company Limited and its Subsidiaries

For the years ended 31 December 2009 and 2008

20 Other current liabilities

	Consolidated		Separate	
	financial statements		financial statements	
	2009	2008	2009	2008
Other payables	359,466	710,053	326,641	373,063
Accrued expenses	585,143	652,814	520,537	574,732
Deposit from sales	205,262	120,922	166,401	120,647
Accrued value added tax	18,551	47,494	14,658	43,445
Accrued withholding tax	14,290	12,053	12,153	9,849
Guarantee and deposits	153,526	135,766	152,336	134,758
Retention payable	48,810	70,398	39,700	45,683
Others	249,493	97,954	217,028	95,282
Total	1,634,541	1,847,454	1,449,454	1,397,459

21 Other non-current liabilities

		Consolidated		Separate	
		financial statements		financial statements	
		2009	2008	2009	2008
Unearned gain from sale of land	5	-	-	195,204	195,204
Guarantee		29,504	27,007	-	-
Others		6,074	12,432	(68)	5,787
Total		35,578	39,439	195,136	200,991

22 Provision for fine

On 22 March 2006, the district attorney filed lawsuits against the Company or the Company and others regarding the offences of disclosure of information relating to an offering of the Company's securities prior to the effective date of the registration statement and draft prospectus and dissemination of information which may cause an increase or decrease in the price of the securities. On 3 December 2007, the Criminal Court passed judgement that the Company and others disseminated information on the offering of the Company's shares resulting in an excessive assessment of the share price, which constituted certain offences, and that the Company be fined a sum of Baht 6,900 million. On 15 February 2008, the Company filed an appeal with the Appeal Court against the judgement of the Criminal Court. The Company's legal department and management are of the opinion that the Company is not required to pay the fine pursuant to Section 245 of the Criminal Procedures Code since the court case has not been finalised.

On 18 March 2008, the Company filed a motion with the Criminal Court requesting the Court to cease the legal execution of the judgement; however, the Criminal Court issued an order to dismiss the motion. Subsequently, on 10 April 2008, the Company filed an appeal against the order of the Criminal Court to the Appeal Court through the Criminal Court. Currently, the case is under the process to forward the case to the Appeal Court. On 22 August 2008, the Company also filed an appeal directly with the Appeal Court requesting the Appeal Court to cease the hearing and cease the legal execution of the judgement of the Criminal Court order until the case has become final. Consequently, on 22 January 2009, the Criminal Court read the order of the Appeal Court which ordered that the jurisdiction over the legal execution of the judgement of the Criminal Court order was the duty of the Court of the First Instance to consider, and that the Company had the legal right to file the petition to the Court of the First Instance to consider. The case therefore was dismissed.

In addition, on 23 May 2008, the Office of Special Public Prosecutor of Special Case Section 1, Office of the Attorney General, expressed the opinion on the enforcement of this judgement that "the enforcement of the judgement in this case should be made when the case has become final or the final judgement or order is issued pursuant to provision of the First Paragraph of Section 245 of the Criminal Procedures Code".

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On 5 August 2008, the Criminal Court issued an order appointing executing officers. Subsequently, on 6 August 2008, the Company filed a motion objecting to the appointment of the executing officers with the Criminal Court, which issued an order accepting such motion.

On 8 August 2008, the Court issued a writ notifying an authorised director of the Company to identify the Company's assets. As a result, in 2008, the Company recorded a provision for the fine of Baht 6,900 million in the financial statements. Consequently, on 14 January 2010, the Company filed its motion that Paragraph 1 of Section 29 of the Penal Code contravenes Paragraphs 2 and 3 of Section 39 of the Constitution with the Criminal Court so that the Criminal Court was requested to forward the motion to the Constitution Court pursuant to Section 211 of the Constitution. On 22 January 2010, the Criminal Court dismissed the motion and on 8 February 2010, the Company submitted its appeal against the order of the Criminal Court. Subsequently, on 18 February 2010, the Criminal Court issued its order to have the appeal of the Company together with supporting documents forwarded to the Appeal Court for consideration.

In addition, on 22 February 2010, the Criminal Court issued its order to suspend searching for property and to postpone the appointment to 23 August 2010.

23 Share capital

		(thousand shares/thousand Baht)			
	<i>Par value per share (in Baht)</i>	2009		2008	
		Number	Baht	Number	Baht
Authorised					
At 1 January					
- ordinary shares	10	<u>2,481,500</u>	<u>24,815,000</u>	<u>2,481,500</u>	<u>24,815,000</u>
At 31 December					
- ordinary shares	10	<u>2,481,500</u>	<u>24,815,000</u>	<u>2,481,500</u>	<u>24,815,000</u>
Issued and paid-up					
At 1 January					
- ordinary shares	10	<u>2,019,000</u>	<u>20,190,000</u>	<u>2,019,000</u>	<u>20,190,000</u>
At 31 December					
- ordinary shares	10	<u>2,019,000</u>	<u>20,190,000</u>	<u>2,019,000</u>	<u>20,190,000</u>

24 Additional paid-in capital and reserves

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

Fair value changes and revaluation surpluses

Fair value changes and revaluation surpluses recognised in equity relate to cumulative net changes in the fair value of available-for-sale investments until the investment is derecognised, and the surpluses arising from the revaluations of buildings, machinery and equipment.

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

25 Treasury shares held by a subsidiary

The meeting of the Plan Administrator held on 3 March 2003 approved the donation of 20 million ordinary shares of the Company by assigning a subsidiary company to purchase shares of the Company on the Stock Exchange of Thailand at a price per share not exceeding Baht 17 and paid advances to the subsidiary company of Baht 393 million. In the first quarter of 2003, the subsidiary made purchases of the Company's shares on the Stock Exchange of Thailand totalling Baht 411 million. Of these, 20 million shares purchased by the subsidiary for Baht 333 million are intended to be donated.

26 Segment information

Segment information is presented in respect of the Group's business segments based on the Group's management and internal reporting structure.

Segment revenue and results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Business segments

The Group comprises the following main business segments:

- Cement
- Plastic
- Concrete
- Ammonium nitrate and nitric acids
- Fuel oil, gas and electricity

Business segment information for the years ended 31 December 2009 and 2008 were as follows:

(in thousand Baht)

	Cement		Plastic		Concrete		Ammonium nitrate and nitric acids		Fuel oil, gas and others		Eliminations		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Net sales	12,994,388	13,386,686	7,120,925	8,082,385	3,016,940	3,579,879	651,667	908,416	961,503	734,769	(2,885,372)	(984,257)	21,860,051	25,707,878
Gross profit	2,591,648	4,114,695	1,407,419	1,325,310	82,736	160,265	264,079	375,966	305,622	48,961	170,133	191,555	4,821,637	6,216,752
Net profit (loss)	4,313,927	(6,675,720)	972,696	931,988	(21,806)	(8,401)	148,416	273,748	340,719	(128,536)	(990,525)	173,776	4,763,427	(5,433,145)
Capital expenditures	663,022	680,765	79,084	114,555	23,759	34,479	1,629	1,117	261,582	1,375,452	(135)	(620)	1,028,941	2,205,748
Property, plant and equipment	50,891,376	52,312,206	5,727,634	6,239,242	523,877	589,009	912,125	882,419	2,141,547	1,935,749	(195,185)	(195,185)	60,001,374	61,763,440
Interest-bearing liabilities	4,776,341	10,167,217	594,181	630,971	214,068	305,844	-	-	1,875	1,413	(76,726)	(396,265)	5,509,739	10,709,180

27 Gain on the master restructuring agreement

In 2009, the Company and its subsidiary repurchased debt at a discount price from financial institution creditors of Baht 915 million and Baht 50 million, respectively. Discount on the debt repurchase has been recognised as gain on the master restructuring agreement in the amount of Baht 360 million and Baht 18 million, respectively.

In addition, 10 DRP Participating Creditors of the Company agreed to receive payment of the DRP debt by filing a petition with the Central Bankruptcy Court (see Note 4.2). Discount on debt repurchase of Baht 724 million and forgiveness of interest payable by the Company of Baht 2,015 million, totaling Baht 2,739 million, has been recognised as gain on the master restructuring agreement.

Therefore, these amounts have been recorded as gain on the master restructuring agreement for the year ended 31 December 2009 in the total amount of Baht 3,117 million and Baht 3,099 million, in the consolidated and the separate financial statements, respectively.

28 Other income

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Interest income	21,284	35,579	16,437	26,432
Rental income	127,165	167,028	123,934	164,091
Sale stream	131,749	142,398	131,749	142,398
Revenue from sale of spare parts	30,546	48,969	30,546	48,969
Others	178,682	220,737	193,557	209,355
Total	489,426	614,711	496,223	591,245

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29 Selling expenses

	Consolidated		Separate	
	financial statements		financial statements	
	2009	2008	2009	2008
Personnel expenses	338,178	313,548	274,946	253,658
Depreciation and amortization	37,140	37,200	17,107	26,820
Maintenance expenses	50,196	75,573	45,381	71,070
Delivery expenses	1,896,167	2,181,055	1,850,899	2,159,946
Other selling expenses	615,944	1,119,079	575,519	1,053,017
Total	2,937,625	3,726,455	2,763,852	3,564,511

30 Administrative expenses

	Consolidated		Separate	
	financial statements		financial statements	
	2009	2008	2009	2008
Personnel expenses	400,073	356,882	315,679	269,885
Depreciation and amortization	32,999	29,452	30,866	28,171
Maintenance expenses	98,146	106,050	94,609	102,092
Loss on impairment of assets (reversal)	(5,933)	47,062	-	47,068
Bad and doubtful debt expenses (reversal)	(126,516)	114,815	(123,413)	95,855
Other administrative expenses	469,669	88,294	311,252	168,270
Total	868,438	742,555	628,993	711,341

31 Employee benefit expenses

	Consolidated		Separate	
	financial statements		financial statements	
	2009	2008	2009	2008
Wages and salaries	2,200,220	2,070,844	1,876,075	1,761,128
Others	197,865	248,468	160,832	213,811
Total	2,398,085	2,319,312	2,036,907	1,974,939

The defined contribution plans comprise provident funds established by some companies of the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 10% of their basic salaries and by the companies at from 3% to 10% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

32 Finance costs

		Consolidated		Separate	
		financial statements		financial statements	
		2009	2008	2009	2008
Interest expense :					
Related party	5	-	-	808	2,184
Financial institutions		254,681	836,658	247,294	822,600
Total		254,681	836,658	248,102	824,784

Notes to the financial statements

TPI Polene Public Company Limited and its Subsidiaries

For the years ended 31 December 2009 and 2008

33 Income tax expense

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Current tax expense				
Current year	469,958	453,613	423,631	396,796
Over provided in prior years	(1,494)	(3,476)	(1,494)	(3,476)
Total	468,464	450,137	422,137	393,320

(in thousand Baht)

The current tax expense in the consolidated and separate statements of income is more than/less than the amount determined by applying the Thai corporation tax rate to the accounting profit (loss) for the year principally because of the different treatment for accounting and taxation purposes of certain items of income and expense, in particular, the gain on the master restructuring agreement (in 2009) the provision for fine (in 2008), the dividend income, the interest expense and depreciation on reappraisal increase useful life.

In 2009, the Company repurchased debt at a discount price from financial institution creditors, the Company therefore recorded gain on the master restructuring agreement of Baht 3,099 million. The Company does not consider that the gain is taxable income.

In 2008, as the Criminal Court issued an order to fine the Company in the amount of Baht 6,900 million, the Company therefore recorded such fine as an expense in the financial statements for the period ended 30 June 2008, but has not yet recognised such fine as a deductible taxable expense.

34 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, the Company has been granted privileges by the Board of Investment relating to chemical products, natural gas stations and power plants. The privileges granted include:

- exemption from payment of import duty on machinery and equipment approved by the Board;
- exemption from payment of corporate income tax for certain operations for a period of 8 years from the dates on which the income is first derived from such operations;
- a 50% reduction in the normal income tax rate on the net profit derived from certain operations for a period of 5 years, commencing from the expiry date in (b) above; and
- a deduction of twice the actual transportation, electrical and water supply expenses for a period of 10 years from the respective revenues and a 25% reduction of the capital expenditure for the installation or the construction of the facilities in addition to the normal depreciation.

As a promoted company, the Company and its subsidiary must comply with certain terms and conditions prescribed in the promotional certificates.

Summary of revenue from promoted and non-promoted businesses:

	Consolidated financial statements					
	2009			2008		
	Promoted business	Non-promoted business	Total	Promoted business	Non-promoted business	Total
Export sales	-	4,652,119	4,652,119	-	5,302,847	5,302,847
Local sales	328,733	19,764,571	20,093,304	1,434,920	19,954,368	21,389,288
Eliminations	(305,652)	(2,579,720)	(2,885,372)	-	(984,257)	(984,257)
Total Revenue	23,081	21,836,970	21,860,051	1,434,920	24,272,958	25,707,878

(in thousand Baht)

Notes to the financial statements

TPI Polene Public Company Limited and its Subsidiaries

For the years ended 31 December 2009 and 2008

(in thousand Baht)

Separate financial statements

	2009			2008		
	Promoted business	Non-promoted business	Total	Promoted business	Non-promoted business	Total
Export sales	-	2,963,910	2,963,910	-	5,302,847	5,302,847
Local sales	-	15,463,194	15,463,194	1,434,920	14,731,304	16,166,224
Total Revenue	-	18,427,104	18,427,104	1,434,920	20,034,151	21,469,071

The Company's promotional privileges relating to chemical products have expired during year 2008.

35 Earnings (loss) per share

Basic earnings (loss) per share

The calculations of basic earnings (loss) per share for the years ended 31 December 2009 and 2008 were based on the profit (loss) for the year attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the year as follows:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Profit (loss) attributable to equity holders of the Company (basic)	4,763,427	(5,433,145)	5,283,522	(5,743,732)
Number of ordinary shares outstanding at 1 January	2,019,000	2,019,000	2,019,000	2,019,000
Effect of own shares held by a subsidiary	(22,216)	(22,216)	-	-
Weighted average number of ordinary shares outstanding (basic)	1,996,784	1,996,784	2,019,000	2,019,000
Earnings (loss) per share (basic) (in Baht)	2.39	(2.72)	2.62	(2.84)

36 Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because loan interest rates are mainly floating. The Group is primarily exposed to interest rate risk from its borrowings (Note 18).

The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature or re-price were as follows:

	Consolidated financial statements	
	Effective Interest rate	Within 1 year
	(% per annum)	(in thousand Baht)
2009		
Current		
Bank overdraft and short-term loans from financial institutions	6.50 - 8.13	283,061
Current portion of long-term liabilities	MLR - 2, 3 - month LIBOR + 1%*	5,006,065
Non-current		
Long-term loans from financial institutions	MLR - 2	209,169
Total		5,498,295

Notes to the financial statements

TPI Polene Public Company Limited and its Subsidiaries

For the years ended 31 December 2009 and 2008

Consolidated financial statements		
	Effective Interest rate	Within 1 year
	<i>(% per annum)</i>	<i>(in thousand Baht)</i>
2008		
Current		
Bank overdraft and short-term loans from financial institutions	4.81 - 9.00	560,394
Current portion of long-term liabilities under debt restructuring and Long-term liabilities under debt restructuring under consideration of the court	MLR - 1, 3 - month LIBOR + 1%*	10,148,786
Total		10,709,180

*The Company and its subsidiary are in the process of negotiating with the financial institution creditors on the above mentioned interest rate.

Separate financial statements		
	Effective Interest rate	Within 1 year
	<i>(% per annum)</i>	<i>(in thousand Baht)</i>
2009		
Current		
Bank overdraft and short-term loans from financial institutions	6.50 - 8.13	257,040
Current portion of long-term liabilities	MLR - 2, 3 - month LIBOR + 1%*	4,952,827
Short-term loans from related parties	4.00	1,250
Non-current		
Long-term loans from financial institutions	MLR - 2	147,961
Total		5,359,078

2008		
Current		
Bank overdraft and short-term loans from financial institutions	4.81 - 9.00	511,332
Current portion of long-term liabilities under debt restructuring and Long-term liabilities under debt restructuring under consideration of the court	MLR - 1, 3 - month LIBOR + 1%*	9,965,606
Short-term loans from related parties	4.00 - 5.50	321,250
Total		10,798,188

*The Company and its subsidiary are in the process of negotiating with the financial institution creditors on the above mentioned interest rate.

Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The Group primarily utilizes forward exchange contracts with maturities of less than one year to hedge such financial assets in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases and sales, denominated in foreign currencies, for the subsequent period.

Notes to the financial statements

TPI Polene Public Company Limited and its Subsidiaries

For the years ended 31 December 2009 and 2008

At 31 December, the Group and the Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

denominated in the following currencies.

		Consolidated financial statements		(in thousand Baht) Separate financial statements	
	Note	2009	2008	2009	2008
US Dollars					
Cash and cash equivalents	6	28,076	8,785	8,462	7,971
Trade accounts receivable	8	194,159	255,680	-	252,819
Interest-bearing liabilities	18	(1,381,360)	(5,805,854)	(1,381,360)	(5,755,570)
Trade accounts payable	19	(483,830)	(229,785)	(483,518)	(229,785)
Gross balance sheet exposure		(1,642,955)	(5,771,174)	(1,856,416)	(5,724,565)
EURO					
Cash and cash equivalents	6	281	251	281	251
Interest-bearing liabilities	18	(919,423)	(1,380,340)	(919,423)	(1,380,340)
Trade accounts payable	19	(38,250)	(37,741)	(38,250)	(35,135)
Gross balance sheet exposure		(957,392)	(1,417,830)	(957,392)	(1,415,224)
Japanese YEN					
Cash and cash equivalents	6	-	39	-	39
Trade accounts receivable	8	-	2,537	-	-
Interest-bearing liabilities	18	(7,486)	(540,956)	(7,486)	(540,956)
Gross balance sheet exposure		(7,486)	(538,380)	(7,486)	(540,917)
Others					
Cash and cash equivalents	6	61	42	61	42
Trade accounts payable	19	(1,610)	(25,752)	(1,610)	(25,752)
Gross balance sheet exposure		(1,549)	(25,710)	(1,549)	(25,710)
Currency forwards - sold		-	750,842	-	750,842

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Company as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on obtaining sufficient collateral from customers before commencing trading. The collateral include bank guarantees, bill of exchange aval by banks, cash guarantees, or the personal guarantee by a creditworthy person. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. However, due to the large number of parties comprising the Company's customer base, Management does not anticipate material losses from its debt collection.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Cash and cash equivalents and current investments in debt instruments, the carrying values approximate their fair values.

Notes to the financial statements

TPI Polene Public Company Limited and its Subsidiaries
For the years ended 31 December 2009 and 2008

Accounts receivable; the carrying values approximate their fair values.

Investments in listed securities; the fair value is based on the last bid prices of the securities on the Stock Exchange of Thailand.

Investments in non-listed securities and debt securities held to maturity; the carrying values approximate their fair values based on their net asset values as indicated by their most recent financial statements.

Accrued interest receivable; the carrying values approximate their fair values.

Prepaid rentals; the fair value is estimated using discounted cash flow analysis based on the Company's weighted average cost of funds for the remaining period of the agreement.

Bank overdraft, trade accounts and notes payable due less than 90 days; the carrying amounts of these financial liabilities approximate their fair values.

Borrowings with maturity periods within one year; the carrying values approximate their fair value.

Accrued interest payable; the carrying values approximate their fair values.

As at 31 December, the carrying amounts of financial assets of the Company and its subsidiaries are significantly different from their fair value as follows:

(in thousand Baht)				
Consolidated financial statements				
2009		2008		
	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
Prepaid rentals	195,636	129,743	198,210	70,690

(in thousand Baht)				
Separate financial statements				
2009		2008		
	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
Prepaid rentals	146,202	96,821	148,126	53,177

Forward foreign exchange contracts

At 31 December the outstanding forward foreign exchange contracts are summarised as follows:

Consolidated and Separate financial statements								
2009					2008			
Currency	Average				Average			
	Amount	contract rate	Contract	Fair value	Amount	contract rate	Contract	Fair value
	(in thousand USD)		(in thousand Baht)		(in thousand USD)		(in thousand Baht)	
Forward contracts sold								
US Dollar	-	-	-	-	21,906	34.28	750,842	766,314
Total			-	-			750,842	766,314

The fair values of forward foreign exchange contracts have been calculated using market rates quoted by the Group's bankers to terminate the contracts at the reporting date.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital which the Group defines as result from operating activities divided by total shareholders' equity, excluding minority interests and also monitors the level of dividends to ordinary shareholders.

37 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<i>(in thousand Baht)</i>				
Capital commitments				
<i>Contracted but not provided for</i>				
Agreements for construction, machine and equipment	2,455,501	577,031	396,548	328,539
Non-cancellable operating lease commitments				
Within one year	59,551	33,388	26,454	19,982
After one year but within five years	93,551	134,035	33,873	35,405
After five years	10,390	23,285	7,253	9,040
Total	163,492	190,708	67,580	64,427
Other commitments				
Unused letters of credit	395,016	284,504	395,016	284,504
Purchase agreement for raw material	1,440,692	4,216,091	1,440,692	4,216,091
Forward contracts - sold (See Note 36)	-	750,842	-	750,842
Bank guarantees	253,890	227,181	182,042	165,107
Total	2,089,598	5,478,618	2,017,750	5,416,544

38 Contingent liabilities

As at 31 December 2009 and 2008, the Company had litigation cases with other companies as follows:

1) On 25 December 2009, a financial institution creditor filed a lawsuit against the Company with the Central Bankruptcy Court regarding breach of the agreement stipulated in the Business Rehabilitation Plan in the amount of Baht 168 million. The Court made an appointment for determination of the issues in dispute and for hearing of witnesses of the plaintiff on 21 April 2010. As at 31 December 2009, such liabilities had been recorded in the amount of Baht 145 million in the consolidated and the separate financial statements.

2) On 6 October 2009, a financial institution creditor filed a lawsuit against the Company with the Central Bankruptcy Court regarding breach of terms and conditions stipulated in the Business Rehabilitation Plan and the Master Restructuring Agreement (forming part of the Business Reorganization Plan) for enforcement of the debts and the mortgage in the amount of USD 32,344,483.41 and EURO 20,115,755.25, respectively. The Court made an appointment for determination of the issues in dispute and for hearing of witnesses of the plaintiff and the Company during June-November 2010. As at 31 December 2009, such liabilities had been recorded in the amount of Baht 2,531 million in the consolidated and the separate financial statements.

3) On 26 May 2009, IRPC Plc., as the plaintiff, submitted a lawsuit against the Company and others in the total of 6 persons to the Southern Bangkok Criminal Court on the charges in relation to Sections 5, 307, 908, 311, 313 and 315 of the Securities and Exchange Act B.E. 2535. The Court set an appointment date for hearing of the case on 15 March 2010.

On 23 December 2008, IRPC Public Company Limited, as the plaintiff, submitted a lawsuit against the Company with the Rayong Provincial Court on the grounds of breach of contract and claim for damages of Baht 228 million. The Company disputed these charges and filed a defence that these matters were not true and that the management of IRPC has no power to submit the contesting that lawsuit against the Company. The Court made an appointment for negotiation or presentation of witnesses of the plaintiff on 1, 9 and 29 April 2010.

4) On 12 September 2007, the Company received a copy of the Award of the Tribunal in Singapore regarding the Clinker sale and purchase agreements between the Company and an overseas company, which provided that the Company shall pay the sum of USD 2,964,151 (or Baht 99 million equivalent) together with interest at the rate of 5% per annum on such amount until the total payment has been made and shall pay legal fees and expenses incurred in relation to the arbitration of USD 572,755 (or Baht 19 million equivalent) to the overseas company and other expenses in connection with the arbitration. On 25 October 2007, the Company submitted a Petition to the Central Intellectual Property and International Trade (the "Court") requesting the Court to

issue its order to repeal the Award because the overseas company did not petition to the Court under the Bankruptcy Act to request for an order for submission of the dispute to the Tribunal, as well as requesting the Court to judge that the Award is unlawful. At present, the case is in the legal proceedings of the Central Intellectual Property and International Trade.

Subsequently, on 8 May 2008, the overseas company submitted a Petition to the Central Intellectual Property and International Trade requesting the Court to enforce the Award of the Tribunal.

On 17 June 2008, the Company filed an objection with the Court against the overseas company's Petition dated 8 May 2008. The Company claimed that the grounds of objection were as same as those in the Company's Petition dated 25 October 2007, requesting the Court to issue its order to repeal the Award of the Tribunal as per the details mentioned above. In addition, the Award of the Tribunal may be contrary to law and public order or good morale of the people.

On 4 August 2008, the Company submitted an application for combination of the above two cases, which was allowed by the Court on 6 August 2008.

At present, the above cases are in the legal proceedings of the Court. The Court made appointment for hearing the judgment on 2 March 2010.

5) On 4 February 2002, the Official Receiver made an order that a certain scheme creditor is entitled to receive a payment for its claim from the Company of Baht 7,274 million (including accrued interest), (being the outstanding debts as at 21 August 2000, the date on which the Official Receiver issued an order for the creditors to file their claims). Consequently, both the Company and that scheme creditor filed petitions to the Central Bankruptcy Court against the order of the Official Receiver. Subsequently, on 28 June 2004, the Central Bankruptcy Court ordered that the scheme creditor is entitled to receive payment of its claim from the Company in the amount of Baht 7,274 million (including accrued interest). As at 21 August 2000, liabilities recorded in the consolidated and the separate financial statements in respect of the creditor totalled Baht 6,952 million and Baht 6,590 million, respectively. The Company has made scheduled payments to the creditor under the debt restructuring agreement and as at 31 December 2009 the outstanding recorded balances totalled Baht 1,057 million in the consolidated financial statements and Baht 1,003 million in the separate financial statements. Currently, the Supreme Court is considering this case.

6) In 1996 and 1997, the Company entered into supply and engineering contracts for the Fourth Cement Plant Project with two overseas companies totalling DM 298 million (or EUR 152 million equivalent) which as at 31 December 2009 were equivalent to Baht 7,326 million (2008: Baht 7,558 million). The Company's legal adviser has an opinion that these contracts have not been completed as the Company's banker has withdrawn finance for the project under the conditions of the borrowings from the bank. As at 31 December 2009, the Company had made advance payments for machinery of Baht 319 million (2008: 328 million), shown as other non-current assets in the consolidated and the separate financial statements. No allowance has been made for any impairment in value of these advance payments or for any other matters relating to the supply and engineering contracts. Management believes that finally the Company would receive such machinery after finance is made available. In May 2001, the Official Receiver ordered payments to be made to two creditors totalling DM 132 million (or EUR 68 million equivalent), including interest. On 4 July 2001, the Company filed petitions with the Central Bankruptcy Court appealing against the decision of the Official Receiver. The Central Bankruptcy Court's decision dated 27 December 2001, ordered the Company to make payments to 2 such creditors totalling DM 93 million (or EUR 47 million equivalent), which as at 31 December 2009 are equivalent to a total of Baht 2,262 million (2008: Baht 2,334 million) including interest charged at the rate of 7.5% per annum. The Company disagreed with the Central Bankruptcy Court's decision and appealed to the Supreme Court on 25 January 2002. Currently, the Supreme Court is considering its decision. The outcome of this matter is presently uncertain and, therefore, the Company has not recorded such liabilities in the financial statements.

7) As at 31 December 2009, the Company and its subsidiaries had contingent liabilities arising from certain claims filed by certain creditors with the Official Receiver in the amount of Baht 65 million. Consequently, the Official Receiver and/or the Central Bankruptcy Court ordered the Company and the subsidiaries to pay such creditors in the amount of Baht 16 million. Currently, both the Company and the creditors have appealed against such order to the Central Bankruptcy Court and the Supreme Court. The Company has not recorded any liability in the financial statements for these claims. The outcome of this matter is presently uncertain and, therefore, the Company has not recorded such liabilities in the financial statements.

39 Long-term lease agreements

The Company and its subsidiary have long-term office building lease agreements with a related company. Previously, the initial lease term for each lease agreement was for 3 years, with the lease being renewable. In July 1999, the Company and a subsidiary entered into a 90 years office building lease agreement with a related company to replace the expired original office building lease agreements in which the Company and a subsidiary made one payment for the whole lease period (the total rental for the 90 years term of the lease is Baht 40,000 per square meter, equivalent to a monthly rental, before discounting cash flows, of Baht 37 per square meter). The annual rental is deducted from the prepaid rentals. Subsequently, on 24 July 2001, the Company and its subsidiary agreed to sign the amendments in addition to the existing office building lease agreements with a related company. The initial period of the lease is for 30 years, commencing from the original date on which the rentals of each respective agreement were prepaid. The related party warranted that the lease would be renewable for another 2 subsequent periods of 30 years under the same conditions, including rental fee as set out in the original agreements.

On 25 August 2006, the Company and its subsidiary registered the lease with the Land Department.

Significant details of long-term office building lease agreements with a related company as at 31 December 2009 and 2008 were as follows:

Type of agreement	Prepaid rentals	(in thousand Baht)	
		Remaining prepaid rentals 2009	2008
The Company			
30 years lease agreement (3 years for original agreement)	143,517	120,159	121,754
30 years lease agreement (90 years for original agreement)	29,669	26,043	26,372
	173,186	146,202	148,126
Subsidiary			
30 years lease agreement (3 years for original agreement)	47,000	39,200	39,720
30 years lease agreement (90 years for original agreement)	11,659	10,234	10,364
	58,659	49,434	50,084
Total	231,845	195,636	198,210

Should either party terminate the lease agreement, the unused prepaid rentals are refundable to the Companies. The Companies agreed in principle to execute a mortgage on the office building as security for the unused prepaid rentals. As at 31 December 2009, there was no mortgage agreement as security for the unused prepaid rentals, so the recoverability of prepaid rentals depends on the ability of the related company to repay.

40 Events after the reporting period

On 8 January 2010, the Company has invested an additional Baht 788 million in TPI Polene Power Co., Ltd., a subsidiary in accordance with the resolution passed at the Company's Board of Directors, meeting held on 25 December 2009.

41 Thai Accounting Standards (TAS) not yet adopted

The Group has not adopted the following new and revised TAS that has been issued as of the reporting date but are not yet effective. The new and revised TAS is anticipated to become effective for annual financial periods beginning on or after 1 January in the year indicated.

TAS	Topic	Year effective
TAS 24 (revised 2007)	Related Party Disclosures (formerly TAS 47)	2011

Management is presently considering the potential impact of adopting and initial application of these new and revised TAS on the consolidated and separate financial statements.

42 Reclassification of accounts

Certain accounts in the 2008 financial statements have been reclassified to conform to the presentation in the 2009 financial statements as follows:

(in thousand Baht)

	2008					
	Consolidated financial statements			Separate financial statements		
	Before reclass	Reclass	After reclass	Before Reclass	Reclass	After reclass
Balance sheet						
Investments in subsidiaries, joint venture and associated companies	134,187	(134,187)	-	3,008,007	(3,008,007)	-
Investments in subsidiaries and joint venture	-	-	-	-	2,872,657	2,872,657
Investments in associates	-	134,187	134,187	-	135,350	135,350
Inventories	4,906,817	(1,104,981)	3,801,836	4,702,651	(1,104,981)	3,597,670
Property, plant and equipment	60,658,459	1,104,981	61,763,440	57,446,467	1,104,981	58,551,448
		-			-	
Statement of income						
Selling and administrative Expenses	4,695,302	(4,695,302)	-	4,487,669	(4,487,669)	-
Selling expenses	-	3,726,455	3,726,455	-	3,564,511	3,564,511
Administrative expenses	-	742,555	742,555	-	711,341	711,341
Management benefit expenses	-	226,292	226,292	-	211,817	211,817
		-			-	

The reclassifications have been made to comply with the classification set out in the Pronouncement of the Department of Business Development Re: Determination of items in the financial statements B.E. 2552 dated 30 January 2009.



ธุรกิจปูนซีเมนต์
Cement Business



ISO 9001



TIS 18001



ธุรกิจคอนกรีตผสมเสร็จ
Ready-mixed Concrete Business



ISO 9001



TIS 18001



OHSAS 18001



ISO 14001



ธุรกิจเม็ดพลาสติก
Plastic Resin Business



บริษัท ทีพีโอ โพลีน จำกัด (มหาชน)
TPI POLENE Public Company Limited

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