



# TPI POLENE

Public Company Limited

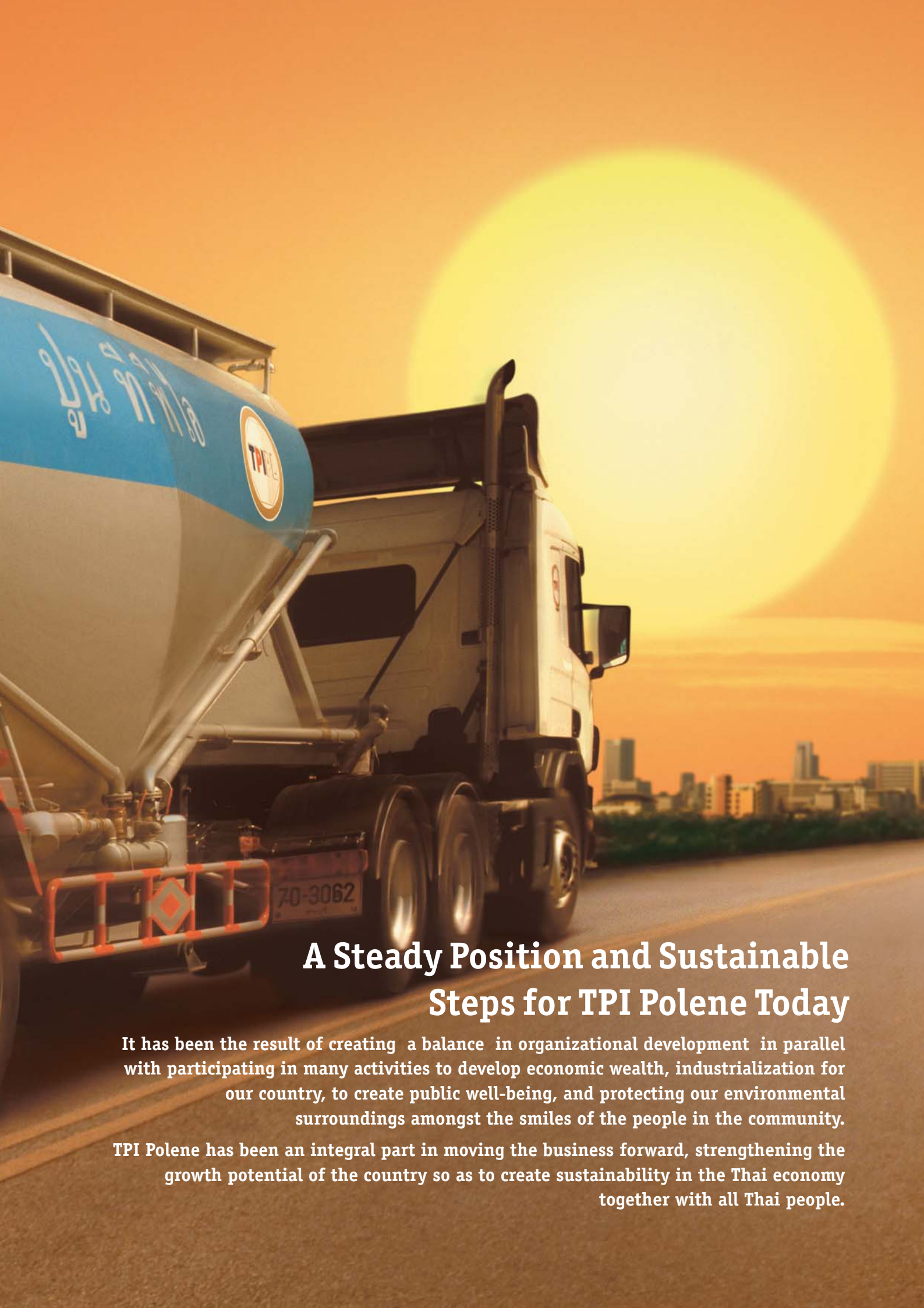


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## **A Steady Position and Sustainable Steps for TPI Polene Today**

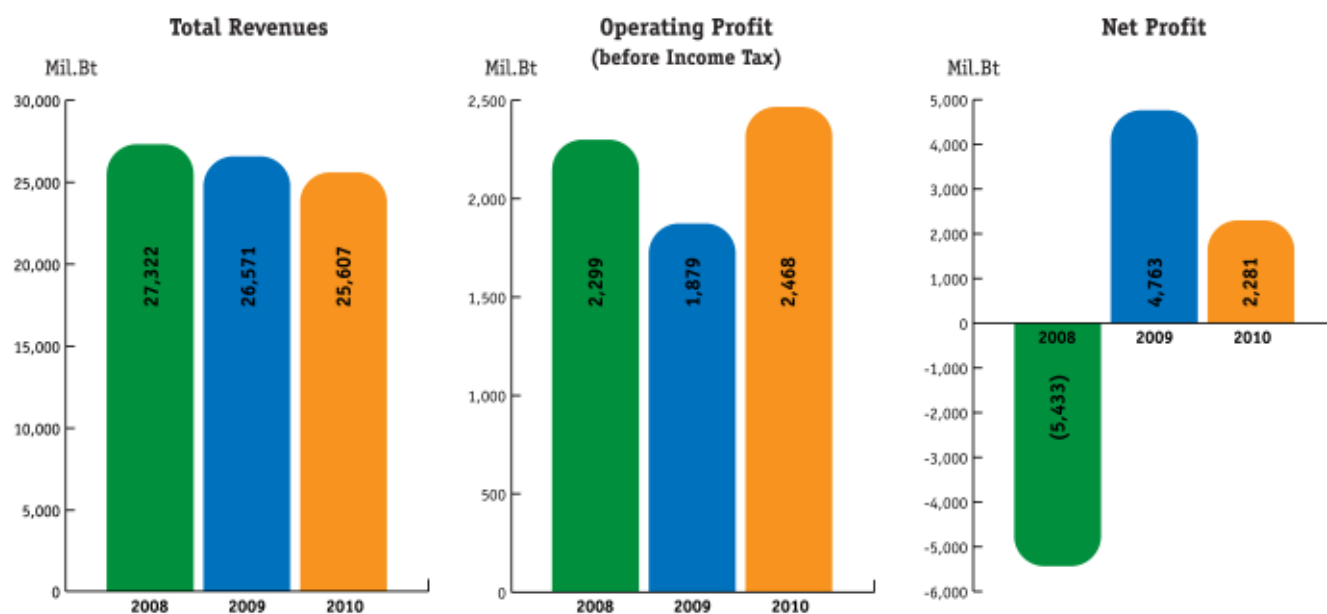
**It has been the result of creating a balance in organizational development in parallel with participating in many activities to develop economic wealth, industrialization for our country, to create public well-being, and protecting our environmental surroundings amongst the smiles of the people in the community.**

**TPI Polene has been an integral part in moving the business forward, strengthening the growth potential of the country so as to create sustainability in the Thai economy together with all Thai people.**

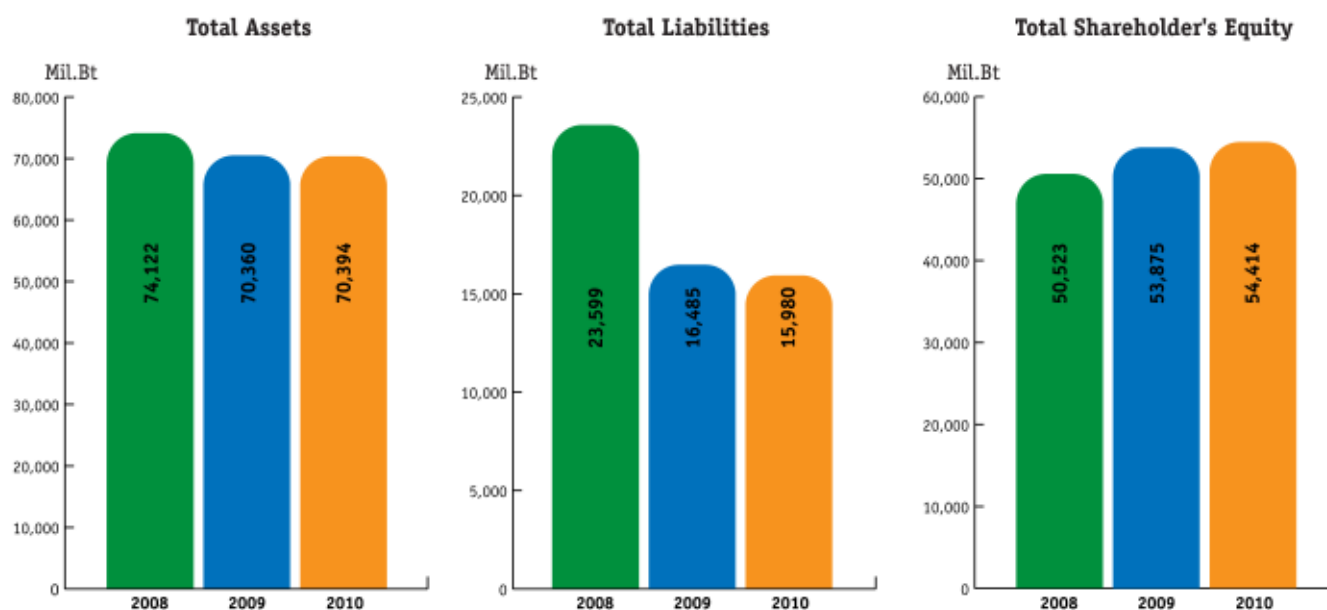
# Financial Highlights

	Unit	2008	2009	2010
<b>Operational Performance</b>				
Total Revenues	(Baht Mil.)	27,322	26,571	25,607
Total Sales	(Baht Mil.)	25,708	21,860	23,744
Gross Profit	(Baht Mil.)	6,217	4,822	5,356
Operating Profit (Loss) before income tax	(Baht Mil.)	2,299	1,879	2,468
Net Profit (Loss)	(Baht Mil.)	(5,433)	4,763	2,281
<b>Financial Status</b>				
Total Assets	(Baht Mil.)	74,122	70,360	70,394
Total Current Assets	(Baht Mil.)	10,614	8,303	8,600
Total Liabilities	(Baht Mil.)	23,599	16,485	15,980
Total Financial Debt	(Baht Mil.)	6,807	5,510	4,520
Total Shareholders' Equity	(Baht Mil.)	50,523	53,875	54,414
<b>Key Financial Ratios</b>				
Gross Profit Margin	(%)	24.18	22.06	22.56
Net Profit Margin	(%)	(19.89)	17.93	8.91
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)	(2.72)	2.39	1.14
Dividend per Share	(Baht)	-	0.10	0.15
Book Value per Share	(Baht)	25.30	26.98	27.25
Debt to Equity Ratio	(times)	0.47	0.31	0.29
Financial Debt to Equity Ratio	(times)	0.13	0.10	0.08

# Total Revenues and Net Profit



# Financial Status



# Corporate Profile

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<b>Company's Name</b>	: TPI Polene Public Company Limited
<b>Abbreviation in the SET</b>	: TPIPL
<b>Registration Number</b>	: 0107537000564
<b>Nature of Business</b>	: Manufacture and sales of cement, ready-mixed concrete and LDPE/EVA plastic resin
<b>Location</b>	
<b>Head Office Location</b>	: 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	: <a href="http://www.tpipolene.co.th">http://www.tpipolene.co.th</a>
<b>Cement Plant Location</b>	: 299 Moo 5, Mittraparp Road, Tambol Tubkwang, Kangkhoy, Saraburi 18260
Tel. Number	: +66 (0) 3633-9111
Fax Number	: +66 (0) 3633-9228-30
<b>LDPE Plant</b>	: 299 Moo 5 Sukhumvit Road, Tambol Chuengnoen, Amphur Muang, Rayong 21000
Tel. Number	: +66 (0) 3861-1333
Fax Number	: +66 (0) 3880-2568
<b>Registered Capital</b>	: Baht 24,815,000,000
Consisting of 2,481,500,000 ordinary shares, at the par value of Baht 10 each.	
<b>Paid-up Capital</b>	: Baht 20,190,000,000
Consisting of 2,019,000,000 ordinary shares, at the par value of Baht 10 each.	
<b>Accounting Period</b>	: January 1 - December 31
<b>Other Relevant Information</b>	:
<b>Share Registrars</b>	: Thailand Securities Depository Company Limited
Office Location	: 4, 6-7 <sup>th</sup> 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
<b>Statutory Auditor</b>	: KPMG Phoomchai Audit Limited.
Office Location	: 195 Empire Building 21-22 <sup>nd</sup> Fl., South Sathorn Road, Kwaeng Yannawa, Sathorn, Bangkok 10120
Tel. Number	: +66 (0) 2677-2000
Fax Number	: +66 (0) 2677-2222
<b>Investors Relation Unit</b>	:
Tel. Number	: +66 (0) 2213-1039 ext. 12982, 12983 and 12985

# Message from the Board of Directors

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**To: Shareholders**

**Dear Sirs,**

In 2010, the overall Thai economy improved in line with the expansion in the export sector and growth in domestic consumption in the country, which was driven by the economic stimulus program, with the enormous amount of funds utilized by foreign countries. This is also the result of the extensive implementation of the Free Trade Area ("FTA"). The Economic Stimulus Program for both financial and treasury policies from the government sector partly supported the recovery of the Thai economy, particularly for the first half of 2010, before there was a signal of the slowdown of the economy for the second half of 2010. Domestic cement consumption in 2010 grew according to the economic situation in the country.

## **Satisfactory Operating Performance**

With the full cooperation of all levels of the Company's staff and high potential in all aspects of the the Company's activities, as well as the group's management to adhere to the policy of emphasizing prudence, consistently mitigated financial risk and ensured that the Company could manage its business operations and maintain appropriate liquidity in the Group. In 2010, consolidated operational results were at a satisfactory level. In 2010, the Company and its subsidiaries reported total revenues and net profits of Baht 25,607 million and Baht 2,281 million compared with Baht 26,571 million and Baht 4,763 million in 2009, respectively. Consolidated normal operating profit increased by 31.33% from Baht 1,879 million in 2009 to Baht 2,468 million in 2010. Our successful progress has been the result of the long-standing dedication of the Management team and the Company's staff to cooperate and overcome all obstacles and crisis until today.

## **Strengthened Financial Position**

In 2010, TPI Polene achieved the mutual solution to sign agreements with most financial creditors on the payment terms and conditions of outstanding debts. As at the end of 2010, the principal debt of the Company was equivalent to Baht 4,520 million, representing 0.08 times of shareholders' equity. It is considered relatively low compared to other companies in the same field of business. This mainly reflects the capability to make principal repayments and the strengthened financial position of the Group, which is considered vital for corporate development to achieve the set target.

## **An Objective to Operate Zero Carbon Emission Projects**

With the Company's long-established commitment to environmental conservation, TPI Polene Group operates the business with the objective of reducing emissions of greenhouse gases (carbon dioxide) to zero. TPI Polene has made investment in the following projects:

### **Waste Heat Recovery Power Plant – Phase 3**

Power Plant Project expansion with an additional capacity of 18 MW output, together with the existing one with a capacity of 36 MW output, and a total production capacity to generate electricity of 54 MW.

### **Refuse Derived Fuel ("RDF") Plant**

Renewal Energy with Alternative Fuel Power Plant, or Refuse Derived Fuel (RDF), is produced by processing waste to boost its fuel value and to recover recyclable materials. The boosted solid waste is then co-fired with coal in the cement production process, enabling us to reduce our coal usage.

### **Pyrolysis Plant**

The Company has consistently developed modern, high-efficiency energy recovery technology using a Pyrolysis Plant, which is designed to generate crude oil and liquid fuel from waste plastic and tyre pyrolysis.

### **Fertilizer Plant**

Humic Fertilizer and TPI Grow Organic Fertilizer were launched in early 2011. These products make use of decomposed organic substances as compost materials, reducing greenhouse gas emissions at the plants to zero to comply with TPI Polene Group's policy.

All of these projects for reducing greenhouse gas emissions as above have been granted promotion certificates from the Board of Investment ("BOI"). They are expected to begin commercial operations in early 2011. All of these projects will not only reasonably help reduce energy costs, but effectively create added value to TPI Polene Group and create considerable economic benefits for the country, as well as help reduce imported energy from overseas. It is of vital significance to the cyclic utilization of resources and that land-filled waste is environmentally clean, and helps to reduce the environmental impact at the source and reduce area usage for the waste. Besides, it also moderates the energy crisis; helps reduce carbon dioxide emissions and reduce greenhouse gas emissions that cause global warming. These projects are of vital



significance to the cyclic utilization of resources, the development of a recycle economy and have considerable economic benefits.

The Pyrolysis Plant is designed to generate quality fuel from waste plastic, which helps eliminate plastic waste. With the development of the global economy, more and more plastics are used in daily life, and consequently, quantities of waste plastic increase dramatically each year. These plastics take quite a long time to decompose and pollution caused by waste plastic has become a serious topic in global environmental protection and has become a serious issue that we try to cope with nationwide.

As for Fertilizer Plant, Humic Fertilizer and TPI Grow Organic Fertilizer help increase crop yields; help farmers to reduce costs for chemical fertilizer usage and create revenue for agriculture. These products help detoxify the soil as they utilize decomposed organic substances as compost materials.

### **Moving forward to be an Excellent Organization**

In 2011, TPI Polene anticipates that demand consumption in the construction sector will be driven by government funding and private sector projects. Demand for cement for infrastructure development is expected to increase as the government seeks to further develop the country's infrastructure under the Thai Kem Kang Operation Plan. Budgeted public spending is expected to increase particularly in infrastructure development, which is expected to represent an important share of cement demand in the country.

In addition, TPI Polene maintains a policy of developing production efficiency and organization management. This includes: improved procurement for raw materials to be in line with market trends; improved operational efficiency will be enhanced to be in parallel with value-added creation for the organization; knowledge base and capability development for employees to adhere to the business dynamic and business growth within TPI Polene Group. Environmental conservation and social responsibility will be cultivated for all levels of employees to achieve the ultimate objective of the Company for a full commitment to Corporate Social Responsibility (CSR).

### **Image of Transparency/ Social and Environmental Responsibility.**

Other than the Company's commitment to operate the business to achieve excellence, the Company placed great importance on fostering a good governance corporate culture throughout the organization, with an emphasis on transparency. With its business growth and strong potential, its security has been selected and listed on SET 50 index, effective July 1, 2010 onwards.

The Company's current success resulted from its long-standing dedication and strong commitment to consistently creating a balance of business and society within the Group. In every step of success, TPI Polene has proven the high potential of the Thai company to be able to compete internationally.

Last but not least, on behalf of the Company, the Company's Board of Directors would like to take this opportunity to thank all related parties for a well-coordinated effort to create successful progress for the organization up until now. We strongly pledge our commitment to develop the organization and the personnel to further enhance sustainable growth of the Company.

**Sincerely Yours,**



**Mr. Visith Noiphan**  
Chairman of the Board



**Mr. Prachai Leopairatana**  
Chief Executive Officer



# Audit Committee's Report for 2010

**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 2010, the Audit Committee convened 5 meetings.

## **1. To review and to evaluate internal control systems.**

The Company and its subsidiaries 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 2011.**

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, CPA registration no. 4623 or Mr. Nirand Lilamethwat, CPA registration no. 2316 or Mr. Vinij Silamonkol, KPMG Phoomchai Audit Limited, CPA registration no. 3378 to be the statutory auditors of the Company for 2011.

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, 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

Presently, it cannot be denied that the world encounters many problems, i.e. serious environment and pollution problems affecting the livelihood of the community around industrial areas, economic problems, social disintegration, and the inability to access higher education, problems which lead to becoming under-privileged in society. All these problems cannot be solved just by the public sector. Many organizations in the private sector are aware of the fact that their businesses cannot survive in the society with such catastrophic problems. Hence, TPI Polene Public Company Limited, as a leading Thai company, has always helped and supported useful activities for the society. The Company is committed to “encourage social development in parallel with industrial development”. All through the years of doing Corporate Social Responsibility (CSR), the Company has consistently focused not only on the environment but also on social development including religious, academic and youth, social, and Thai cultural activities, such as the following:

## Environmental Activities

The Company is committed to promoting environmental conservation and aims to become a Zero Global Warming Impact Company. Therefore, the Company has made investments in the following projects:

Our Refuse-Derived Fuel (RDF) Plant stems from our social responsibility to alleviate local people’s problem from landfill waste disposal, which generates carbon dioxide gas leading to the greenhouse effect and global warming. The RDF Plant would process municipal solid waste to become alternative fuel, or RDF, which will be co-fired with coal in the cement production process. This reduces our coal usage.

Our Pyrolysis Plant helps eliminate plastic waste by processing plastic waste and used tires to become crude oil or liquid fuel.

Our Fertilizer Plant produces TPI Humic Fertilizer (a soil enhancer) and TPI Grow Organic Fertilizer (a plant growth stimulant) to help farmers in an important agriculture sector to use organic fertilizers in order to increase agricultural products. This reduces chemical fertilizer expenses leading to lower costs of production and increasing revenue for farmers. It is also safe for consumers and good for the environment.

In addition, the Company initiated a “growing trees project” to increase forest areas and reduce the global warming effect. In 2010, the management and staff of the Company, including local leaders and students from Tambol Tubkwang, Muaklek, Thaklor, and Mitraparp, in Muaklek District, Saraburi Province, more than 300 people together, grew 3,000 trees at a horse stall area (mine site C), Moo 10, Tambol Tubkwang, Kangkoi District, Saraburi Province. The management and staff of TPI Polene Group also grew 1,000 mangroves to enhance the mangrove forests at Mangrove Forest Resource Development Station 5 in Chonburi province because mangrove is a valuable resource for food and a nursery area for young fish. It increases oxygen into the air and provides protection from storms and prevents the erosion of the coast. The Company also donated 300 bags of cement to Wat Phraborommathat Doi Paasom and built a dam, together with communities, schools, and government agencies, in Kan Basin, an important water source in Sameng District. The Company also planted more than 20,000 trees according to







the 3 forests 4 benefits concept of Reforestation to honor His Majesty the King on the occasion of celebrating the King's 84<sup>th</sup> Birthday in 2011 Project. The Company held these activities for the hope that everyone will have good common sense and cooperate in environmental conservation to bring back the equilibrium of the ecosystem and the rich forests to our land.

### Religious Activities

The Company strongly encourages Buddhist culture for the benefits and prosperity of Buddhism. The Company donated 5,865 tons of TPIPL cement products worth Baht 8,089,657 and 6,559 cubic meters of TPI ready-mixed concrete worth Baht 13,747,524, totaling Baht 21,837,181, to more than 531 temples around the country. The Company also donated Baht 2,142,882 to purchase construction materials and to construct and repair buildings such as Ordination Halls, Meditation Halls, Study Halls, Monastery Halls, Houses for Buddhist priests, Crematoria, Stupas, sanctuaries and areas around the temples for Buddhists. The Company joined the restoration of the roof of the central hall of residence of Wat Arunratchavararam and the building of the multipurpose hall at Wat Prayoonthamaram. The Company made a contribution of Baht 6,000,000 to support Buddhism broadcasting via Buddhist World TV Channel at Wat Yannawa, Bangkok.

The Company also hosted and co-hosted Katin offerings and made donations together with several temples totaling Baht 5,176,773 in 2010 by supporting main events such as:

- hosting katin offering at Wat Sridonmoon, Chiangmai
- co-hosting Royal Katin offering at Wat Pa Darapirom, Chiangmai
- 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 morale and established traditions on children for the benefit of the society in the future. In 2010, the Company made a contribution of Baht 273,941 to support ordinations as follows: Novice Ordination at Wat Pangtri, Monk Group Ordination at Wat Dhammakaya, the 2nd Summer Novice Ordination for honoring merit to His Majesty the King in 2010 at Wat Thadnoi and Wat Kantakian. Therefore, the children would benefit from the mind and brain training and be able to develop themselves to be quality people with good ethics in the country.



## Academic and Youth Activities

There are many interesting academic and youth activities that the Company is proud of, as young people represent our strong future. Children have a good chance to learn hands-on from real life through these activities which help broaden their horizons. In 2010, the Company held many activities and supported many agencies that organized useful activities for young people, but that might lack monetary resources. The activities are as follows:

The Company made a contribution of Baht 139,833 to purchase teaching and learning materials and sports equipment for the Labor Union of Metropolitan Electricity Authority State Enterprise to donate to 770 needy students in Baantungting School, Hinluang, Utom school, Paapoon School, and Community Learning Center BaanSaNgin School, Omkoi, Chiangmai on Children's Day under the "Share Spirit and Make Dreams Come True for Rural Thai Children" project in 2010.

"Visiting Thai Historical and Scientific Learning Places" Project. 230 monks and novices and 25 teachers from Phraphariyattidhamsamunsuksa 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 a sense of gratitude to past and present Royal Thai Monarchs and a sense of national pride. They also paid their respects to the Emerald Buddha for their blessings and visited Anandasamakhom Thron Hall, which was built in the Neo-Renaissance and Neo-Classic architectural style, and decorated with marble from Italy. It was the first congress hall in Thailand and a place where many significant royal and state ceremonies took place. Furthermore, the Arts of the Kingdom from The Foundation for the Promotion of Supplementary Occupations and Related Techniques or the SUPPORT Foundation were displayed in the Hall to show the prosperity of Thai arts and culture. The monks, novices and teachers also visited the Science Museum to gain scientific and technological knowledge and so they would be proud of Thai wisdom and Thai cultural heritage.

"Save the Planet Car Rally 2010" Project from Bangkok to Pattaya. The Environment for Better Life Foundation by TPI Polene Public Company Limited, together with Grand Prix International Co., Ltd., held the car rally on September 18-19, 2010. It was presided over by the Committee and the Secretary of the Foundation. Participants contributed learning and sports equipment to students of Huai Yai School, Chonburi. The Environment for Better Life Foundation contributed educational funds of Baht 50,000, and learning and sports equipment, totaling Baht 81,280. These activities not only bring knowledge and fun, but also benefit those lacking opportunities in our society.





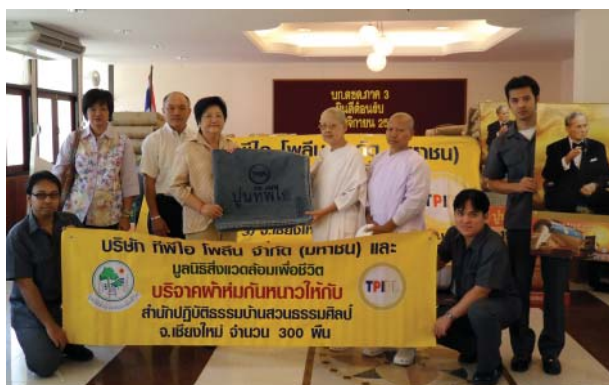
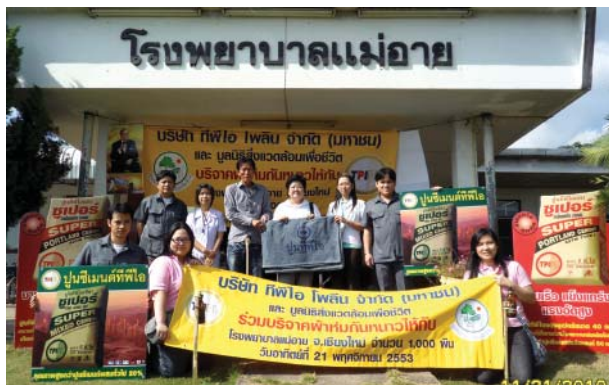
In addition to the above activities, the Company realized the importance of youth education as a strong foundation for the nation in the future. The Company made a contribution of Baht 316,600 for scholarships and educational funds to purchase learning and sports materials for needy students in Baankaomaikwien School, Kangkoi School, Rajamangala University of Technology Ratanakosin, Tubkwang Kindergarten School, etc. The Company also made a contribution of 658 tons of TPIPL cement products such as TPIPL Super Green cement, TPIPL Red Portland Type 1, TPIPL Blue Portland Type5, TPIPL Mortar 197, TPIPL Mortar 199, and ready-mixed concrete, totaling Baht 946,636, to build study buildings, fences and floors and to repair dilapidated buildings at several schools; for example, Rajaprachanukraw Schools in Satul, Lopburi, Baanhwoisompoi School in Chaingmai, Wat Kanongphranua school in Nakornratchasima, Bannhnongkradi School in Supanburi, Baankoksung School in Srisaket, and 32 universities all over the country for their Community Development Volunteer Camps to build buildings and facilities for communities in rural areas. Those universities include Chulalongkorn University, Kasetsart University, Thammasat University, King Mongkut's Institute of Technology Lardkrabang, and Srinakarin University, etc.

## Social Activities

The management and the staff of the Company and the Environment for Better Life Foundation created several good activities for the benefit of society. We made a contribution of 10,000 blankets totaling Baht 1,680,000 together with 2011 calendars depicting the photograph of His Majesty the King, to relieve the cold for those in need in the North-east and the North. Border Patrol Police School, Northeastern center, Khonkaen received 2,500 blankets to further distribute to students in Border Patrol Police Schools. The elderly in Tumbol Kambok, Kamchaeii District, in Mukdaharn received 304 blankets. In the North, we contributed blankets in Chiangmai as follows: 3,000 blankets to Border Patrol Police School, 1,000 blankets to Fang Hospital, 1,000 blankets to Mae Ai Hospital, 1,000 blankets to Wat Jomhmok, Omkoi District, 700 blankets to Wat Sridonmul, and 300 blankets to Baan Suanthamsilp Sanctuary for the sick and hill tribes who suffered from the cold. People in Pai District received 100 blankets. Saint Camillus Foundation of Thailand Camillian Social Center Prachinburi received 96 blankets.

Moreover, The Company made a contribution of Baht 30,000,000 to Srinakarin Day under the Royal Patronage of H.R.H. Princess Maha Chakri Sirindhorn for the Poor Fund, Srinakarin Hospital, Faculty of Medicine, Khonkaen University, whose objectives were to help the poor to access quality medical services, to improve the health of the people, to support medical education of medical students, and to build medical knowledge for the benefits of all people living together healthy and peacefully in the society according to the commitment of Somdej Phra





Srinagarindra Boromarajajonani. In addition, The Company made a contribution of Baht 2,015,880 to foundations, hospitals, governmental agencies and many organizations to support the activities that benefit the society but were short of budget: for instance, the Annual People with Disabilities Day at Baannasarn in Suratthani, Saint Camillus Foundation of Thailand, Thai Disabled Foundation, Thai-China Friendship Association, Bone and Joint Decade Foundation (Thailand), and Statesman General Admiral Prem Tinsulanonda Foundation.

Due to the severe floods in many provinces in Thailand in 2010, the Company distributed TPIPL drinking water to alleviate the sufferings of the people affected by the floods. The Provincial Governor of Saraburi received 6,000 bottles of TPIPL drinking water for the affected people in Saraburi. The Company donated 6,360 bottles of TPIPL drinking water to Muaklek and Kangkoi Districts, local administration Salangan, Wangmuang District, local administration Tha Klor, Kangkhoy District, as well as 2,400 Bottles to municipal office Tontan-Phrayatod and Tubkwang in Saraburi. The Company also donated 720 bottles of TPIPL drinking water to Tourism Authority of Thailand, Lopburi office for affected people in Lopburi, Singburi, and Saraburi. The Company gave life-saving packages with TPIPL drinking water to those in need at Baanpailom Moo 8, Tumbol Suandokmai, Saohai distract, Saraburi. The Company also distributed 1,200 bottles of water for those affected in Nakornratchasima, The Police Wives Association received 1,200 bottles. The Company also made a contribution of drinking water through the "Helping the World" project by Luangta Mahaboowa Nanasampanno to help the people in Tumbol Jorhor, Pakchong District, Nakornratchasima.

Furthermore, the Company also made a contribution of 17,232 bottles of TPIPL drinking water to support useful activities for the society; for instance, the "Children's Day" activity at Songkonklang School in Saraburi, the "Smile Mobile" project at Thasipohnua School, Tumbol Thatoom, and Kangkhoy District in Saraburi, the "Reducing Accident" project during Songkran festival for Police Stations in Saraburi, District Office of Education Saraburi Khet 2, Ministry of Transport, and State Railway of Thailand, etc.



## Promoting Art Work by TPIPL Cement, Preserving Thailand's Unique Identity

The success of TPI Polene Plc. is not only for business but also for corporate social responsibility (CSR). The Company has performed many CSR activities including environmental, religious, youth, social and community development. Moreover, the Company has realized the importance of arts and cultures and has taken part in supporting cultural activities. The Company acknowledges the significance of promoting and preserving the unique identity of our country as well as Thai art and culture since Thailand has a long history as a nation with a unique identity that interests people around the world. Thailand has ancient cities with lots of historical places and sculptures.

The Company witnesses that stucco molding is an art work that manifests skill, creativity and art developed over many years, which can be seen at historical sites around the country. However, the interest of Thai craftsmen has waned and the art of stucco molding might soon vanish. TPIPL intends to keep on promoting art and culture so 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 10<sup>th</sup> Art of Stucco Molding" competition comprising two levels as follows: I. General Public Level with 3 categories i.e. 1. molding stucco under the title of "The Twelve Royal Ceremonies" 2. Molding premixed cement under the title of "Local Tradition" 3. Sculpting of cement under the title of "The Conservation of Wildlife and Environment" II. Youth level molding premixed cement under the title of "Local Fun Play". The competition was held on May 5-9, 2010.

Privy Councilor Kasem Watanachai was honored to preside at the opening ceremony of the 10th Thailand Art of Stucco Exhibition on October 7, 2010 at the National Gallery in Bangkok as well as a mobile exhibition at Baan Damnglae, Muang District, Chiangrai (home of Ajarn Thawan Duchanee, National Artist - Visual Arts). The Company intended to support cultural arts in parallel with the improvement of quality of life in Thai society so as to urge an awareness of Thai artists, new generation kids, and Thai people in the conservation and development of the Art of Stucco to remain a valuable national sculpture for good.

The activities above are part of all activities that TPI Polene Plc. emphasized to enhance the quality of people and society and to manifest our gratitude to the 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, Safety and Environmental Conservation

With our strong intention to develop the organization to the excellence in keeping with sustainable social development in compliance with good governance and the ideal of “Clean and Transparent Thailand where all citizens live happily”, TPI Polene Plc. is aware that our success and long-term growth stem from operational growth together with the acceptance and trust from our community and society. Consequently, the Company’s management has implemented Quality Standard Systems ISO 9001, Environment Standard System ISO 14001, 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 efficiency.



## Quality Management

The Company focuses on producing, distributing and delivering quality products to satisfy customers’ needs. The Company consistently improves the effectiveness of quality control and reduces greenhouse gases. All products of TPI Polene Group were developed under the Quality Control System BS EN ISO 9001:2008. In addition, the Company reviews objectives and targets regarding quality of the Company at least once a year.

By adhering to these standards and continually focusing on quality, TPI Polene Power Company Limited, operating Waste Heat Recovery Power Plant (WHRP), was certified under Quality Standard Systems ISO 9001:2008 on January 5, 2010.

## Health and Safety Management

TPI Polene Group continuously emphasizes Health and Safety as a part of our business operations to prevent all employees and all people involved from overall hazards including work-related injuries and illness. The Company has implemented Health and Safety Management System (OHSAS 18001:2007 /TIS 18001:1999) and has conducted its businesses according to all the rules and regulations of Thailand regarding health and safety in order to reduce and control moderate to severe risks. The Company believes that Health and Safety is a responsibility of executives and employees at all levels; therefore, the Company provides sufficient and proper resources such as personal time, budgets, and training. Additionally, the Company reviews objectives and targets to control risk of the activities of the company at least once a year and uses work performance regarding safety as a factor in performance evaluation of employees.





Regarding public and employee health, the Company seriously considers public health by continuously sending mobile medical units to offer service to the public. The Company extends medical welfare to cover the family of employees. Also, annual medical check-ups are provided for all employees. The Company also responded to help prevent seasonal epidemics by supplying flu H1N1 vaccines to employees and their families.

### Environmental Management

TPI Polene Group is committed to environmental conservation. Hence, the Company properly helps improve and preserve the environment to conform to the environmental standards and regulations and continuously prevents pollution in every aspect of our work. The Company implemented international Environmental Standard System BS EN ISO 14001:2004 to reduce waste and environmental impact. The Company reduces the amount of dust as well as controls the quality of wastewater from the production process. In addition, the Company has a policy to economize energy usage and to handle waste properly as well as to utilize resources effectively. The Company fully supports activities regarding the environment in cooperation with the government, private sectors and local communities. The Company promotes sustainable nature conservation by supporting reforestation and rehabilitation of used mine areas. The Company also reviews objectives and targets regarding the environment and provides suitable knowledge and training about the environment for all levels of employees.

### Laboratory Standard

In addition, the laboratories of our cement plants passed the performance evaluation test under the certified laboratory system of Thai Industrial Standards Institute according to ISO/IEC 17025:2005 and TIS 17025:2548 on February 22, 2010.

### Carbon Label "the Symbol of Environmental-Friendly Production Process

The Company was first awarded the Carbon Label in Thailand and in Asia by the Thailand Greenhouse Gas Management Organization (TGO) for the cement production category in 2008 for decreasing carbon dioxide emissions in the overall production process by 24.35%. The 22 types of products passed the evaluation criteria, of which 11 types were awarded Carbon Label. With our commitment to environmental conservation, the Company has developed consistent environmentally-friendly production processes, enabling 2.83% less carbon emission in 2009 than in 2008.

Fuel Preparation Area / Intrafa Plant

Dept. Mgr. Audit AM step 0,1,2




วันที่ 16 มีนาคม พ.ศ. 2553  
เวลา 09.30 - 10.30 น.

การฝึกซ้อมการดำเนินงาน TPM AM Step 0,1,2  
โดย LMR Mong Tin Wai / Dept. Mgr.  
2. คุณสมานใจ สุวรรณ / Area Mgr.  
3. คุณประสิทธิ์ ชาญชัย / Asst. Sect. Mgr.  
4. คุณสุชาติ เกตุทอง / Sect. Mgr.  
5. คุณสุชาติ เกตุทอง / Asst. Sect. Mgr.  
6. คุณสุชาติ เกตุทอง / Asst. Sect. Mgr.

เรา SGA ร่วมกันทำงาน มุ่งมั่นทำ TPM เพื่อลดต้นทุน

บริษัท กฟผ. โพลี จำกัด (มหาชน)

มุ่งเน้นประกอบธุรกิจตามแบบอย่างด้านบรรษัทภิบาล  
มุ่งเน้นด้านจริยธรรม โปร่งใส เป็นธรรม รับฟังข้อคิด  
สังเกต ข้อเสนอแนะ เคารพสิทธิของผู้อื่น คำนึงถึง  
ผลประโยชน์ของส่วนรวม เคารพสิทธิส่วนบุคคล ภายใต้  
การบริหารจัดการอย่างมีประสิทธิภาพและประสิทธิผล

“ประเทศไทยใสสะอาด ประชาชนอยู่เย็นเป็นสุข”



(ประยงค์ เสือวิเศษ)  
ประธานเจ้าหน้าที่บริหาร

## Energy Management

The Company has participated in a Preparation Project for energy management standards together with the Department of Renewable Energy and Energy Conservation, Ministry of Energy to prepare for ISO 50001 (Energy Management System) in the near future.

## Productive Management

The Company has applied Total Productive Management (TPM), so that everyone shares in the organizational development movement and the opportunities are given for all levels of employee through Small Group Activity (SGA) and Project Team. The project team analyzed jobs to alleviate losses worth Baht 350 million in overall processes in the past year. TPM could be applied in production process development, repair and maintenance, quality control, job improvement of supporting units, and personnel's potential development.

## Social Responsibility Standards

With the ideal of “Clean and transparent Thailand where all citizens live happily”, the Company is committed to do business in accordance with good governance, focusing on the rule of law, transparency, fairness, and responsibility of society, culture and the environment. Together the Company creates sustainable development for personnel, customers, community, and all stakeholders in line with good governance.

The Company has implemented social responsibility standards for the organization covering 7 major issues: organization supervision, human rights, labor, environment, fair operation, consumers, and participation in community development. The Company acts according to 260 standard regulations and 315 provisions. In addition, the Company operates sustainable community development project in education, economy, public health, and environment in order to enhance quality of life in the community towards a sufficient economy concept and unstoppable organizational improvement.

เป็นเลิศด้านผลิตภัณฑ์ เป็นผู้นำด้านการผลิต มุ่งมั่นพัฒนานวัตกรรม สร้างสังคมให้ยั่งยืน



บริษัท กฟผ. โพลี จำกัด (มหาชน)  
TPI POLINE PUBLIC COMPANY LIMITED

ประเทศไทยใสสะอาด ประชาชนอยู่เย็นเป็นสุข

เป็นเลิศด้านผลิตภัณฑ์  
ตอบสนองความต้องการของชุมชน โดยการพัฒนา  
ผลิตภัณฑ์ชุมชนและงานวิจัยที่ตอบโจทย์เชิงคุณภาพ  
ด้วยนวัตกรรมที่เป็นเลิศ

เป็นผู้นำด้านการผลิต  
ผลิตเป็นอันดับต้นๆ ในประเทศไทย ให้ความสำคัญ  
ด้านประสิทธิภาพ ลดการปล่อยก๊าซเรือนกระจก  
ด้วยนวัตกรรมที่เป็นเลิศ มุ่งมั่นพัฒนานวัตกรรม

มุ่งมั่นพัฒนานวัตกรรม  
ส่งเสริมและพัฒนาศักยภาพบุคลากร ปฏิรูปองค์กร และ  
วัฒนธรรมองค์กรสู่ความเป็นเลิศในอุตสาหกรรม มุ่งมั่นให้บริการ  
ขององค์กรเป็นเลิศด้านคุณภาพและสิ่งแวดล้อม

สร้างสังคมให้ยั่งยืน  
ใช้หลักปรัชญาเศรษฐกิจพอเพียงเพื่อบำรุงรักษา  
แหล่งธรรมชาติและสิ่งแวดล้อมทางวัฒนธรรม โดยมุ่งเน้น  
การดูแลและการเติบโตอย่างยั่งยืน



# Corporate Developments in 2010

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 in 2010 can be summarized as follows:

## Waste Heat Recovery Power Plant Expansion – Phase 3

In the year 2010, TPI Polene Power Co., Ltd. (a 99.99%-owned subsidiary) expanded its Waste Heat Recovery Power Plant Project – Phase 3 with an additional capacity of 18 MW output, making an investment of approximately Baht 370 million. This expansion project together with the existing one, a capacity of 36 MW output, brings total production capacity to generate electricity to 54 MW output, which will help reduce energy costs by approximately Baht 750-800 million per annum. All these three phases of Power Plant expansion have been granted promotion certificates from the BOI and commenced commercial operation in early 2011.



The projects as above enable the Company to save energy cost and reduce our environmental impact, cutting carbon dioxide emissions, and reducing emissions of greenhouse gases that cause 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 (“the CDM”), an arrangement under the Kyoto Protocol, which will allow the Company to earn carbon credits under the CDM, enabling us to earn additional operational profits for TPI Polene Group.

## Renewal Energy business with Alternative Fuel Power Plant or Refuse-Derived Fuel – RDF Plant

Additionally, TPI Polene Power has developed advanced thermal processes to operate the Renewal Energy business with an Alternative Fuel Power Plant, with total projected investment of approximately Baht 1,200 million. It is considered a very high growth potential business and involves the mechanical processing of municipal solid waste, land filled waste and non-hazardous industrial waste to generate electricity to use as a substitute for coal. Renewal Energy with Alternative Fuel Power Plant or Refuse-Derived Fuel (RDF) is produced by processing waste to boost its fuel value and to recover recyclable materials. The boosted solid waste is then co-fired with coal in the cement production process, thereby reducing our coal usage by 20-30% per annum. In addition, energy recovery by RDF Combustion can generate electricity to be used within our plants. The aforementioned investments enhance recycling opportunities, lower fossil fuel usage, and reduce emission of the greenhouse gases which cause global warming. This project has been granted promotion certificates from the BOI. It is anticipated to commence commercial operation in early year 2011.





## Development of the Products, which are environmentally friendly

### TPI Humic Fertilizer and TPI Grow Organic Fertilizer

TPI Humic Fertilizer and TPI Grow Organic Fertilizer make use of decomposed organic substances as compost materials, which reduce greenhouse gas emissions at the plants to zero. The organic substance generated from plants, vegetables, leaves and food will be processed using modern technology and thus, we obtain quality products in compliance with standards of the Department of Agriculture and the Land Development Department. Details of the products are as follows:



**TPI Humic Fertilizer** (effectively works as a soil enhancer) is certified for quality in compliance with standards of the Department of Agriculture. Several benefits of Humic Fertilizer are as follows:

1. Improves the structure of soil, conditions of the soil, and retains moisture and is suitable for growing plants to immense size.
2. Increases microbial and soil microorganism's metabolic activity.
3. Stimulates enzyme production in plants and soil; electrolyte allows crops to absorb nutrients, mineral etc.
4. Enables reduction of chemical fertilizer usages.
5. Economical and cost saving.
6. Detoxifies the soil as it is an organic substance.

**TPI Grow Organic Fertilizer** (stimulates plant growth) is certified for quality compliance with standards of the Department of Agriculture. Several benefits of Grow Organic Fertilizer are as follows:

1. Stimulates the plant enzyme, improves soil fertilizer and enhances plant root uptake.
2. Plant growth bio-stimulant/promote nutrient uptake as it is an organic substance.
3. Increases crop yield.
4. Economical and cost saving.
5. Enables reduction of chemical fertilizer usage.

### Cement Mortar Dry Mortar for Lightweight Wall (M220)

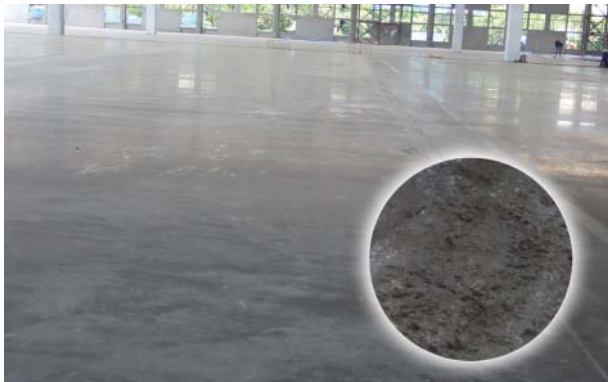
M220 has a characteristic that is made for light concrete walls. It is specially designed to mix with foam pellets (Expanded Poly Styrene – EPS) at an assigned proportion of water to fill in the gaps of walls which are suitably installed with fiber cement sheets provided, to create a lightweight wall. The product is available for cement plaster spraying machines.

### Dry Mortar for Acid Corrosion Resistance (M250)

M250 is developed for coating on the surfaces of concrete walls to prevent corrosion from acid. It is specially designed to plaster lightly on the concrete walls, brick walls or concrete blocks to provide high resistance to corrosion from acid. The acid resistance concentrates until pH3 and is available for mixing with stone to be used for concrete work.

### Ready-Mixed Concrete

TPI Concrete has moved forward to create innovative new product designs as follows:



### **TPI Industrial Floor Concrete**

TPI Industrial Floor Concrete is the new TPI Concrete product, which is well-designed to meet the requirements of industrial applications. With its high performance in strength and durability, polishing on the floor surface can be done easily without floor hardening process. Spalling of the concrete at the surface is minimized.



### **TPI Steel Fiber Concrete**

TPI Steel Fiber Concrete is specially designed for large industrial concrete floors. Its unique feature is the high strength to sustain heavy loads and a flexure efficiently reducing surface cracking of the concrete. Cost-effectiveness can be achieved as there is no need to provide wire meshes in the floor structure.

### **Outstanding Debts**

During 2009-2010, TPI Polene paid off its entire debt to most financial creditors; hence, the outstanding debts of the Company after the termination of the rehabilitation process were reduced considerably.

In July 2010, the Supreme Court issued an order permitting the remaining objecting creditors to file withdrawal motions to withdraw their appeals against the order of the Central Bankruptcy Court. Participating creditors under the Debt Repurchase Program have received cashier's cheques and/or drafts for the debt repurchase; therefore, the Company has no more outstanding debt under the Debt Repurchase Program.



### **Consistently Develop Corporate Growth Potential**

The Company pursues its business operations with a full commitment to good corporate governance, with an emphasis on transparency, social and environmental responsibility, ethics and fairness. TPI Polene is committed to social, cultural and environmental responsibility to be in parallel with promoting growth potential to the human resources, norms revolution and cultural organization to be an excellence in all aspects. The Company strongly believes that an efficient staff is the key driver for corporate success. To this end, the Company has focused on continuous development of our human resources. We aim for our employees to be good, competent, and perform their duties and responsibilities ethically, and with integrity. TPI Polene has a policy to encourage all levels of staff to participate in social assistance activities. Within the Group, we give top priority to fostering employee development. The Company strongly believes that to promote and develop our employees to be good members of society and to be competent will reinforce the sustainable growth of our organization.



In 2010, the Company has focused on the continuous development of our human resources and has undertaken the following activities to enhance employees' efficiency:



**Personnel Management System:** TPI Polene has installed an online Personnel Management System to facilitate the Company's staff efficiency and to reduce expenses for paper usage, for instance, installation of the staff's





employee's competitive skills, special expertise in accordance with their job description.

- **On the job Training:** To encourage coaching sessions and on-the-job training program amongst employees.

**Ethical Issues and the Quality of Life:** The Company placed Buddha statues at several significant spots at the plants for employees and visitors to pay respect to. The Company guards against any drug problems; therefore, we have been certified a White Plant or No-drugs Plant. The Company has been certified to maintain HIV/AIDS workplace standards. Furthermore, The Company had a lot of training including social security benefits one should know, fire drills in high rise building, cervical cancer you can prevent, dharma from famous monks such as Phraratchawichitratipapaan (Jaokhunpipitdhammasoontorn), Phramahasompong Talaputto, Phraponpol Visanno, and Phrakruwinaitorn Wasankantaveero.

**Traditional and Cultural aspects:** In 2010, TPI Polene hosted the Royal Kratin Offering at Dharra Phirom Forest Temple, Chiangmai province; 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 donations of cement for construction and renovation at temples in Saraburi, a total of 507 temples as well as Dharra Phirom Forest Temple, Mahatat Temple, Krabi, Pa Pu Kon Temple, Udonthani and Kao Sukim Temple, etc.

**Productivity Enhancement:** The Company pursues its business operations with a full commitment to improve productivity, environmental protection, health and safety in workplace and corporate social responsibility ("CSR") to be in parallel with developing the growth potential of the business. Course training programs are held to promote activities for human resources, training and encouraging all levels of employees to cooperatively take part in quality improvement, such as ISO 9002 International Standard Institute for surpassing industrial standards, ISO 14001 environmental protection standards, TIS 18001 Health and Safety Management standard and Corporate Social Responsibility ("CSR"). Training programs have been performed to encourage Office Improvement ("OI") to be in line with Total Productive Management ("TPM"), in those departments that support (rather than being directly involved in) production. These departments focus on improving working processes and increasing working efficiency, to improve productivity and extend machine life.

**Use of free time for maximum benefit:** The Company also encourages employees to participate in social activities during their free time. Available activities include a Buddhism club, athletic clubs, a petanque club, a football club, a golf club and table tennis club, etc.

**Encourage saving program:** TPI Polene and TPI Concrete have established a co-operative savings program for employees to encourage saving discipline. This also includes financial assistance offered to employees.

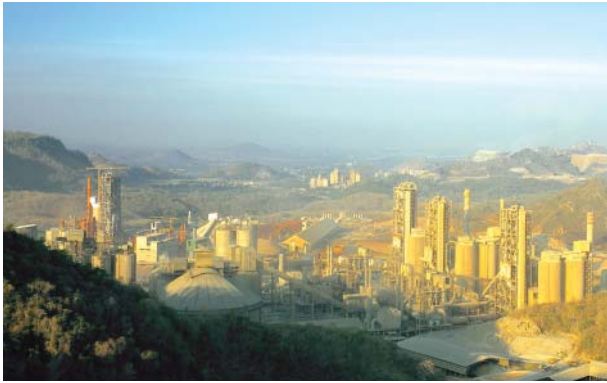
**Employee's welfare:** The Company also supports education for children of employees by providing scholarships for outstanding children, and increased medical aid to employees and their family members. Life and health protection welfare are offered in the form of insurance packages for employees. In addition, the Company also provides vaccines against 2009 swine influenza virus (this also covers H1N1, H3N2, type B) to employees and their family members. The workplace is regularly sprayed with disinfectant and bottles of liquid alcohol, in particular in areas provided for employees and visitors to clean their hands.

leave system, operational performance appraisal system, and time attendance system with finger scan.

**Human Resource Development and Essential Knowledge:** The Company has focused on continuous development of our human resources with an aim to develop potential, to provide every employee with all the knowledge needed to perform productively and to develop every employee's competitive skills and special expertise.

- **Improvement courses and training program:** The Company fosters staff development at all levels to perform their own duties or related tasks with an aim to provide every employee with all the knowledge needed to perform their duties correctly, safely and suitable for each position in the organization.
- **In-house Training:** Our aim is to develop their potential, to provide them with knowledge, to develop every employee's competitive skills, special expertise, and administrative skills to be in line with the Company's direction, targets, objectives and competitive circumstances.
- **External Training:** The Company fosters staff development at all levels through continuous external training with an aim to develop every

# Nature of Business



The Company and its subsidiary are principally engaged in the manufacture and supply of cement and LDPE/EVA plastic resin and operate other related businesses through other companies under TPI Polene Group. The products can be summarized as follows:

## Cement Business

TPI Polene is one of the major manufacturers and distributors of cement products and mortar cement under the brand name “TPI”. 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 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 which has been awarded the Carbon Label for both the Portland cement product and mortar cement. The Carbon Label demonstrates that the producer has submitted data to show that it has significantly reduced carbon dioxide (greenhouse) emissions.

The Company currently operates three cement production plants, using technologically advanced machinery, which are 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.



## LDPE/EVA plastic resin

TPI Polene is the manufacturer and distributor of LDPE/EVA plastic resin and 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.

## Industrial Waste Disposal Business

Presently, TPI Polene also operates an industrial waste disposal business to dispose of industrial waste from nearby industries in the country under a factory license to operate a central waste treatment plant. This project helps eliminate industrial waste from industries, enhance recycling opportunities, lower raw material and fossil fuel usage, develop a recycling economy and brings considerable economic benefits.

## Ready-mixed Concrete

TPI Concrete Co., Ltd. Manufacture (99.9% owned subsidiary company) is the manufacturer and distributor of ready-mixed concrete under the brand name “TPI”







## Organic Fertilizer and Compost Organic Extract Solution

TPI Polene Bio Organics Co., Ltd. (a 99.99% owned by TPI Polene Power Co., Ltd) is the manufacturer and distributor of Humic Fertilizer (which effectively works as a soil enhancer) and Grow Organic Fertilizer (which stimulates plant growth) under the brand name “TPI”. These products make use of decomposed organic substances as compost materials; helping reduce greenhouse gas emissions at the plants to zero to comply with TPI Polene Group’s policy. The above organic fertilizers, which are safe for consumers and the environment, is produced and processed with modern technology in compliance with standards of the Department of Agriculture and the Land Development Department,. The products were launched in the market in early 2011.

## Ammonium Nitrate and Nitric Acid

Thai Nitrate Co., Ltd. (a 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.

## Power Plants

TPI Polene Power Co., Ltd. operates a Waste Heat Recovery Power Plant Project to use energy emitted from cement production to generate electricity, with a capacity of 54 MW per annum. This project has been granted a promotion certificate from the BOI.

## Service Stations and NGV gas stations

TPI Polene Power Co., Ltd. also operates oil service stations and NGV gas stations in Bangkok and provincial areas, under the logo “TPI”. NGV gas stations have been granted promotion certificates from the BOI.

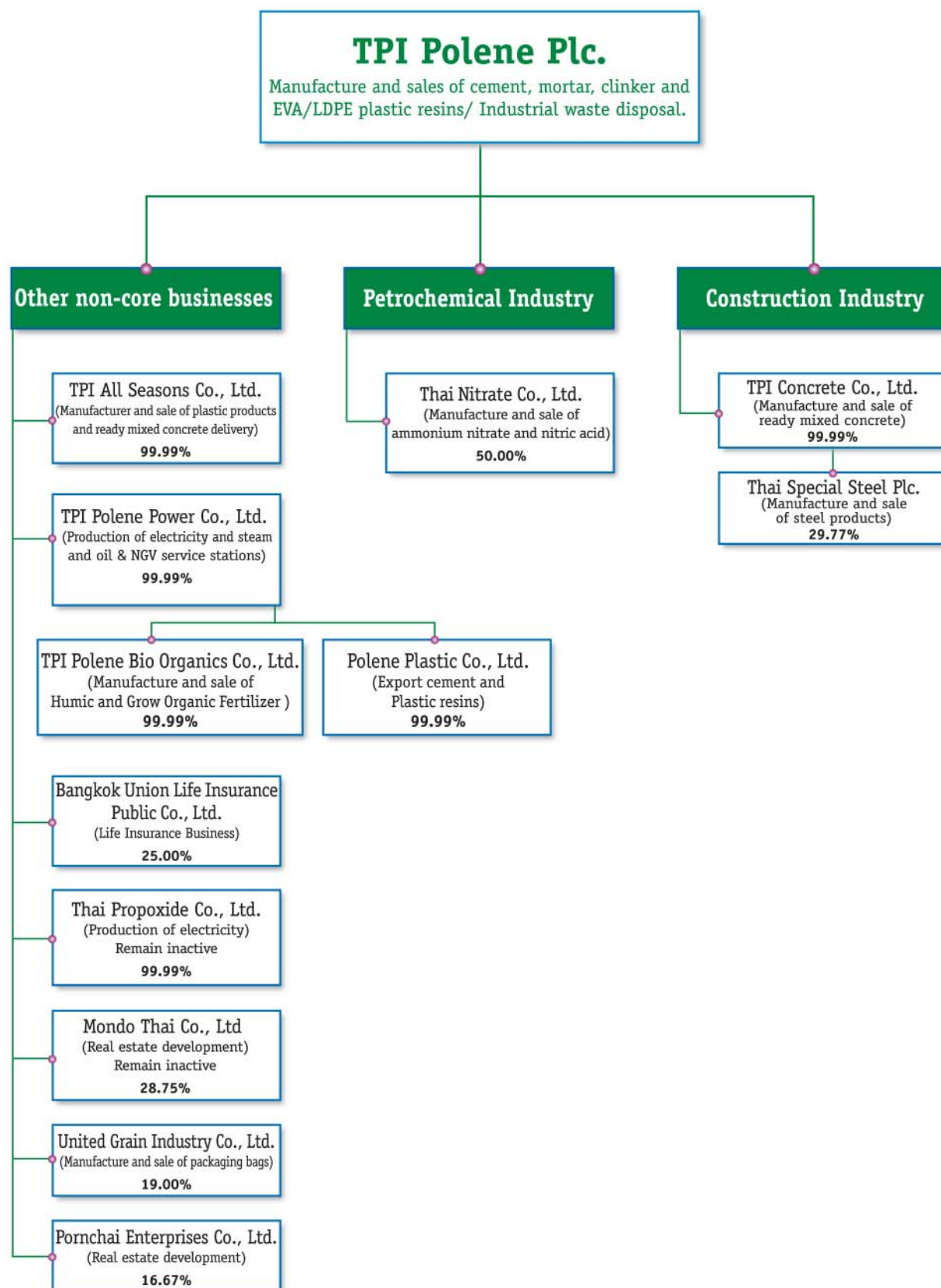
# Sales Revenue Structure

TPI Polene’s investment in reciprocal businesses will generate significant sales revenues and create steady growth for the Group. The sales revenues structure is as follows:

Unit: Baht Million

Product/Service	Operated by	% of TPIPL's shareholding	2008		2009		2010	
			Revenue	%	Revenue	%	Revenue	%
Cement	TPI Polene Plc.	-	13,387	52.07	12,994	59.44	13,477	56.76
Ready-mixed Concrete	TPI Concrete Co.,Ltd.	99.99	3,580	13.93	3,017	13.80	3,306	13.92
Plastic Resin	TPI Polene Plc.	-	8,082	31.44	7,121	32.58	12,377	52.13
Electricity, oil service stations and NGV gas stations	TPI Polene Power Co., Ltd.	99.99	735	2.86	962	4.40	1,340	5.64
Ammonium Nitrate	Thai Nitrat Co.,Ltd.	50.00	908	3.53	652	2.98	783	3.30
Others			(984)	(3.83)	(2,885)	(13.20)	(7,539)	(31.75)
Total			25,708	100.00	21,860	100.00	23,744	10.00

# Business Structure of the Group as at December 31, 2010



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

# Operating Results and Financial Status for 2010

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## Satisfactory Operational Performance

In 2010, the Company and its subsidiaries reported total consolidated sales revenues and total revenues of Baht 23,744 million and Baht 25,607 million respectively, compared with those of Baht 21,860 million and Baht 26,571 million correspondingly in 2009. The Company posted a net profit of Baht 2,281 million (or earning per share of Baht 1.14) in 2010 compared with Baht 4,763 million (or earning per share of Baht 2.39) in 2009, or a decrease of 52.12%. However, normal operating profit in 2010 was Baht 2,468 million compared with Baht 1,879 million in 2009, an increase of 31.33%.

Net profit in 2010 of Baht 2,281 million comprised a normal operating profit of Baht 2,468 million, a gain on foreign exchange of Baht 261 million, corporate taxes of Baht 529 million and a gain on restructured debts under the Business Rehabilitation Plan, as approved by the Central Bankruptcy Court, of Baht 80 million, while net profit in 2009 of Baht 4,763 million comprised a normal operating profit of Baht 1,879 million, a gain on foreign exchange of Baht 236 million, corporate taxes of Baht 468 million and a gain on restructured debts under the Business Rehabilitation Plan, as approved by the Central Bankruptcy Court, of Baht 3,117 million.

## Management of Assets to be in line with Current Liabilities

At year end 2010, the Company's total consolidated assets were Baht 70,394 million, up from Baht 70,360 million in 2009, an increase of Baht 34 million.

At year end 2010, current assets increased to Baht 8,600 million from Baht 8,303 million at year end 2009. Inventory accounted for the highest proportion of current assets, representing 58.47% and 57.09% of current assets in 2010 and 2009, respectively. The 2010 figure reflects the Company having increased its stock of coal. Accounts Receivables represented 21.33% and 20.54% of total current assets, which equated to average collection periods of 29 days and 32 days in year 2010 and 2009, respectively. This reflects efficient management of accounts receivables being decreased over the previous year.

Trade accounts payable at year end 2010 and 2009 were Baht 2,075 million and Baht 1,949 million, respectively, equating to an average payment period of 39 days and 37 days, respectively.

## Consistent Reduction in Liabilities

Total liabilities of the Company decreased to Baht 15,980 million at the end of 2010, from Baht 16,485 million at the end of 2009, a fall of Baht 505 million. This mainly reflects the Company recording partial repayment of debts to financial creditors. Total long-term liabilities increased from Baht 209 million at the end of 2009 to Baht 2,151 million at the end of 2010 as the Company signed agreements with most financial creditors on the repayment terms and conditions of outstanding debts and is currently negotiating similar agreements with the remaining financial creditors.

## Steady Financial Position

As at December 31, 2010 and December 31, 2009, shareholders' equity was Baht 54,414 million (book value per share of Baht 27.25) and Baht 53,875 million (book value per share of Baht 26.98), respectively. This represents an increase of Baht 539 million.

## Strengthened Capital Structure

At the end of 2010, the debt to equity ratio and the financial debt to equity ratio were at 0.29 times and 0.08 times respectively. This is considered relatively low compared to other companies in the same field of business.

## Financial Liquidity for Business Operations

In 2010, consolidated net cash flow decreased by Baht 173 million. This comprises net cash flows from operating activities of Baht 3,349 million; net cash flows from investing activities of Baht 2,454 million; and net cash flows from financing activities of Baht 1,068 million. The Company's cash and cash equivalents at the beginning of 2010 were Baht 1,436 million. By year end 2010, the Company had cash and cash equivalents of Baht 1,261 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

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TPI Polene Group has constantly managed risks to be at controllable and acceptable levels. 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**

39% 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, thus efficiently managing cement production costs. In addition, the Renewal Energy business with Alternative Fuel Power Plant or RDF Plant will begin commercial operations in early 2011, thereby reducing our coal usage by 20-30% per annum.

## **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, 2011

Shareholders	Number of Shares	Shareholding (%)
1. Thai Petrochemical Industry Co., Ltd. <sup>1/</sup>	275,269,816	13.63
2. Leophairatana Enterprises Co., Ltd. <sup>1/</sup>	192,673,325	9.54
3. TPI Holding Company Limited <sup>1/</sup>	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. Thai NDVR Company Limited	66,022,913	3.27
10. Bangkok Bank Public Company Limited	65,769,324	3.26

Note: <sup>1/</sup> 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, 2010, 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 has a total membership 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, 2010

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 Vaivanijskul	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 Bhiraueus	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. 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, 2010

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, 2010

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 the 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 2010, remuneration awarded to the Company's 17 directors in the form of meeting allowances and bonuses was Baht 21,900,426 compared to Baht 20,681,002 in 2009 for 18 directors. Details of remuneration in 2010 are as follows:

Unit : Baht

No.	Name	Position	Meeting allowances	Bonus	Total
1.	Mr. Visith Noiphan	Chairman	1,197,420	95,033	1,292,453
2.	Mr. Prachai Leophairatana	Director	1,197,420	95,033	1,292,453
3.	Mr. Prateep Leopairut	Director	1,197,420	95,033	1,292,453
4.	Mr. Chainarong Taephaisitphongse	Director	1,197,420	95,033	1,292,453
5.	Dr. Pramuan Leophairatana	Director	1,197,420	95,033	1,292,453
6.	Dr. Narasri Vaivanijkul	Director	1,197,420	95,033	1,292,453
7.	Mrs. Boonsri Leophairatana	Director	1,197,420	95,033	1,292,453
8.	Ms. Suchitra Taychanavakul	Director	1,197,420	95,033	1,292,453
9.	Dr. Chavin Iamsopana	Director	1,197,420	95,033	1,292,453
10.	Mr. Prayad Liewphairatana	Director	1,197,420	95,033	1,292,453
11.	Mrs. Orapin Leophairatana	Director	1,197,420	95,033	1,292,453
12.	Mr. Manas Sooksmarn	Director	1,197,420	95,033	1,292,453
13.	Pol.Gen. Charnchit Bhiraleus	Director	1,197,420	95,033	1,292,453
14.	Mr. Pisej Iamsakulrat	Director	1,197,420	95,033	1,292,453
15.	Mr. Tayuth Sriyuksiri	Director	1,197,420	95,033	1,292,453
16.	Mr. Thavich Taychanakul	Director	1,197,420	95,033	1,292,453
17.	Mr. Khantachai Vichakkhana	Director	1,197,420	23,758	1,221,178
Total			20,356,140	1,544,286	21,900,426

#### 1.2 Remuneration of Management

In 2010, remuneration awarded to the Company's 5 Executives including salaries and bonuses was Baht 179,524,900 compared to Baht 170,972,400 for total of 5 persons in 2009.



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 to

1.1 The statutory auditor of the Company for the financial year ended 2010 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 2010 in the amount of Baht 6,720,000.

### Non-Audit Fees

2. The Company paid a consultant fee in the amount of Baht 1,500,000 to KPMG Phoomchai Audit Limited to perform compliance of IFRS accounting standards, which will be implemented in 2011.

### Company Shares Held by the Directors and the Management

Name	Shareholding As at January 11, 2011	Shareholding As at January 11, 2010	Change + (-) in 2010
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 Vaivanijkul	-	-	-
7. Mrs. Boonsri Leophairatana	82,138,536	82,138,536	-
8. Ms. Suchitra Taychanavakul	107,778	107,778	-
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	1,800,042	1,800,042	-
15. Mr. Thavich Taychanavakul	109,118	109,118	-
16. Mr. Tayuth Sriyusiri	17,042,589	17,042,589	-
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.

**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 2010.**

Name	TPI	Subsidiaries <sup>2/</sup>											
	Polene	1	2	3	4	5	6	7	8	9	10	11	12
1. Mr. Visith Noiphan	X	-	-	-	-	-	-	-	-	-	-	-	-
2. Mr. Prachai Leophairatana	//	//x	//x	//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 Bhiraueus	/	-	-	-	-	-	-	-	-	-	-	-	-
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

No.	Subsidiaries	Status
1.	TPI Concrete Co.,Ltd.	Subsidiary company
2.	Thai Propoxied Co.,Ltd.	Subsidiary company
3.	TPI Polene Power Co.,Ltd.	Subsidiary company
4.	TPI All Seasons Co., Ltd.	Subsidiary company
5.	Polene Plastic Co., Ltd.	Subsidiary company
6.	TPI Polene Bio Organics Co., Ltd.	Subsidiary company
7.	Thai Nitrate Co., Ltd.	Joint Venture Company
8.	Thai Special Steel Plc.	Associated company
9.	Mondo Thai Co., Ltd.	Associated company
10.	Bangkok Union Life Insurance Public Co., Ltd.	Associated company
11.	United Grain Industry Co., Ltd.	Related company
12.	Pornchai Enterprises Co., Ltd.	Related company

***The Board of Directors – TPI Concrete Co., Ltd.*** as at December 31, 2010

Name	Position
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, 2010

Name	Position
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 Pattrapana Leopairut	Executive Director

***The Board of Directors – Polene Plastic Co., Ltd.*** as at December 31, 2010

Name	Position
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

***The Board of Directors – TPI Polene Bio Organics Co., Ltd.*** as at December 31, 2010

Name	Position
1. Mr. Prachai Leophairatana	Chairman and Executive Director
2. Dr. Pramuan Leophairatana	Executive Director
3. Mr. Prayad Liewphairatana	Executive Director
4. Mrs. Orapin Leophairatana	Executive Director
5. Miss Pattrapana Leopairut	Executive Director
6. Mr. Pakorn Leopairut	Executive Director
7. Mr. Pakkapol Leopairut	Executive Director
8. Mrs. Achira Chatdarong	Executive Director
9. Mrs. Nitawan Leophairatana	Executive Director
10. Mr. Thanakorn Liewphairatana	Executive Director
11. Miss Chutinan Liewphairatana	Executive Director
12. Mr. Boonyong Wongkittitham	Executive Director
13. Mr. Sakchai Wataaksorn	Executive Director
14. Mr. Vipot Kotbua	Executive Director

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



**Board of Directors** as at January 11, 2011

NAME / AGE / FAMILY RELATION AMONG DIRECTORS & EXECUTIVES	EDUCATIONAL BACKGROUND/ TRAINING	% SHARE HOLDING*	WORK EXPERIENCE		
			DURATION	POSITION	COMPANY/ BUSINESS
<b>Mr. Visith Noiphan</b> 78 years of age -	M.ENG.(Sanitary Engineering) Chulalongkorn University		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.
	B.E. (Civil Engineering) Chulalongkorn University		2001-Present	Independent Director and member of the Audit Committee	Sahaviriya Steel Industrial Plc.
			2001-Present	Chairman	Sahaviriya Plate Mill Co., Ltd.
	Directors Accreditation Program (DAP- No.5/2003)		1999-Present	Chairman	West Coast Engineering Co., Ltd.
			2004-Present	Independent Director	Bangsaphan Barmill Plc.
	Thai Institute of Directors (IOD)		1992-1993	Advisor	The Office Of Prime Minister
				Acting of Permanent Secretary	Ministry of Industry
	Role of the Chairman (RCP) No.20/2008			Deputy Permanent Secretary	Ministry of Industry
			1988-1992	Director General Department of Mineral Resources	Ministry of Industry
	Thai Institute of Directors (IOD)		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
<b>Mr. Prachai Leophairatana</b> 67 years of age Elder brother of Mr. Prateep Leophairut, Dr. Pramuan Leophairatana, and Mr. Prayad Liewphairatana	M.S.E.E. University of California (Berkeley) U.S.A.	4.22	2001-Present	Chief Executive Officer	TPI Polene Public Co.,Ltd.
			1991-Present	Chairman	TPI Concrete Co.,Ltd.
	B.E. (1 <sup>st</sup> Class Hons.)		1991-Present	Chairman	TPI Polene Power Co.,Ltd.
			1991-Present	Chairman	Polene Plastic Co.,Ltd.
	University of Canterbury, New Zealand		1991-Present	Chairman	TPI Polene Bio Organics Co.,Ltd.
			1990-Present	Chairman	Thai Nitrate Co.,Ltd.
	Directors Accreditation Program (DAP- No.35/2005)		1989-Present	Chairman	United Grain Industry Co.,Ltd.
			1988-Present	Chairman	Thai Plastic Film Co.,Ltd.
	Thai Institute of Directors (IOD)		1973-Present	Chairman	Thai Plastic Product Co.,Ltd.
			1981-2006	Chief Executive Officer	Leophairatana Enterprises Co., Ltd.
			1978-2006	Chief Executive Officer	International Plastic Trading Co.,Ltd.
					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.
<b>Mr. Prateep Leophairut</b> 65 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.	0.01	2001-Present	President	TPI Polene Public Co., Ltd.
			1991-Present	Executive Director	TPI Concrete Co.,Ltd.
	B.E. (Industrial Engineering) Chulalongkorn University		1991-Present	Executive Director	TPI Polene Power Co.,Ltd.
			2002-Present	Executive Director	Polene Plastic Co.,Ltd.
	Directors Accreditation Program (DAP- No.28/2004), DCP No.53/2005 Thai Institute of Directors (IOD)		1990-Present	Director	Thai Nitrate Co.,Ltd.
			1989-Present	Director	United Grain Industry Co., Ltd.
	Audit committee Program (ACP) No.8/2005		1989-Present	Director	Thai Plastic Film Co., Ltd.
			1988-Present	Director	Thai Plastic Product Co., Ltd.
	Understanding the Fundamental of Financial Statements (UFS) No.1/2006		1987-Present	Vice Chairman	Bangkok Union Insurance Public Co., Ltd.
			1981-2006	President	International Plastic Trading Co., Ltd.
	Chartered Director Class (CDC) No.5/2009		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
<b>Mr.Chainarong Taephaisitphongse</b> 69 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.
			1973-Present	Director	Bangkok Union Insurance Public Co.,Ltd.
<b>Dr. Pramuan Leophairatana</b> 62 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.
			1991-Present	Executive Director	TPI Concrete Co.,Ltd.
			1991-Present	Executive Director	TPI Polene Power Co.,Ltd.
			2002-Present	Executive Director	Polene Plastic Co.,Ltd.
			2010-Present	Executive Director	TPI Polene Bio Organics 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.
<b>Dr. Narasri Vaivanijkul</b> 78 years of age -	Ph.D. in Management Science The University of Texas at Austin, Texas.  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
<b>Mrs.Boonsri Leophairatana</b> 89 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.
<b>Ms. Suchitra Taychanavakul</b> 87 years of age -	M.6 Sahaiying 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 -2010	Director	United Grain Industry Co.,Ltd.
			1992 -Present	Director	SME Estate Co.,Ltd.

NAME /AGE / FAMILY RELATION AMONG DIRECTORS & EXECUTIVES	EDUCATIONAL BACKGROUND/ TRAINING	% SHARE HOLDING*	WORK EXPERIENCE		
			DURATION	POSITION	COMPANY/ BUSINESS
<b>Dr. Chavin Iamsopana</b> 69 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.
<b>Mr. Prayad Liewphairatana</b> 60 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.
			1991-Present	Executive Director	TPI Concrete Co.,Ltd.
			1991-Present	Executive Director	TPI Polene Power Co.,Ltd.
			2002-Present	Executive Director	Polene Plastic Co.,Ltd.
			2010-Present	Executive Director	TPI Polene Bio Organics 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.
			1981-2006	Director	International Plastic Trading Co.,Ltd.
<b>Mrs.Orapin Leophairatana</b> 64 years of age Mr. Prachai Leophairatana's wife	Political Science (2 <sup>nd</sup> 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.
			2002-Present	Executive Director	Polene Plastic Co.,Ltd.
			2010-Present	Executive Director	TPI Polene Bio Organics Co.,Ltd.
			2010-Present	Executive Director	Thai Petrochemical Industry Public Co.,Ltd.
			Feb 2010-Present	Executive Director	United Grain Industry 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
			April-Dec 1997	Director	Association of Finance Companies
			1977- 1982	Third Secretary	Ministry of Foreign Affairs
<b>Mr.Manas Sooksmarn</b> 76 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  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
<b>Pol.Gen.Charnchit Bhiraueus</b> 66 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
			Jan 2001-Present	Expert	Police Commission
<b>Mr. Pises Iamsakulrat</b> 47 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.
<b>Mr. Thavich Taychanavakul</b> 62 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	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
<b>Mr. Tayuth Sriyuksiri</b> 57 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 63 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	
				Inspector-General	Department of Lands	
	Guest Speaker Training Program- Land Class 2 : Department of Land (1979)		1999-2000	Director of Bureau Authority Land	Department of Lands	
			1998-1999	Land Management Division	Department of Lands	
	Division Director of Security within the Kingdom Program (Ka.Rmn): Royal Thai Army (1979)		1995-1998	Department of Important book	Department of Lands	
			1992-1995	Land Officer- Chonburi	Department of Lands	
			1900-1992	Land Officer- Phuket	Department of Lands	
			1989-1990	Land Officer- Nonthaburi and Bangyai District	Department of Lands	
	Advance Land Management School Program Class 3 : Department of Lands (1984)		1988-1989	Land Officer- Nakhornnayok	Department of Lands	
			1986-1988	Land Officer- Uttaradit	Department of Lands	
	Advance administration Program: Class 30, Institute of Administration Development, Department of Provincial Administration (1993)		1986	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)		1986	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)		1986	Board, Parent and Teacher Association of Triam Udom Suksa School		
				Vice President, Co-operative of The Department of Lands Limited		
Hearing Committee, Office of The Election Commission of Thailand						
Diagnosts Sub Committee, Office of The Election Commission of Thailand						
Committee, Retired Government Officials' Pension Association of Interior Foundation						
		Committee, The Institution of Local Administration, Thailand				
		Committee, Islamic Bank of Thailand				

## OTHER EXECUTIVES

<b>Mr.Prasert Ittimakin</b> 52 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.
<b>Miss. Chularat Danwattanachai</b> 50 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.
<b>Mr. Anugoon Piyapakorn</b> 53 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.
<b>Mr. Pongsak Yiengsakun</b> 56 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

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Throughout 2010, 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, the management and all levels 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 a track record of over 20 years. 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 case there are emergency issues that might affect the interest of the shareholders and/or related to the terms and regulations or any legal issues, to be proposed for an approval in the meeting, the extraordinary shareholders' meeting will be held as the cases may warrant. In 2010, the AGM was held on April 30, 2010 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 statutory auditor and the legal advisor served as moderators in auditing and voting matters. The Chairman performed his role thoroughly as defined by law and the meeting also gave unanimous approval on each agenda item. In the previous year 2010, there was no extraordinary shareholders' meeting

### **2. Delivering Meeting Notices**

The Company assigns Thailand Securities Depository Co., Ltd., its SEC Securities Registrar, to mail meeting notices together with details of the agenda and accompanying documents (both supplementary and supporting) for decision-making of the board of directors. In addition, the Securities Registrar mails the opinion of the Board, minutes of the previous meeting, the annual report, all meeting documents, and proxy forms designed by the Ministry of Commerce, to shareholders at least 7 days ahead of the meeting date. Invitation to the AGM is also announced in newspapers for three consecutive days in advance of the meeting.

The 2010's AGM meeting notice was made available at TPIPL's website at <http://www.tpipolene.co.th> in advance of the meeting date.

### **3. Facilitating Shareholders**

The Company treats all shareholders in a fair manner by arranging for officers to facilitate shareholders and review documents regarding meeting attendance. 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**

Prior to the meeting, the Chairman will introduce directors, statutory auditors and legal advisors, who will act as the moderator. 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 resolution of the Shareholders' meeting to the SET within one day after the meeting ends. 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 and also discloses the minutes of the Shareholders' meeting on the Company's website at <http://www.tpipolene.co.th>

### 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.

In addition, the Company also discloses format of the proxies together with all details and procedures on the Company's website at <http://www.tpipolene.co.th> in advance of the meeting.

**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 investors.

**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

TPI Polene has embraced the Code of Conduct as a policy for all employees. Management has put the Code into practice and abides by strict moral guidelines. The Code of Conduct establishes best practice principles to be followed by the Company's directors, management and staff. It can be summarized as follows:

## 1. Practice to the group, which has conflicts of interest

**1. Shareholders :** In its business operations the Company concentrates on establishing the greatest benefit to shareholders. The accounting and financial 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. The Company's continuously strong financial potential is demonstrated in its ability to make appropriate dividend payments to shareholders.

**2. Customers:** The Company places great emphasis on customer satisfaction through the quality of its products and services, provided at reasonable prices. The Company owned cement factory attained ISO 9001:2000 certification from Anglo Japanese America Registrars (AJA). For the manufacturing of plastic resin and ready-mixed concrete, the Company and its subsidiary have also been awarded ISO 9001:2000 certifications from the International Organization for Standardization. In addition, the Company has gained recognition of the quality of all cement products from Thai Industrial Standards Institute and the Office of Customer Protection Board.

The Company holds seminars for customers to enhance relationships and to educate them about the variety of products offered. We also develop customer interaction via certified agents that welcome all customer suggestions, as these lead to higher efficiency of product development, and maintain customer loyalty.

**3. Management and Employees:** The Company realizes the importance of human resources. Hence, the Company fosters development of all levels of management and staff with internal and external training to enhance their capabilities. The Company applies compensation systems which reward and benefit management and staff appropriately and in line with remunerations in other companies in the same industry.

In addition, the Company also focuses on the safety of its human resources by adopting Health and Safety Management standards. This is reflected in attainment of the Health and Safety Management standard TIS 18001 certification from Anglo Japanese American Registrars (AJA) for cement plant. For plastic resin and ready-mixed concrete businesses, the Company is also awarded TIS 18001 certifications. These systems have been implemented to reduce accidents in the workplace.

**4. Trade partners:** The Company ethically set its business operation strategies, thus enhancing relationships with all trade partners through transparent and fair practices. The Company has a policy of benefit sharing and equitable treatment for trade partners and strictly adheres to contractual agreements made. The Company is independent, without strong involvement with any side of its trade partners.

**5. Competitors:** The Company applies equitable treatment and abides by the framework of fair competition.

**6. Community and Society:** The Company, as a Thai Company, continues to be determined to discharge its responsibilities towards the nation, society and communities. Accordingly, the Company is continuously committed to promoting and supporting beneficial activities towards society, religion, education and the youth by establishing a full-scale foundation under the name of "the Environment for Better Life Foundation" as detailed in section "TPI Polene and Society".

**7. Environmental Responsibility:** The Company acts as a good citizen, conscious and aware of being one part of this society. It continues to be determined to discharge its responsibilities towards relevant rules and regulations and support the communities surrounding its manufacturing facilities by eliminating problems and protecting the environment, thus providing better living standards for the communities near its plants. As reflected in its full support for environmental enhancement, the Company has received ISO 14001 certification for Environmental Management System as detailed in section "TPI Polene for Safety and Environment".

## 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, and 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 her against the accusation.

In addition, the Company has strictly followed labor laws to comply with related governing laws. The Company fosters staff development at all levels 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 transactions with government authority have been conducted transparently under the policy to anti-corruption.

## 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:

1. **Disclosure of Company information including financial reports** is executed accurately, transparently, 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.
2. **The plant visit** is provided for interested institutional investors, shareholders and analysts to access information and have meetings with the management of the Company.
3. **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. **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 Directors responsibility for financial statements in this Annual Report.
5. **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".
6. **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, 2010, The Company's Board of Directors consists of 17 directors, of whom 9 were management team members and 8 were non-management team, of whom 6 were independent directors, which exceeds one-third of the Board.

#### (2) Qualifications of the Company's Directors

The Company's Board of Directors comprises qualified members who have 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 with 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 who are knowledgeable, capable, ethical and experienced in diverse fields. Duties and responsibility of the Executive Management Committee are contained in the "Management" section. 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, secure balance of power in various business activities to ensure reliability and integrity, and serve the best interests of all stakeholders at all times. Duties and responsibilities of the Audit Committee are contained in the "Management" section.

### **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 generally accepted accounting standard criteria. Details of connected transactions are disclosed in the "Inter-Company Transactions" section.

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 resulting 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. 1/2554 held on January 28, 2011, 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 express 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 2010, the Board of Directors and the Audit Committee convened meetings a 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 Bhiraueus	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 Sriyuksiri	Director	11/12	
17. Mr. Khantachai Vichakkana	Independent Director	2/12	

#### **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 the "Management" section.

#### **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 2010, 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, and 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 2010, 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.	193.1	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.	0.8	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	7.4	The same as above
	The Company and its subsidiaries pay rental fee to Pornchai Enterprise	17.4	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)	248.7	Transactions are always undertaken at market rates to support normal business operations of the Company.
	The Company purchases pallets from UGI.	35.8	
	Accounts Payable	109.3	
3. Thai Plastic Film Co., Ltd. (a 99.99% subsidiary of UGI.)	The Company sells plastic resin to Thai Plastic Film.	71.4	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	8.3	

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	3.8	
5. Bangkok Union Insurance Plc. (BUI) (There are some common Directors.)	The Company and its subsidiaries pay insurance premium to BUI.	117.9	Transactions are always undertaken at market rates to support normal business operations of the Company.
	The Company pays insurance premium advance to BUI.	32.6	
6. Bangkok Union Life Insurance Co., Ltd. (There are some common Directors.)	The Company pays insurance premium advance to Bangkok Union Life Insurance.	3.6	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.	2.2	
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.	4.1	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.

### 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, 2010

Company's name	Head Office Address	Business	Registered Capital (Baht)	Shareholding (%)
<b>Subsidiaries</b>				
1. TPI Concrete Co., Ltd.	26/56, 5 <sup>th</sup> 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 <sup>th</sup> 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 <sup>th</sup> 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, 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
5. Polene Plastic Co., Ltd.	26/56, 5 <sup>th</sup> Floor, TPI Tower, Chan Tat Mai Rd., Thungmahamek, Sathorn, Bangkok 10120 Tel : (02) 678-5350-74		10,000,000	99.99
6. TPI Polene Bio Organics Co., Ltd.	26/56, Ground 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 humic fertilizer and TPI grow organic fertilizer	1,000,000,000	99.99
<b>Joint Venture Company</b>				
1. Thai Nitrate Co., Ltd.	26/56, 21 <sup>th</sup> 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
<b>Associated Companies</b>				
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 <sup>th</sup> 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
<b>Others</b>				
1. Pornchai Enterprise Co., Ltd.	26/56, 22 <sup>th</sup> 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

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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.

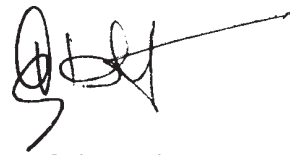
In this regard, the Board of Directors have entrusted an Independent Audit Committee to be responsible for the review of accounting policy and financial reports, internal controls, internal audit and risk management systems. Comments on these issues have been included in the Audit Committee Report, which 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 satisfactorily and creditably 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 2010 and 2009, and the related statements of income, changes in equity and cash flows for the years 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.

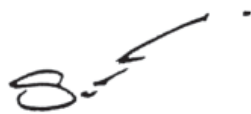
I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting 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 2010 and 2009 and the results of operations and cash flows for the years 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 41 (4) to the financial statements, there continues to be uncertainty about the ultimate outcome of litigation regarding contracts for the supply and engineering of machinery entering into by the Company in 1996 and 1997.

In 2007 the Company was assessed a fine of Baht 6,900 million by the Criminal Court for certain offenses relating to the Company's securities in 2006. The Company has undertaken a series of appeals to the Criminal Court and the Appeal Court to have the judgment reversed and the fine repealed. Pending the result of the appeal process, the Company has recorded a provision of Baht 6,900 million, which is disclosed as a current liability.



(Santi Pongjareanpit)  
Certified Public Accountant  
Registration No. 4623

KPMG Phoomchai Audit Ltd.  
Bangkok  
22 February 2011

# Balance sheets

**TPI Polene Public Company Limited and its Subsidiaries**  
**As at 31 December 2010 and 2009**

(in thousand Baht)

(in thousand Baht)

Assets	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<b>Current assets</b>					
Cash and cash equivalents	6	1,261,411	1,436,414	663,082	990,175
Current investments	7	7,025	6,000	3,025	3,000
Trade accounts receivable	5, 8	1,834,844	1,705,554	1,674,421	1,351,991
Short-term loans to related parties	5	-	-	507,969	74,200
Advances to related parties	5	46	70	72,968	13,155
Inventories	9	5,028,706	4,740,065	4,839,676	4,549,340
Other current assets	10	468,130	414,623	298,011	280,367
<b>Total current assets</b>		<b>8,600,162</b>	<b>8,302,726</b>	<b>8,059,152</b>	<b>7,262,228</b>
<b>Non-current assets</b>					
Investments in subsidiaries and joint venture	11	-	-	3,695,907	2,898,907
Investments in associates	12	141,877	137,913	135,350	135,350
Long-term investments in related parties	13	104,717	104,717	104,717	104,717
Other long-term investments	7	756,791	468,248	540,576	430,394
Long-term loans to other party		2,970	-	-	-
Receivable from and advance to related parties	5	-	-	734,961	665,961
Property, plant and equipment	14, 15	59,568,246	60,001,374	54,650,298	56,619,010
Intangible assets	16	339,949	364,736	339,949	364,736
Other non-current assets	5, 17	879,168	980,029	720,354	727,182
<b>Total non-current assets</b>		<b>61,793,718</b>	<b>62,057,017</b>	<b>60,922,112</b>	<b>61,946,257</b>
<b>Total assets</b>		<b>70,393,880</b>	<b>70,359,743</b>	<b>68,981,264</b>	<b>69,208,485</b>

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 2010 and 2009**

				(in thousand Baht)	
		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>Liabilities and equity</b>					
<b><i>Current liabilities</i></b>					
Bank overdrafts and short-term loans from financial institutions	18	4,176	283,061	4,176	257,040
Trade accounts payable	5, 19	2,074,820	1,949,174	1,957,086	1,804,266
Current portion of long-term loans	18	2,368,825	5,006,065	2,357,195	4,952,827
Short-term loans from related parties	5	-	-	-	1,544
Advances from related parties	5	2,755	8,609	188,923	4,499
Accrued interest payable	27	77,856	154,274	77,856	152,150
Current portion of finance lease liabilities	18	21,370	3,851	5,763	3,851
Income tax payable		309,540	175,559	276,583	148,464
Provision for fine	22	6,900,300	6,900,300	6,900,300	6,900,300
Other current liabilities	20	1,873,878	1,634,541	1,465,308	1,449,454
<b>Total current liabilities</b>		<b>13,633,520</b>	<b>16,115,434</b>	<b>13,233,190</b>	<b>15,674,395</b>
<b><i>Non-current liabilities</i></b>					
Provision for staff retirement benefits		127,502	116,737	127,502	116,737
Finance lease liabilities	18	38,053	7,593	8,459	7,593
Long-term loans from financial institutions	18	2,151,041	209,169	2,101,463	147,961
Other non-current liabilities	5, 21	29,872	35,578	195,136	195,136
<b>Total non-current liabilities</b>		<b>2,346,468</b>	<b>369,077</b>	<b>2,432,560</b>	<b>467,427</b>
<b>Total liabilities</b>		<b>15,979,988</b>	<b>16,484,511</b>	<b>15,665,750</b>	<b>16,141,822</b>

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 2010 and 2009**

(in thousand Baht)

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<b>Equity</b>					
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	28,291,592	29,947,971	27,882,124	29,491,904
Shareholding changes in Group		52,943	52,943	-	-
Fair value changes on available-for-sale securities	24				
- Company		(122,828)	(233,197)	(122,828)	(233,197)
- Associated company		6,189	2,385	-	-
Retained earnings					
Appropriated					
Legal reserve	24	275,376	177,868	275,376	177,868
Unappropriated		6,019,973	4,036,615	5,030,242	3,379,488
<b>Total equity attributable to equity holders of the Company</b>		<b>54,413,890</b>	<b>53,875,230</b>	<b>53,315,514</b>	<b>53,066,663</b>
Minority interests		2	2	-	-
<b>Total equity</b>		<b>54,413,892</b>	<b>53,875,232</b>	<b>53,315,514</b>	<b>53,066,663</b>
<b>Total liabilities and equity</b>		<b>70,393,880</b>	<b>70,359,743</b>	<b>68,981,264</b>	<b>69,208,485</b>

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 2010 and 2009**

(in thousand Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
<b>Revenues</b>	5,26				
Revenue from sales of goods		23,744,266	21,860,051	19,945,098	18,427,104
Delivery income		1,092,248	860,280	1,124,584	993,652
Gain on the master restructuring agreement	4, 27	80,154	3,116,591	80,154	3,098,824
Net foreign exchange gain		261,433	235,907	263,866	239,075
Investment income	28	161,915	156,779	352,003	901,042
Other income	29	267,030	340,977	314,574	355,852
<b>Total revenues</b>		<b>25,607,046</b>	<b>26,570,585</b>	<b>22,080,279</b>	<b>24,015,549</b>
<b>Expenses</b>	5,33				
Cost of sales of goods		18,388,396	17,038,414	15,792,492	14,447,001
Selling expenses	30	3,078,987	2,937,625	2,756,855	2,763,852
Administrative expenses	31	899,217	868,438	707,479	628,993
Management benefit expenses		272,738	237,873	257,544	221,942
<b>Total expenses</b>		<b>22,639,338</b>	<b>21,082,350</b>	<b>19,514,370</b>	<b>18,061,788</b>
Share of profit (loss) of associates, net of income tax	12	160	(1,663)	-	-
<b>Profit before finance costs and income tax expense</b>		<b>2,967,868</b>	<b>5,486,572</b>	<b>2,565,909</b>	<b>5,953,761</b>
Finance costs	34	(158,080)	(254,681)	(158,825)	(248,102)
Profit before income tax expense		2,809,788	5,231,891	2,407,084	5,705,659
Income tax expense	35	(529,242)	(468,464)	(456,922)	(422,137)
<b>Profit (loss) for the year</b>		<b>2,280,546</b>	<b>4,763,427</b>	<b>1,950,162</b>	<b>5,283,522</b>
<b>Basic earnings per share (Baht)</b>	37	<b>1.14</b>	<b>2.39</b>	<b>0.97</b>	<b>2.62</b>

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 2010 and 2009**

(in thousand Baht)

Consolidated financial statements												
Note	Additional paid-in capital			Unrealised surpluses (deficits)			Retained earnings (deficit)		Total equity attributable to equity holders of the Company	Minority interest	Total equity	
	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)
<b>Balance at 1 January 2009</b>	20,190,000	(360,140)	60,600	185	31,480,223	52,943	(351,776)	-	(548,944)	50,523,091	1	50,523,092
Unrealised gains (losses)												
Net change in property revaluation recognised in equity												
- Company	-	-	-	-	(1,592,791)	-	-	-	-	(1,592,791)	-	(1,592,791)
- Joint venture	-	-	-	-	60,539	-	-	-	-	60,539	-	60,539
Net change in fair value of available-for-sale securities recognised in equity												
- Company	-	-	-	-	-	-	115,575	-	-	115,575	-	115,575
- Associated company	-	-	-	-	-	-	5,389	-	-	5,389	-	5,389
Net income (expense) recognised directly in equity												
Profit for the year	-	-	-	-	(1,532,252)	-	120,964	-	-	(1,411,288)	-	(1,411,288)
Total recognised income and expense	-	-	-	-	(1,532,252)	-	120,964	-	4,763,427	3,352,139	-	3,352,139
Transfer to legal reserve	-	-	-	-	-	-	-	177,868	(177,868)	-	-	-
Minority interest from call-up share capital of subsidiaries	-	-	-	-	-	-	-	-	-	-	1	1
<b>Balance at 31 December 2009</b>	20,190,000	(360,140)	60,600	185	29,947,971	52,943	(230,812)	177,868	4,036,615	53,875,230	2	53,875,232
<b>Balance at 1 January 2010</b>	20,190,000	(360,140)	60,600	185	29,947,971	52,943	(230,812)	177,868	4,036,615	53,875,230	2	53,875,232
Unrealised gains (losses)												
Net change in property revaluation recognised in equity												
- Company	-	-	-	-	(1,609,780)	-	-	-	-	(1,609,780)	-	(1,609,780)
- Joint venture	-	-	-	-	(46,599)	-	-	-	-	(46,599)	-	(46,599)
Net change in fair value of available-for-sale securities recognised in equity												
- Company	-	-	-	-	-	-	110,369	-	-	110,369	-	110,369
- Associated company	-	-	-	-	-	-	3,804	-	-	3,804	-	3,804
Net expense recognised directly in equity												
Profit for the year	-	-	-	-	(1,656,379)	-	114,173	-	-	(1,542,206)	-	(1,542,206)
Total recognised income and expense	-	-	-	-	(1,656,379)	-	114,173	-	2,280,546	2,280,546	-	2,280,546
Transfer to legal reserve	-	-	-	-	-	-	-	97,508	(97,508)	-	-	-
Dividends	-	-	-	-	-	-	-	-	(199,680)	(199,680)	-	(199,680)
<b>Balance at 31 December 2010</b>	20,190,000	(360,140)	60,600	185	28,291,592	52,943	(116,639)	275,376	6,019,973	54,413,890	2	54,413,892

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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 2010 and 2009**

(in thousand Baht)

## Separate financial statements

Note	Additional paid-in capital		Unrealised surpluses (deficits)		Retained earnings (deficit)		Total equity attributable to equity holders of the Company
	Issued and paid up share capital	Share premium	Revaluation differences on assets	Fair value changes on available-for-sale securities	Legal reserve	Unappropriated (Deficit)	
<b>Balance at 1 January 2009</b>	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)	-
<b>Balance at 31 December 2009</b>	<b>20,190,000</b>	<b>60,600</b>	<b>29,491,904</b>	<b>(233,197)</b>	<b>177,868</b>	<b>3,379,488</b>	<b>53,066,663</b>
<b>Balance at 1 January 2010</b>	20,190,000	60,600	29,491,904	(233,197)	177,868	3,379,488	53,066,663
Unrealised gains (losses)							
Net change in property revaluation recognised in equity	-	-	(1,609,780)	-	-	-	(1,609,780)
Net change in fair value of available-for-sale securities recognised in equity	-	-	-	110,369	-	-	110,369
Net expense recognised directly in equity	-	-	(1,609,780)	110,369	-	-	(1,499,411)
Profit for the year	-	-	-	-	-	1,950,162	1,950,162
Total recognised income and expense	-	-	(1,609,780)	110,369	-	1,950,162	450,751
Transfer to legal reserve	-	-	-	-	97,508	(97,508)	-
Dividends	38	-	-	-	-	(201,900)	(201,900)
<b>Balance at 31 December 2010</b>	<b>20,190,000</b>	<b>60,600</b>	<b>27,882,124</b>	<b>(122,828)</b>	<b>275,376</b>	<b>5,030,242</b>	<b>53,315,514</b>

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 2010 and 2009**

(in thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b><i>Cash flows from operating activities</i></b>				
Profit for the year	2,280,546	4,763,427	1,950,162	5,283,522
<b><i>Adjustments for</i></b>				
Depreciation and amortisation	1,189,000	1,108,416	999,946	948,341
Interest income	(23,893)	(21,284)	(20,212)	(16,437)
Finance costs	158,080	254,681	158,825	248,102
Dividend income	(9,371)	(8,330)	(209,292)	(760,671)
Unrealised gain on foreign exchange	(203,674)	(182,495)	(217,610)	(175,862)
Doubtful accounts and bad debts (reversal)	(3,372)	(10,013)	(74,681)	(123,413)
Provision for staff retirement benefits	21,161	40,934	21,161	40,934
Gain on disposal of property and equipment	(4,247)	(7,586)	(4,512)	(8,582)
Loss on impairment of assets (reversal)	(6,251)	(5,533)	-	-
Gain on the master restructuring agreement	(80,154)	(3,116,591)	(80,154)	(3,098,824)
Share of (profits) losses of associates, net of income tax	(160)	1,663	-	-
Income tax expense	529,242	468,464	456,922	422,137
	<b>3,846,907</b>	<b>3,285,753</b>	<b>2,980,555</b>	<b>2,759,247</b>
<b><i>Changes in operating assets and liabilities</i></b>				
Trade accounts receivable	(122,801)	192,821	(313,633)	24,965
Advances to related parties	23	3,060	(59,812)	(1,123)
Inventories	(288,641)	(863,117)	(290,336)	(876,558)
Other current assets	(46,992)	(11,380)	(17,828)	33,652
Other non-current assets	(60,210)	(38,825)	(54,072)	(3,123)
Trade accounts payable	133,128	395,646	160,302	519,466
Advances from related parties	(2,748)	(7,390)	184,130	(10,126)
Other current liabilities	271,691	(241,939)	39,891	17,583
Other non-current liabilities	23,888	3,732	-	1,737
Staff retirement paid	(10,396)	(890)	(10,396)	(890)
Income tax paid	(394,711)	(713,325)	(328,803)	(659,874)
<b>Net cash provided by operating activities</b>	<b>3,349,138</b>	<b>2,004,146</b>	<b>2,289,998</b>	<b>1,804,956</b>

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 2010 and 2009**

(in thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<i>Note</i>				
<b><i>Cash flows from investing activities</i></b>				
Interest received	20,267	21,584	19,492	17,723
Dividend received	9,371	8,330	209,292	760,671
Purchase of property, plant and equipment	(2,036,718)	(911,538)	(550,643)	(635,980)
Sale of property and equipment	18,034	23,035	17,518	16,005
Advance payment for machine	(277,801)	(101,308)	(83,372)	-
Short-term loans to related parties	-	-	(433,000)	-
Long-term loans to other party	(3,000)	-	-	-
Proceeds from long-term loans to other party	30	-	-	-
Purchase of current investments	(1,025)	(6,000)	(25)	(3,000)
Purchase of held-to-maturity debt instruments	(178,828)	(103,756)	-	(97,819)
Redemption of held-to-maturity debt instruments	-	14,000	-	14,000
Purchase of intangible assets	(4,616)	-	(4,616)	-
Cash outflow on addition investment in subsidiary	-	-	(797,000)	(26,250)
<b>Net cash (used in) provided by investing activities</b>	<b>(2,454,286)</b>	<b>(1,055,653)</b>	<b>(1,622,354)</b>	<b>45,350</b>
<b><i>Cash flows from financing activities</i></b>				
Interest paid	(222,965)	(31,405)	(223,710)	(26,951)
Dividend paid	(199,678)	-	(201,900)	-
Finance lease payments	(3,935)	(3,633)	(3,935)	(3,633)
Decrease in bank overdrafts and short-term loans from financial institutions	(278,885)	(277,203)	(252,865)	(254,162)
Proceeds from short-term loans from related party	-	-	520,000	-
Repayment of short-term loans from related party	-	-	(521,250)	(320,000)
Repayment of long-term liabilities	(362,730)	(587,210)	(309,492)	(555,277)
Repayment of long-term liabilities under debt restructuring	-	(40,130)	-	(21,680)
<b>Net cash used in financing activities</b>	<b>(1,068,193)</b>	<b>(939,581)</b>	<b>(993,152)</b>	<b>(1,181,703)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(173,341)</b>	<b>8,912</b>	<b>(325,508)</b>	<b>668,603</b>
Cash and cash equivalents at beginning of year	1,436,414	1,429,138	990,175	323,204
Effect of exchange rate changes on balances held in foreign currencies	(1,662)	(1,636)	(1,585)	(1,632)
<b>Cash and cash equivalents at end of year</b>	<b>1,261,411</b>	<b>1,436,414</b>	<b>663,082</b>	<b>990,175</b>

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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 2010 and 2009*

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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 2011.

## 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 2010 and 2009 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2010	2009
Direct subsidiaries				
Direct subsidiaries				
Prosper Delta Ltd.	Negotiating and entering into a debt repurchase at discount agreement with foreign creditor	Hong Kong	100.00	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
TPI Polene Bio Organics Co., Ltd.	Manufacturing and distributing organic fertilizer (dormant)	Thailand	99.99	-
Capital Pyramid (Thailand) Co., Ltd.	Petroleum exploration (dormant)	Thailand	51.00	-
Jade Minerals Co., Ltd.	Petroleum exploration (dormant)	Thailand	51.00	-
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 and presented in Thai Baht. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand. They are prepared on the historical cost basis except as stated in the accounting policies.

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”); guidelines promulgated by the Federation of Accounting Professions (“FAP”); applicable rules and regulations of the Thai Securities and Exchange Commission; and with generally accepted accounting principles in Thailand.

During 2010, the FAP announced the re-numbering of the following TFRS.

Former no.	Revised no.	Topic
TAS 11	TAS 101	Doubtful Account and Bad Debts
TAS 26	TAS 102	Income Recognition For Real Estate Business
TAS 27	TAS 103	Disclosures in the Financial Statements of Banks and Similar Financial Institutions
TAS 34	TAS 104	Accounting for Troubled Debt Restructuring
TAS 40	TAS 105	Accounting for Investment in Debt and Equity Securities
TAS 42	TAS 106	Accounting For Investment Companies
TAS 48	TAS 107	Financial Instruments Disclosure and Presentation

The Group has adopted the revised Framework for the Preparation and Presentation of Financial Statements (revised 2009), which was issued by the FAP during 2010 and effective on 26 May 2010. The adoption of the revised framework does not have any material impact on the consolidated or separate financial statements.

The FAP has issued during 2010 a number of new and revised TFRS which are not currently effective and have not been adopted in the preparation of these financial statements. These new and revised standards and interpretations are disclosed in note 43.

The preparation of financial statements in conformity with 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 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 çGroupé) 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 unrecognised 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**

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**

## *Lease payments*

Payments made under operating leases are recognised in the statement of income on a straight line basis over the term of the lease. Lease incentives received are recognised in the statement of income as an integral part of the total lease payments made. Contingent rentals are charged to the statement of income in the accounting period in which they are incurred.

## *Finance costs*

Interest expenses 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**

The formal elements of the Master Restructuring Agreement and the Business Rehabilitation Proceedings of the Company and a subsidiary ended in December 2008 and January 2009, respectively, the Bankruptcy Court.

Subsequently the Company and a subsidiary and signed agreements with most financial creditors on the repayment terms and conditions of the outstanding debts, and are currently negotiating similar agreements with the remaining financial creditors.

### **4.2 Purchase and repayment of the debt repurchase program**

The Company's Master Restructuring Agreement provided a Voluntary Debt Repurchase Program for all financial creditors participated in the Voluntary Debt Repurchase Program. As of 31 December 2009, the Company and a subsidiary had made full settlement to all participating creditors under the Voluntary Debt Repurchase Program, and all legal objections by participating creditors with respect to disputed amounts had been withdrawn and settled.

## **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.

<b>Name of entities</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationships</b>
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
TPI Polene Bio Organics Co.,Ltd	Thailand	Indirect subsidiary, 99.99% shareholding, more than 50% of directors are representatives of the Company
Capital Pyramid (Thailand) Co.,Ltd	Thailand	Indirect subsidiary, 51% held by TPI Polene Power Co., Ltd., more than 50% of directors are representatives of the Company



# Notes to the financial statements

*TPI Polene Public Company Limited and its Subsidiaries  
For the years ended 31 December 2010 and 2009*

<b>Name of entities</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationships</b>
Jade Minerals Co.,Ltd	Thailand	Indirect subsidiary, 51% 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
Saraburi Ginning Mill Co., Ltd.	Thailand	Co-director
Thai Petrochemical Industry Co., Ltd.	Thailand	Co-director

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

<b>Transactions</b>	<b>Pricing policies</b>
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%-2%
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 2010 and 2009 with related parties were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>Subsidiaries</b>				
Sales of goods	-	-	1,019,786	894,613
Delivery income	-	-	159,564	166,739
Purchase of electricity	-	-	585,361	305,627
Interest income	-	-	4,381	3,673
Interest expense	-	-	6,288	808
Other income	-	-	72,597	34,665
Administrative expenses	-	-	12,048	2,853

# Notes to the financial statements

*TPI Polene Public Company Limited and its Subsidiaries  
For the years ended 31 December 2010 and 2009*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<i>(in thousand Baht)</i>				
<b>Indirect subsidiary</b>				
Sales of goods	-	-	5,877,000	1,674,962
Purchase of raw materials	-	-	32,271	-
Other income	-	-	406	-
<b>Joint venture</b>				
Purchase of raw materials	11,773	11,390	23,546	22,780
Other income	383	345	766	691
Associate				
Sales of goods	91	-	-	-
Insurance premium	3,123	3,192	2,195	2,334
Other related parties				
Sales of goods	162,195	124,009	161,884	123,819
Purchases of raw materials and spare parts	262,739	220,434	248,689	199,037
Other income	113	499	112	183
Insurance premium	116,317	120,489	103,691	108,078
Administrative expenses	30,893	28,050	21,432	17,870

Balances as at 31 December 2010 and 2009 with related parties were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<i>(in thousand Baht)</i>				
<b>Trade accounts receivable - related parties</b>				
<b>Subsidiaries</b>				
TPI Concrete Co., Ltd.	-	-	321,593	312,138
TPI Polene Power Co., Ltd.	-	-	41	125
TPI All Seasons Co., Ltd.	-	-	1	-
<b>Indirect subsidiary</b>				
Polene Plastic Co., Ltd.	-	-	456,077	265,980
<b>Associate</b>				
BUI Life Insurance Co., Ltd.	14	97	-	-
<b>Other related parties</b>				
United Grain Industry Co., Ltd.	65	4	-	-
Bangkok Union Insurance Public Co., Ltd.	7	12	-	-
Thai Plastic Film Co., Ltd.	8,269	6,760	8,269	6,760
Pornchai Enterprise Co., Ltd.	1	37	1	-
<b>Trade accounts receivable - relate parties</b>				
Hong Yiah Seng Co., Ltd.	-	30	-	-
<b>Total</b>	<b>8,356</b>	<b>6,940</b>	<b>785,982</b>	<b>585,003</b>
<b>Trade accounts receivable - related parties</b>				
<b>Subsidiaries</b>				
TPI Concrete Co., Ltd.	-	-	73,602	73,602
TPI Polene Power Co., Ltd.	-	-	433,000	-
Accrued interest received	-	-	1,367	598
<b>Total</b>	<b>-</b>	<b>-</b>	<b>507,969</b>	<b>74,200</b>

# Notes to the financial statements

*TPI Polene Public Company Limited and its Subsidiaries  
For the years ended 31 December 2010 and 2009*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<i>(in thousand Baht)</i>				
<b>Advances to related parties - current</b>				
<b>Subsidiaries</b>				
Prosper Delta Ltd.	-	-	141	141
TPI Concrete Co., Ltd.	-	-	1,843	1,985
TPI Polene Power Co., Ltd.	-	-	67,897	9,866
TPI All Seasons Co., Ltd.	-	-	2,760	96
<b>Indirect subsidiary</b>				
Polene Plastic Co., Ltd.	-	-	236	933
<b>Joint venture</b>				
Thai Nitrate Co., Ltd.	45	65	90	129
<b>Other related parties</b>				
United Grain Industry Co., Ltd.	-	1	-	1
Pornchai Enterprise Co., Ltd.	1	4	1	4
<b>Total</b>	<b>46</b>	<b>70</b>	<b>72,968</b>	<b>13,155</b>

Movements during the years ended 31 December 2010 and 2009 of short-term loans to related parties were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<i>(in thousand Baht)</i>				
<b>Subsidiaries</b>				
At 1 January	-	-	73,602	73,602
Increase	-	-	433,000	-
Decrease	-	-	-	-
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>506,602</b>	<b>73,602</b>
<b>Receivable from and advances to related parties - non-current</b>				
<b>Subsidiaries</b>				
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	-	-	(87,248)	(156,248)
<b>Net</b>	<b>-</b>	<b>-</b>	<b>734,961</b>	<b>665,961</b>
<b>Other non-current asset - rental deposit</b>				
Pornchai Enterprise Co., Ltd. (see Note 42)	193,062	195,636	144,277	146,202

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, in consideration for a loan payable by August 2000, with interest of 16%. No payments of principal or interest were subsequently made by the subsidiary and consequently the Company deferred recording the gain on the sale of Baht 40 million and interest income of Baht 155 million in income, and ceased accrued interest. The deferred gain and interest income are disclosed as non-current liabilities in the balance sheet of the Separate Company.

The subsidiary used the land as collateral for a bank loan, the proceeds of which were subsequently loaned to Company. In 2000 the subsidiary's bank loan was assigned to the Company. The outstanding amount of the bank loan at 31 December 2010 was unsettled. Title to the land remains in the name of the subsidiary.

The Company and subsidiary has agreed that within 180 days of the release by the bank of the collateral, the terms of repayment of the land loan would be amended. As at 31 December 2010, this amount is still unpaid.

# Notes to the financial statements

*TPI Polene Public Company Limited and its Subsidiaries*  
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	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<i>(in thousand Baht)</i>				
<b>Trade accounts payable - related parties</b>				
<b>Subsidiary</b>				
TPI Concrete Co., Ltd.	-	-	257	104
<b>Indirect subsidiary</b>				
Polene Plastic Co., Ltd.	-	-	33,973	-
<b>Joint venture</b>				
Thai Nitrate Co., Ltd.	2,547	2,783	5,093	5,565
<b>Other related parties</b>				
United Grain Industry Co., Ltd.	109,337	47,563	109,337	47,563
Thai Plastic Film Co., Ltd.	4,332	19,384	4,332	19,384
<b>Trade accounts payable - related parties</b>				
Bangkok Union Insurance Public Co., Ltd.	123	133	123	133
Thai Plastic Product Co., Ltd.	4,362	4,941	3,799	3,906
<b>Total</b>	<b>120,701</b>	<b>74,804</b>	<b>156,914</b>	<b>76,655</b>
<b>Short-term loans from related party</b>				
<b>Subsidiary</b>				
TPI All Seasons Co., Ltd.	-	-	-	1,250
Accrued interest payable	-	-	-	294
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,544</b>
<b>Advances from related parties</b>				
<b>Subsidiary</b>				
TPI Concrete Co., Ltd.	-	-	331	4
<b>Indirect Subsidiary</b>				
Polene Plastic Co., Ltd.	-	-	187,543	-
<b>Other related parties</b>				
Pornchai Enterprise Co., Ltd.	1,468	4,155	1,049	3,919
Bangkok Union Insurance Public Co., Ltd.	382	3,846	-	-
TPI Holding Co., Ltd.	-	239	-	239
Leophairatana Enterprise Co., Ltd.	2	337	-	337
Thai Plastic Product Co., Ltd.	9	32	-	-
United Grain Industry Co., Ltd.	234	-	-	-
Saraburi Ginning Mill Co., Ltd.	660	-	-	-
<b>Total</b>	<b>2,755</b>	<b>8,609</b>	<b>188,923</b>	<b>4,499</b>

Movements during the years ended 31 December 2010 and 2009 of short-term loans from related parties were as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<i>(in thousand Baht)</i>				
<b>Subsidiaries</b>				
At 1 January	-	-	1,250	321,250
Increase	-	-	520,000	-
Decrease	-	-	(521,250)	(320,000)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,250</b>



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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<i>(in thousand Baht)</i>				
<b>Non-cancellable operating lease commitments</b>				
Within one year	36,186	24,651	25,785	18,965
After one year but within five years	42,856	15,439	29,278	11,956
<b>Total</b>	<b>79,042</b>	<b>40,090</b>	<b>55,063</b>	<b>30,921</b>

As at 31 December 2009, the Company had contingent liabilities in respect of guarantees issued on behalf of a subsidiary of Baht 65 million (2009: Baht 140 million).

## 6 Cash and cash equivalents

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<i>(in thousand Baht)</i>				
Cash on hand	6,124	5,092	2,303	2,154
Cash at banks - current accounts	45,507	34,540	26,260	12,892
Cash at banks - savings accounts	1,109,778	1,196,721	634,463	974,935
Cash at banks - fixed accounts (3 months)	74	125,212	56	194
Government bonds (maturity periods less than 3 months from the acquisition date)	99,928	74,849	-	-
<b>Total</b>	<b>1,261,411</b>	<b>1,436,414</b>	<b>663,082</b>	<b>990,175</b>

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<i>(in thousand Baht)</i>				
Thai Baht (THB)	1,125,234	1,407,996	552,361	981,371
United States Dollar (USD)	134,818	28,076	109,362	8,462
EURO (EUR)	994	281	994	281
Others	365	61	365	61
<b>Total</b>	<b>1,261,411</b>	<b>1,436,414</b>	<b>663,082</b>	<b>990,175</b>

## 7 Other investments

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<i>(in thousand Baht)</i>				
<b>Current investments</b>				
Short term deposits at financial institutions	7,025	6,000	3,025	3,000
	7,025	6,000	3,025	3,000
<b>Other long-term investments</b>				
Long term deposits at financial institutions	15,500	15,500	-	-
Equity securities available-for-sale	338,396	228,027	338,396	228,027
Other non marketable equity securities	1,596	1,596	1,596	1,596
Other debt securities held-to-maturity	401,299	223,125	200,584	200,771
	756,791	468,248	540,576	430,394
<b>Total</b>	<b>763,816</b>	<b>474,248</b>	<b>543,601</b>	<b>433,394</b>

# Notes to the financial statements

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Other investments of the Group as at 31 December 2010 and 2009 were denominated entirely in Thai Baht.

Deposits at financial institutions and other debt securities held-to-maturity of Baht 275 million (2009: Baht 113 million) in the consolidated financial statements and of Baht 100 million (2009: Baht 93 million) in the separate financial statements are pledged as collateral.

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

## 8 Trade accounts receivable

		(in thousand Baht)			
		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
Related parties	5	8,356	6,940	785,982	585,003
Other parties		1,993,849	1,870,608	1,010,792	896,285
		2,002,205	1,877,548	1,796,774	1,481,288
Less allowance for doubtful accounts		(167,361)	(171,994)	(122,353)	(129,297)
<b>Net</b>		<b>1,834,844</b>	<b>1,705,554</b>	<b>1,674,421</b>	<b>1,351,991</b>
<b>Bad and doubtful debts expenses for the year (reversal)</b>		<b>(3,372)</b>	<b>(4,923)</b>	<b>(5,681)</b>	<b>(4,923)</b>

Aging analyses for trade accounts receivable were as follows:

		(in thousand Baht)			
		Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<b>Related parties</b>					
Within credit terms		8,356	6,940	524,740	343,622
Overdue:					
Less than 3 months		-	-	261,242	241,381
		<b>8,356</b>	<b>6,940</b>	<b>785,982</b>	<b>585,003</b>
<b>Other parties</b>					
Within credit terms		1,715,571	1,562,566	821,814	676,433
Overdue:					
Less than 3 months		107,343	98,498	63,416	53,685
3-6 months		2,777	21,494	2,777	21,359
6-12 months		1,623	16,473	1,623	16,473
Over 12 months		166,535	171,577	121,162	128,335
		1,993,849	1,870,608	1,010,792	896,285
Less allowance for doubtful accounts		(167,361)	(171,994)	(122,353)	(129,297)
		<b>1,826,488</b>	<b>1,698,614</b>	<b>888,439</b>	<b>766,988</b>
<b>Net</b>		<b>1,834,844</b>	<b>1,705,554</b>	<b>1,674,421</b>	<b>1,351,991</b>

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:

		(in thousand Baht)			
		Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Thai Baht (THB)		1,561,546	1,511,395	1,674,421	1,351,991
United States Dollars (USD)		273,298	194,159	-	-
<b>Total</b>		<b>1,834,844</b>	<b>1,705,554</b>	<b>1,674,421</b>	<b>1,351,991</b>

# Notes to the financial statements

*TPI Polene Public Company Limited and its Subsidiaries  
For the years ended 31 December 2010 and 2009*

## 9 Inventories

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Finished goods	725,351	718,335	704,103	674,369
Work in process	852,056	745,968	851,580	745,872
Raw materials and chemicals	977,125	769,098	931,028	722,361
Packages	228,017	108,836	226,565	105,211
Oil and coal	1,183,991	1,169,319	1,154,905	1,161,313
Spare parts and general supplies	796,432	847,868	705,773	759,585
Goods in transit	265,734	380,641	265,722	380,629
<b>Total</b>	<b>5,028,706</b>	<b>4,740,065</b>	<b>4,839,676</b>	<b>4,549,340</b>

## 10 Other current assets

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Prepaid expenses	89,239	82,348	70,819	57,676
Advances	45,199	46,859	40,679	41,637
Refundable value added tax	3,732	89,694	-	43
Other receivables - net	280,916	154,736	149,597	146,799
Others	49,044	40,986	36,916	34,212
<b>Total</b>	<b>468,130</b>	<b>414,623</b>	<b>298,011</b>	<b>280,367</b>

## 11 Investments in subsidiaries and joint venture

	<b>Separate</b>	
	<b>financial statements</b>	
	<b>2010</b>	<b>2009</b>
<b>Subsidiaries</b>		
At 1 January	2,614,498	2,588,248
Acquisitions	797,000	26,250
<b>At 31 December</b>	<b>3,411,498</b>	<b>2,614,498</b>
<b>Joint venture</b>		
At 1 January	284,409	284,409
<b>At 31 December</b>	<b>284,409</b>	<b>284,409</b>
<b>Total</b>		
At 1 January	2,898,907	2,872,657
Acquisitions	797,000	26,250
<b>At 31 December</b>	<b>3,695,907</b>	<b>2,898,907</b>

# Notes to the financial statements

*TPI Polene Public Company Limited and its Subsidiaries  
For the years ended 31 December 2010 and 2009*

Investments in subsidiaries and joint controlled entities as at 31 December 2010 and 2009, and dividend income from those investments for the years then ended were as follows:

	Separate financial statements							
	Ownership interest		Paid-up Capital		Cost method		Dividend income	
	2010	2009	2010	2009	2010	2009	2010	2009
	(%)		(in thousand Baht)					
<b>Subsidiaries</b>								
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	2,535,250	1,747,000	2,535,249	1,746,999	-	-
TPI All Seasons Co., Ltd.	99.99	99.99	36,250	27,500	36,250	27,500	-	-
Thai Propoxide Co., Ltd.	99.99	99.99	250	250	250	250	-	-
Less allowance for impairment					(250)	(250)	-	-
					<u>3,411,498</u>	<u>2,614,498</u>	<u>-</u>	<u>-</u>
<b>Joint venture</b>								
Thai Nitrate Co., Ltd.	50.00	50.00	468,750	468,750	<u>284,409</u>	<u>284,409</u>	<u>199,921</u>	<u>752,341</u>
					<u>284,409</u>	<u>284,409</u>	<u>199,921</u>	<u>752,341</u>
<b>Total</b>					<b>3,695,907</b>	<b>2,898,907</b>	<b>199,921</b>	<b>752,341</b>

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

	Ownership	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Total revenues	Total expenses	Net profit
	(%)									
<b>2010</b>										
Thai Nitrate Co., Ltd.	50.00	435,920	869,167	1,305,087	84,837	5,639	90,476	786,631	613,631	173,000
<b>2009</b>										
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

## 12 Investments in associates

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in thousand Baht)			
At 1 January	137,913	134,187	135,350	135,350
Share of profits (losses) of associates, net of income tax	160	(1,663)	-	-
Fair value changes on available-for-sale securities	3,804	5,389	-	-
At 31 December	<u>141,877</u>	<u>137,913</u>	<u>135,350</u>	<u>135,350</u>

The Group has not recognised loss relating to certain investment accounted for using the equity method where its share of loss exceeds the carrying amount of those investments. As at 31 December 2010, the Group's cumulative share of unrecognised loss was Baht 536 million (2009: Baht 398 million), of which Baht 138 million was the Group's share of the current year's loss (2009: Baht 99 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 2010 and 2009*

Investments in associates as at 31 December 2010 and 2009 were as follows:

	Consolidated financial statements							
	Ownership interest		Paid-up Capital		Cost method		Equity method	
	2010	2009	2010	2009	2010	2009	2010	2009
	(%)				(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	132,128	128,160
Mondo Thai Co., Ltd.	28.75	28.75	36,000	36,000	10,350	10,350	9,749	9,753
<b>Total</b>					<b>1,391,550</b>	<b>1,391,550</b>	<b>141,877</b>	<b>137,913</b>

	Separate financial statements							
	Ownership interest		Paid-up capital		Cost method			
	2010	2009	2010	2009	2010	2009	2010	2009
	(%)				(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		
<b>Total</b>					<b>135,350</b>	<b>135,350</b>		

The following summarised financial information on associated companies 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)
	(%)				
2010					
Thai Special Steel Industry Public Co., Ltd.	29.77	2,913,485	5,412,623	1,517	(463,592)
BUI Life Insurance Co., Ltd.	25.00	675,547	147,033	139,369	31
Mondo Thai Co., Ltd.	28.75	33,936	5	-	(9)
<b>Total</b>		<b>3,622,968</b>	<b>5,559,661</b>	<b>140,886</b>	<b>(463,570)</b>
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
<b>Total</b>		<b>3,686,467</b>	<b>4,578,457</b>	<b>64,633</b>	<b>(336,874)</b>

## 13 Long-term investments in related parties

	Type of business	Relationship	Paid-up capital <i>(in thousand Baht)</i>	Ownership interest 2010      2009 %		Consolidated and Separate 2010      2009 <i>(in thousand Baht)</i>	
<b>Related parties</b>							
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
<b>Total</b>						<b>150,370</b>	<b>150,370</b>
Less Allowance for impairment						(45,653)	(45,653)
<b>Net</b>						<b>104,717</b>	<b>104,717</b>

## Notes to the financial statements

## 14 Property, plant and equipment

(in thousand Baht)

Changes in property, plant and equipment for the year ended 31 December 2010, are summarised as follows:

Consolidated financial statements				Cost/revaluation		Accumulated depreciation		Allowance for impairment		Book value	
At 1 January 2010	Additions	Disposals/Write off	Transfers, net	At 31 December 2010	At 1 January 2010	Depreciation	Disposals/Write off	Transfers, net	At 31 December 2010	At 1 January 2010	At 31 December 2010
Land and land improvement	2,897,114	15,668	-	2,912,782	(2,119)	-	-	-	(2,119)	2,894,995	2,910,663
Leasehold improvement	58,586	-	-	59,935	(49,435)	(1,707)	-	316	(50,826)	9,151	9,109
Buildings and structures	7,901,560	12,714	(4,424)	7,927,650	(3,530,245)	(190,904)	2,892	-	(3,718,257)	4,371,315	4,209,393
- Cost	7,606,842	-	(12,395)	7,594,447	(709,761)	(308,237)	2,780	-	(1,015,218)	6,897,081	6,579,229
- Increment appraisal	-	-	-	-	-	-	-	-	-	-	-
Machinery and pipes	29,835,761	7,554	(2,319)	29,983,835	(13,395,009)	(882,885)	2,054	-	(14,275,840)	16,440,752	15,707,995
- Cost	25,538,514	-	(3,222)	25,535,292	(3,196,720)	(1,202,506)	1,855	-	(4,397,371)	22,341,794	21,137,921
- Increment appraisal	-	-	-	-	-	-	-	-	-	-	-
Tools and factory equipment	4,400,287	51,328	(3,815)	4,452,833	(3,803,103)	(65,701)	2,506	-	(3,866,298)	597,184	586,535
Furniture, fixtures and office equipment	338,643	17,637	(14,080)	343,752	(295,714)	(17,648)	13,852	(316)	(299,826)	42,929	43,926
Vehicles	1,004,918	12,976	(15,377)	1,002,517	(960,374)	(7,955)	14,596	-	(953,733)	44,544	48,784
Increment appraisal - Other	1,124,265	-	(101,049)	1,023,216	(323,158)	(138,441)	104,836	-	(356,763)	801,107	666,453
1,029,869	-	(97,452)	932,417	-	-	-	-	-	1,029,869	932,417	-
Construction in progress	3,629,021	1,377,162	(16,684)	4,790,806	-	-	-	-	-	3,629,021	4,790,806
Machinery under installation	938,434	1,132,161	-	1,975,566	-	-	-	-	(36,802)	901,632	1,945,015
<b>Total</b>	<b>86,303,814</b>	<b>2,627,200</b>	<b>(173,365)</b>	<b>88,535,048</b>	<b>(26,265,638)</b>	<b>(2,815,984)</b>	<b>145,371</b>	<b>-</b>	<b>(283,936,251)</b>	<b>60,001,374</b>	<b>59,568,246</b>

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 (reversal) on revaluation	Disposals/Write off	Transfers, net	At 31 December 2009	At 1 January 2009	Depreciation	Reversal of accumulated depreciation on revaluation surplus	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)	-	1,736,648	901,632
Total	85,232,393	1,028,941	300,176	(97,279)	86,303,814	(23,425,203)	(2,705,994)	(212,154)	77,479	234	(26,265,638)	(36,802)	(43,750)	61,763,440	60,001,374

# Notes to the financial statements

*TPI Polene Public Company Limited and its Subsidiaries*  
For the years ended 31 December 2010 and 2009

Changes in property, plant and equipment for the year ended 31 December 2010, are summarised as follows:

(in thousand Baht)

Separate financial statements			Cost/revaluation		Accumulated depreciation			Book value			
At 1 January 2010	Additions	Disposals/ Write off	Transfers, net	At 31 December 2010	At 1 January 2010	Depreciation	Disposals/ Write off	Transfers, net	At 31 December 2010	At 1 January 2010	At 31 December 2010
Land and land improvement	2,307,484	15,668	-	-	2,323,152	-	-	-	-	2,307,484	2,323,152
Leasehold improvement	46,176	-	-	-	46,176	-	-	-	(46,176)	-	-
Buildings and structures											
- Cost	7,424,534	-	(4,424)	3,568	7,423,678	(157,851)	2,892	-	(3,366,242)	4,213,251	4,057,436
- Increment appraisal	7,606,842	-	(12,395)	-	7,594,447	(308,237)	2,780	-	(1,015,218)	6,897,081	6,579,229
Machinery and pipes											
- Cost	25,949,080	-	(2,319)	97,039	26,043,800	(743,591)	2,054	-	(12,163,729)	14,526,888	13,880,071
- Increment appraisal	24,373,535	-	(3,222)	-	24,370,313	(1,155,907)	1,855	-	(3,733,871)	21,793,716	20,636,442
Tools and factory equipment	4,242,919	48,540	(369)	4,864	4,295,954	(55,012)	348	-	(3,778,863)	518,720	517,091
Furniture, fixtures and office equipment	263,858	12,942	(13,542)	-	263,258	(13,298)	13,672	-	(229,529)	33,955	33,729
Vehicles	999,391	12,497	(13,384)	-	998,504	(7,812)	13,282	-	(950,363)	43,558	48,141
Increment appraisal - Other	1,124,265	-	(101,049)	-	1,023,216	(138,441)	104,836	-	(356,763)	801,107	666,453
Major spare parts	1,029,869	-	-	(114,946)	914,923	-	-	-	-	1,029,869	914,923
Construction in progress	3,588,987	718,307	(79,876)	(183,963)	4,043,455	-	-	-	-	3,588,987	4,043,455
Machinery under installation	864,394	145,808	-	(60,026)	950,176	-	-	-	-	864,394	950,176
Total	79,821,334	953,762	(230,580)	(253,464)	80,291,052	(2,580,149)	141,719	-	(25,640,754)	56,619,010	54,650,298

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
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)	(185,608)	1,819	-	(3,211,283)	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	(20,732,995)	(2,511,212)	31,958	225	(23,202,324)	58,551,448	56,619,010

(in thousand Baht)

	Consolidated financial statements			Separate financial statements		
	31 December 2010	31 December 2009	1 January 2009	31 December 2010	31 December 2009	1 January 2009
Net book value						
Land and land improvement	2,910,663	2,894,995	2,904,494	2,323,152	2,307,484	2,308,983
Leasehold improvement	9,109	9,151	8,131	-	-	202
Buildings and structures						
- Cost	4,209,393	4,371,315	4,554,725	4,057,436	4,213,251	4,372,967
- Increment appraisal	6,579,229	6,897,081	7,207,632	6,579,229	6,897,081	7,207,632
Machinery and pipes						
- Cost	15,707,995	16,440,752	15,365,026	13,880,071	14,526,888	14,915,289
- Increment appraisal	21,137,921	22,341,794	23,431,926	20,636,442	21,793,716	22,937,514
Tools and factory equipment	586,535	597,184	559,278	517,091	518,720	539,052
Furniture, fixtures and office equipment	43,491	41,915	54,251	33,294	32,941	44,416
Vehicles	35,809	38,237	44,550	35,166	37,251	43,301
Increment appraisal - Other	666,453	801,107	939,549	666,453	801,107	939,549
Major spare parts	932,417	1,029,869	1,104,981	914,923	1,029,869	1,104,981
Construction in progress	4,737,628	3,629,021	3,850,656	4,043,455	3,588,987	3,357,506
Machinery under installation	1,945,015	901,632	1,736,648	950,176	864,394	778,463
<b>Owned assets</b>	<b>59,501,658</b>	<b>59,994,053</b>	<b>61,761,847</b>	<b>54,636,888</b>	<b>56,611,689</b>	<b>58,549,855</b>
Assets under finance leases						
- Furniture, fixtures and office equipment	435	1,014	1,593	435	1,014	1,593
- Vehicle	12,975	6,307	-	12,975	6,307	-
- Construction in progress	53,178	-	-	-	-	-
<b>Assets under finance leases</b>	<b>59,568,246</b>	<b>60,001,374</b>	<b>61,763,440</b>	<b>54,650,298</b>	<b>56,619,010</b>	<b>58,551,448</b>

Depreciation charges of the Group for the year ended 31 December 2010 of Baht 1,167 million (2009: Baht 1,081 million) in the consolidated financial statements and of Baht 977 million (2009: Baht 921 million) in the separate financial statements, are presented as cost of manufactured goods and selling and administrative expenses. Depreciation of asset revaluation for 2010 of Baht 1,649 million (2009: Baht 1,625 million) in the consolidated financial statements and of Baht 1,603 million (2009: Baht 1,590 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 2010, amounted to Baht 7,028 million (2009: Baht 6,872 million) in the consolidated financial statements and of Baht 5,436 million (2009: Baht 5,401 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 2010 is approximately Baht 38,135 million (2009: Baht 40,796 million) in the consolidated financial statements and Baht 38,135 million (2009: Baht 40,456 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 2010, the remaining portion of surplus on assets revaluation amounted to Baht 24,400 million in the consolidated and the separate financial statements (2009: Baht 25,542 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 2010, the remaining portion of surplus on assets revaluation amounted to Baht 3,482 million in the consolidated and the separate financial statements (2009: Baht 3,950 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. As a result of this reappraisal, the carrying amounts of total assets at that date increased by Baht 176 million (proportion in the consolidated financial statement amounted to Baht 88 million). As at 31 December 2010, the remaining portion of surplus on assets revaluation amounted to Baht 409 million in the consolidated financial statements (2009: Baht 456 million)

Details of changing in surplus on fixed assets revaluation

	(in thousand Baht)		
	Change during the Year		
	At 1 January 2010	Increase/ Decrease	At 31 December 2010
<b>Company</b>			
Building	7,606,842	(12,395)	7,594,447
Machinery	24,373,535	(3,222)	24,370,313
Other	1,124,265	(101,049)	1,023,216
	<b>33,104,642</b>	<b>(116,666)</b>	<b>32,987,976</b>
<i>Less Accumulated depreciation</i>			
Building	(709,761)	(305,457)	(1,015,218)
Machinery	(2,579,819)	(1,154,052)	(3,733,871)
Other	(323,158)	(33,605)	(356,763)
	<b>(3,612,738)</b>	<b>(1,493,114)</b>	<b>(5,105,852)</b>
<b>Separate financial statements</b>	<b>29,491,904</b>	<b>(1,609,780)</b>	<b>27,882,124</b>
<b>Joint venture</b>			
Machinery	1,029,402	-	1,029,402
<i>Less Accumulated depreciation</i>	(573,335)	(46,599)	(619,934)
	<b>456,067</b>	<b>(46,599)</b>	<b>409,468</b>
<b>Consolidated financial statements</b>	<b>29,947,971</b>	<b>(1,656,379)</b>	<b>28,291,592</b>



## 16 Intangible assets

(in thousand Baht)

### Consolidated and Separate financial statements

	Cost of raw material resources and cost of concessions	Software licenses	Total
<i>Cost</i>			
At 1 January 2009	700,353	26,836	727,189
<b>At 31 December 2009 and 1 January 2010</b>	<b>700,353</b>	<b>26,836</b>	<b>727,189</b>
Additions	-	4,627	4,627
<b>At 31 December 2010</b>	<b>700,353</b>	<b>31,463</b>	<b>731,816</b>
<i>Accumulated amortisation</i>			
At 1 January 2009	(316,914)	(16,713)	(333,627)
Amortisation charge for the year	(26,317)	(2,509)	(28,826)
<b>At 31 December 2009 and 1 January 2010</b>	<b>(343,231)</b>	<b>(19,222)</b>	<b>(362,453)</b>
Amortisation charge for the year	(26,317)	(3,097)	(29,414)
<b>At 31 December 2010</b>	<b>(369,548)</b>	<b>(22,319)</b>	<b>(391,867)</b>
<i>Net book value</i>			
<b>At 1 January 2009</b>	<b>383,439</b>	<b>10,123</b>	<b>393,562</b>
<b>At 31 December 2009 and 1 January 2010</b>	<b>357,122</b>	<b>7,614</b>	<b>364,736</b>
<b>At 31 December 2010</b>	<b>330,805</b>	<b>9,144</b>	<b>339,949</b>

## 17 Other non-current assets

(in thousand Baht)

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2010	2009	2010	2009
Prepaid rental	5, 42	193,062	195,636	144,277	146,202
Advance payments for machinery	41	415,478	509,106	312,171	318,908
Land under development		233,423	233,423	233,423	233,423
Deposits		22,805	28,293	22,477	18,745
Other receivables		1,586	2,173	1,586	2,173
Others		12,814	11,398	6,420	7,731
<b>Total</b>		<b>879,168</b>	<b>980,029</b>	<b>720,354</b>	<b>727,182</b>

## 18 Interest-bearing liabilities

Interest-bearing liabilities are summarized as follow:

		Consolidated financial statements		(in thousand Baht) Separate financial statements	
	Note	2010	2009	2010	2009
<b>Current</b>					
Bank overdrafts					
unsecured		4,176	124,218	4,176	98,197
Short-term loans from financial institutions					
unsecured		-	158,843	-	158,843
Bank overdrafts and short-term loans from financial institutions		<u>4,176</u>	<u>283,061</u>	<u>4,176</u>	<u>257,040</u>
Current portion of long-term loans					
secured		2,062,443	3,887,069	2,050,813	3,854,307
unsecured		306,382	1,118,996	306,382	1,098,520
		<u>2,368,825</u>	<u>5,006,065</u>	<u>2,357,195</u>	<u>4,952,827</u>
Short-term loans from related party					
unsecured	5	-	-	-	1,250
		<u>-</u>	<u>-</u>	<u>-</u>	<u>1,250</u>
Current portion of finance lease liabilities		21,370	3,851	5,763	3,851
		<u>21,370</u>	<u>3,851</u>	<u>5,763</u>	<u>3,851</u>
<b>Non-current</b>					
Long-term loans from financial institutions					
secured		2,046,790	174,203	1,997,212	121,186
unsecured		104,251	34,966	104,251	26,775
		<u>2,151,041</u>	<u>209,169</u>	<u>2,101,463</u>	<u>147,961</u>
Finance lease liabilities		38,053	7,593	8,459	7,593
		<u>38,053</u>	<u>7,593</u>	<u>8,459</u>	<u>7,593</u>
<b>Total</b>		<u>4,583,465</u>	<u>5,509,739</u>	<u>4,477,056</u>	<u>5,370,522</u>

Bank overdrafts are charged interest at MOR - MOR + 2% per annum in 2010 and 2009.

In 2009, short-term loans from financial institutions are charged interest at 6-month LIBOR+2.0% - 3.0% per annum for loans denominated in foreign currency and at MLR - MLR+0.5% per annum for Baht loans.

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

	Consolidated financial statements		(in thousand Baht) Separate financial statements	
	2010	2009	2010	2009
Land and buildings	9,779,106	10,579,027	9,779,106	10,285,521
Machinery and equipment	28,356,266	30,216,812	28,356,266	30,169,988
Equity securities	338,397	228,027	338,397	228,027
<b>Total</b>	<u>38,473,769</u>	<u>41,023,866</u>	<u>38,473,769</u>	<u>40,683,536</u>

# Notes to the financial statements

*TPI Polene Public Company Limited and its Subsidiaries  
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As at 31 December 2010 the Group and the Company had unutilised credit facilities totalling Baht 119 million (2009: Baht 32 million).

## Finance lease liabilities

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

(in thousand Baht)

Consolidated financial statements						
	Principal	2010 Interest	Payments	Principal	2009 Interest	Payments
Within one year	21,370	2,843	24,213	3,851	864	4,715
After one year but within five years	38,053	2,327	40,380	7,593	2,576	10,169
<b>Total</b>	<b>59,423</b>	<b>5,170</b>	<b>64,593</b>	<b>11,444</b>	<b>3,440</b>	<b>14,884</b>

(in thousand Baht)

Separate financial statements						
	Principal	2010 Interest	Payments	Principal	2009 Interest	Payments
Within one year	5,763	787	6,550	3,851	864	4,715
After one year but within five years	8,459	672	9,131	7,593	2,576	10,169
<b>Total</b>	<b>14,222</b>	<b>1,459</b>	<b>15,681</b>	<b>11,444</b>	<b>3,440</b>	<b>14,884</b>

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

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Thai Baht (THB)	2,815,141	3,201,470	2,708,732	3,062,253
United States Dollars (USD)	1,001,460	1,381,360	1,001,460	1,381,360
EURO (EUR)	766,864	919,423	766,864	919,423
Japanese Yen (JPY)	-	7,486	-	7,486
<b>Total</b>	<b>4,583,465</b>	<b>5,509,739</b>	<b>4,477,056</b>	<b>5,370,522</b>

## 19 Trade accounts payable

(in thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Related parties	5	120,701	74,804	156,914	76,655
Other parties		1,954,119	1,874,370	1,800,172	1,727,611
<b>Total</b>		<b>2,074,820</b>	<b>1,949,174</b>	<b>1,957,086</b>	<b>1,804,266</b>

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

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Thai Baht (THB)	1,656,594	1,425,484	1,538,860	1,280,888
United States Dollars (USD)	385,743	483,830	385,743	483,518
EURO (EUR)	29,604	38,250	29,604	38,250
Swiss Francs (CHF)	-	1,610	-	1,610
Danish Krone (DKK)	2,879	-	2,879	-
<b>Total</b>	<b>2,074,820</b>	<b>1,949,174</b>	<b>1,957,086</b>	<b>1,804,266</b>

## 20 Other current liabilities

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Other payables	495,983	359,466	247,315	326,641
Accrued expenses	733,294	585,143	658,735	520,537
Deposit from sales	231,589	205,262	165,727	166,401
Accrued value added tax	17,207	18,551	12,954	14,658
Accrued withholding tax	17,422	14,290	14,738	12,153
Guarantee and deposits	172,660	153,526	170,601	152,336
Retention payable	58,091	48,810	47,527	39,700
Others	147,632	249,493	147,711	217,028
<b>Total</b>	<b>1,873,878</b>	<b>1,634,541</b>	<b>1,465,308</b>	<b>1,449,454</b>

## 21 Other non-current liabilities

		<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Unearned gain from sale of land	5	-	-	195,204	195,204
Guarantee		24,301	29,504	-	-
Others		5,571	6,074	(68)	(68)
<b>Total</b>		<b>29,872</b>	<b>35,578</b>	<b>195,136</b>	<b>195,136</b>

## 22 Provision for fine

In 2007, the Company was assessed a fine of Baht 6,900 million by the Criminal Court for certain offenses relating to the Company's securities in 2006. The Company has undertaken a series of appeals to the Criminal Court and the Appeal Court to have the judgment reversed and the fine repealed. The detailed steps of the appeal process that happened before 2010 were disclosed in the Company's financial statements as of and for the year ended 31 December 2009.

On 14 January 2010, the Company filed its motion that Paragraph 1 of Section 29 of the Penal Code contravened Paragraphs 2 and 3 of Section 39 of the Constitution with the Criminal Court which accordingly 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. On that date the Court concluded that the Company had the financial ability to pay the fine to make payment of the fine and sued. A case was in the appeal process, the Court agreed to wait for the hearing of judgment by the Appeal Court.

## 23 Share capital

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

## 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.

### *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.

### *Fair value changes*

The fair value changes account within equity comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

### *Valuation changes*

The valuation changes account within equity cumulative net change in the valuation of property, plant and equipment included in the financial statements at valuation until such property, plant and equipment is sold or otherwise disposed of.

## 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.



# Notes to the financial statements

*TPI Polene Public Company Limited and its Subsidiaries  
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## **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 2010 and 2009 were as follows:

(in thousand Baht)

	Cement		Plastic		Concrete		Ammonium nitrate and nitric acids		Fuel oil, gas and others		Eliminations		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Net sales	13,476,623	12,994,388	12,376,880	7,120,925	3,305,975	3,016,940	783,066	651,667	1,340,720	961,503	(7,538,998)	(2,885,372)	23,744,266	21,860,051
Gross profit	2,012,054	2,591,648	2,167,593	1,407,419	139,346	82,736	318,631	264,079	500,532	305,622	153,047	170,133	5,291,203	4,821,637
Net profit (loss)	286,875	4,313,927	1,667,494	972,696	13,052	(21,806)	173,000	148,416	492,943	340,719	(352,818)	(990,525)	2,280,546	4,763,427
Capital expenditures	910,369	663,022	43,393	79,084	101,064	23,759	13,756	1,629	1,735,674	261,582	(177,056)	(135)	2,627,200	1,028,941
Property, plant and equipment	49,488,458	50,891,376	5,161,841	5,727,634	579,164	523,877	853,337	912,125	3,684,602	2,141,547	(199,156)	(195,185)	59,568,246	60,001,374
Interest-bearing liabilities	3,857,245	4,776,341	619,811	594,181	180,010	214,068	-	-	434,413	1,875	(508,014)	(76,726)	4,583,465	5,509,739

## **27 Gain on the master restructuring agreement**

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Debt repurchased				
Principal	215,387	4,794,605	215,387	4,744,905
Accrued interest	5,563	2,014,598	5,563	2,014,598
Deposits for debt repurchase	-	(326,573)	-	(326,573)
Court deposits for debt repurchase	-	(2,778,829)	-	(2,778,829)
Payment	(140,796)	(587,210)	(140,796)	(555,277)
<b>Total</b>	<b>80,154</b>	<b>3,116,591</b>	<b>80,154</b>	<b>3,098,824</b>

The Company and a subsidiary repurchased debt at a discount price from financial institution creditors. The Company and a subsidiary discharged its principal debts outstanding and accrued interest payable, respectively for payment. Discount on debt repurchase has been recognised as gain on the master restructuring agreement.

## **28 Investment income**

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Rental income</b>				
Operating lease rental income	128,651	127,165	122,499	123,934
	<b>128,651</b>	<b>127,165</b>	<b>122,499</b>	<b>123,934</b>
<b>Dividend income</b>				
Jointly-controlled entities	-	-	199,921	752,341
Other parties	9,371	8,330	9,371	8,330
	<b>9,371</b>	<b>8,330</b>	<b>209,292</b>	<b>760,671</b>
<b>Interest income</b>				
Subsidiaries	-	-	4,381	3,673
Other parties	23,893	21,284	15,831	12,764
	<b>23,893</b>	<b>21,284</b>	<b>20,212</b>	<b>16,437</b>
<b>Total</b>	<b>161,915</b>	<b>156,779</b>	<b>352,003</b>	<b>901,042</b>

## 29 Other income

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Sale stream	122,816	131,749	122,816	131,749
Services income	-	-	64,667	33,965
Income from sale of spare parts	28,227	30,546	28,227	30,546
Others	115,987	178,682	98,864	159,592
<b>Total</b>	<b>267,030</b>	<b>340,977</b>	<b>314,574</b>	<b>355,852</b>

## 30 Selling expenses

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Personnel expenses	367,495	338,178	309,723	274,946
Depreciation and amortization	36,903	37,140	12,813	17,107
Maintenance expenses	10,160	50,196	7,672	45,381
Delivery expenses	2,031,238	1,896,167	1,891,429	1,850,899
Other selling expenses	633,191	615,944	535,218	575,519
<b>Total</b>	<b>3,078,987</b>	<b>2,937,625</b>	<b>2,756,855</b>	<b>2,763,852</b>

## 31 Administrative expenses

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Personnel expenses	412,682	400,073	336,881	315,679
Depreciation and amortization	27,313	32,999	31,350	30,866
Maintenance expenses	122,789	98,146	119,851	94,609
Loss on impairment of assets (reversal)	(6,251)	(5,933)	-	-
Bad and doubtful debt expenses (reversal)	(5,703)	(126,516)	(74,682)	(123,413)
Other administrative expenses	348,387	469,669	294,079	311,252
<b>Total</b>	<b>899,217</b>	<b>868,438</b>	<b>707,479</b>	<b>628,993</b>

## 32 Employee benefit expenses

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Wages and salaries	2,486,966	2,200,220	2,114,034	1,876,075
Others	265,654	197,865	225,855	160,832
<b>Total</b>	<b>2,752,620</b>	<b>2,398,085</b>	<b>2,339,889</b>	<b>2,036,907</b>

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.

## 33 Expenses by nature

The statements of income include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

		(in thousand Baht)			
		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
<b>Included in cost of sales of goods:</b>					
Changes in inventories of finished goods and work in progress		(113,104)	(180,005)	(135,442)	(189,398)
Raw materials and consumables used		10,341,466	9,274,582	7,689,109	6,850,782
Depreciation of property, plant and equipment	14	1,109,499	1,017,176	940,316	878,916
Amortisation of intangible assets	16	22,499	22,499	22,499	22,499
<b>Included in selling expenses:</b>					
Depreciation of property, plant and equipment	30	36,903	37,140	12,813	17,707
<b>Included in administrative expenses:</b>					
Depreciation of property, plant and equipment	31	20,398	26,672	24,435	24,539
Amortisation of intangible assets	31	6,915	6,327	6,915	6,327

## 34 Finance costs

		(in thousand Baht)			
		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
Interest expense :					
Related party	5	-	-	6,288	808
Financial institutions		158,080	254,681	152,537	247,294
<b>Total</b>		<b>158,080</b>	<b>254,681</b>	<b>158,825</b>	<b>248,102</b>

## 35 Income tax expense

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<i>(in thousand Baht)</i>				
<b>Current tax expense</b>				
Current year	530,432	469,958	458,112	423,631
Over provided in prior years	(1,190)	(1,494)	(1,190)	(1,494)
<b>Total</b>	<b>529,242</b>	<b>468,464</b>	<b>456,922</b>	<b>422,137</b>

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, the provision for fine, the dividend income, the interest expense and depreciation on reappraisal increase useful life.

## 36 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 power plants and plastic film products. The privileges granted include:

- (a) exemption from payment of import duty on machinery and equipment approved by the Board;
- (b) 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;
- (c) 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
- (d) 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:

(in thousand Baht)

	Consolidated financial statements					
	2010			2009		
	Promoted business	Non-promoted business	Total	Promoted business	Non-promoted business	Total
Export sales	-	6,635,119	6,635,119	-	4,652,119	4,652,119
Local sales	667,958	23,980,187	24,648,145	328,733	19,764,571	20,093,304
Eliminations	(31,250)	(7,507,748)	(7,538,998)	(305,652)	(2,579,720)	(2,885,372)
<b>Total Revenue</b>	<b>636,708</b>	<b>23,107,558</b>	<b>23,744,266</b>	<b>23,081</b>	<b>21,836,970</b>	<b>21,860,051</b>

(in thousand Baht)

	Separate financial statements					
	2010			2009		
	Promoted business	Non-promoted business	Total	Promoted business	Non-promoted business	Total
Export sales	-	408,323	408,323	-	2,963,910	2,963,910
Local sales	31,250	19,505,525	19,536,775	-	15,463,194	15,463,194
<b>Total Revenue</b>	<b>31,250</b>	<b>19,913,848</b>	<b>19,945,098</b>	<b>-</b>	<b>18,427,104</b>	<b>18,427,104</b>

## 37 Earnings per share

### Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2010 and 2009 were based on the profit for the year attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the year as follows:

(in thousand Baht/thousand shares)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Profit attributable to equity holders of the Company (basic)</b>	<b>2,280,546</b>	<b>4,763,427</b>	<b>1,950,162</b>	<b>5,283,522</b>
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)	-	-
<b>Weighted average number of ordinary shares outstanding (basic)</b>	<b>1,996,784</b>	<b>1,996,784</b>	<b>2,019,000</b>	<b>2,019,000</b>
<b>Earnings per share (basic) (in Baht)</b>	<b>1.14</b>	<b>2.39</b>	<b>0.97</b>	<b>2.62</b>

## 38 Dividends

At the annual general meeting of the shareholders of the Company held on 30 April 2010, the shareholders approved the appropriation of dividend of Baht 0.10 per share, amounting to Baht 201.90 million. The dividend was paid to shareholders during 2010.

## 39 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.

### *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 non-controlling interests and also monitors the level of dividends to ordinary shareholders.

### *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:

	Effective Interest rate (% per annum)	Consolidated financial statements		
		Within 1 year	After 1 year but within 5 years (in thousand Baht)	Total
2010				
Current				
Bank overdraft and short-term loans from financial institutions	6.50 - 8.38	4,176	-	4,176
Current portion of long-term loans	MLR - 2 - MLR 3-month LIBOR + 1%*	2,368,825	-	2,368,825
Non-current				
Long-term loans from financial institutions	MLR - 2 - MLR	-	2,151,041	2,151,041
Total		2,373,001	2,151,041	4,524,042
2009				
Current				
Bank overdraft and short-term loans from financial institutions	6.50 - 8.13	283,061	-	283,061
Current portion of long-term loans	MLR - 2, 3 - month LIBOR + 1%*	5,006,065	-	5,006,065
Non-current				
Long-term loans from financial institutions	MLR - 2	-	209,169	209,169
Total		5,289,126	209,169	5,498,295

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



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	Effective Interest rate (% per annum)	Separate financial statements		
Within 1 year		After 1 year but within 5 years (in thousand Baht)	Total	
2010				
Current				
Bank overdraft and short-term loans from financial institutions	6.50 - 8.38	4,176	-	4,176
Current portion of long-term loans	MLR - 2, MLR 3 - month LIBOR + 1%*	2,357,195	-	2,357,195
Non-current				
Long-term loans from financial institutions	MLR - 2 - MLR	-	2,101,463	2,101,463
Total		2,361,371	2,101,463	4,462,834
2009				
Current				
Bank overdraft and short-term loans from financial institutions	6.50 - 8.13	257,040	-	257,040
Current portion of long-term loans	MLR - 2, 3 - month LIBOR + 1%*	4,952,827	-	4,952,827
Short-term loans from related parties	4.00	1,250	-	1,250
Non-current				
Long-term loans from financial institutions	MLR - 2	-	147,961	147,961
Total		5,211,117	147,961	5,359,078

\*The Company and its subsidiary are in the process of negotiating with the financial institutions 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.

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:

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		(in thousand Baht)			
		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>US Dollars</b>					
Cash and cash equivalents	6	134,818	28,076	109,362	8,462
Trade accounts receivable	8	273,298	194,159	-	-
Interest-bearing liabilities	18	(1,001,460)	(1,381,360)	(1,001,460)	(1,381,360)
Trade accounts payable	19	(385,743)	(483,830)	(385,743)	(483,518)
<b>Gross balance sheet exposure</b>		<b>(979,087)</b>	<b>(1,642,955)</b>	<b>(1,277,841)</b>	<b>(1,856,416)</b>
<b>EURO</b>					
Cash and cash equivalents	6	994	281	994	281
Interest-bearing liabilities	18	(766,864)	(919,423)	(766,864)	(919,423)
Trade accounts payable	19	(29,604)	(38,250)	(29,604)	(38,250)
<b>Gross balance sheet exposure</b>		<b>(795,474)</b>	<b>(957,392)</b>	<b>(795,474)</b>	<b>(957,392)</b>
<b>Japanese YEN</b>					
Interest-bearing liabilities	18	-	(7,486)	-	(7,486)
<b>Gross balance sheet exposure</b>		<b>-</b>	<b>(7,486)</b>	<b>-</b>	<b>(7,486)</b>
<b>Others</b>					
Cash and cash equivalents	6	365	61	365	61
Trade accounts payable	19	(2,879)	(1,610)	(2,879)	(1,610)
<b>Gross balance sheet exposure</b>		<b>(2,514)</b>	<b>(1,549)</b>	<b>(2,514)</b>	<b>(1,549)</b>
Currency forwards - sold		65,346	-	-	-

## **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.

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.

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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:

<i>(in thousand Baht)</i>				
<b>Consolidated financial statements</b>				
<b>2010</b>		<b>2009</b>		
Carrying value	Fair value	Carrying value	Fair value	
<b>Financial assets:</b>				
Prepaid rentals	193,062	122,428	195,636	129,743

<i>(in thousand Baht)</i>				
<b>Separate financial statements</b>				
<b>2010</b>		<b>2009</b>		
Carrying value	Fair value	Carrying value	Fair value	
<b>Financial assets:</b>				
Prepaid rentals	144,277	91,332	146,202	96,821

## **Forward foreign exchange contracts**

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

<b>Consolidated and Separate financial statements</b>								
<b>2010</b>					<b>2009</b>			
<b>Currency</b>	<b>Average</b>		<b>Contract</b>	<b>Fair value</b>	<b>Average</b>		<b>Contract</b>	<b>Fair value</b>
	<b>Amount</b>	<b>contract rate</b>			<b>Amount</b>	<b>contract rate</b>		
	<i>(in thousand USD)</i>		<i>(in thousand Baht)</i>		<i>(in thousand USD)</i>		<i>(in thousand Baht)</i>	
<b>Forward contracts sold</b>								
US Dollar	2,183	29.93	65,346	66,135	-	-	-	-
Total			<u>65,346</u>	<u>66,135</u>			<u>-</u>	<u>-</u>

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.

## 40 Commitments with non-related parties

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<i>(in thousand Baht)</i>				
<b>Capital commitments</b>				
Contracted but not provided for				
Agreements for construction, machine and equipment	1,572,834	2,455,501	1,364,059	396,548
<b>Non-cancellable operating lease commitments</b>				
Within one year	62,601	59,551	26,316	26,454
After one year but within five years	100,636	93,551	42,827	33,873
After five years	8,128	10,390	7,253	7,253
<b>Total</b>	<b>171,365</b>	<b>163,492</b>	<b>76,396</b>	<b>67,580</b>
<b>Other commitments</b>				
Unused letters of credit	371,459	395,016	371,459	395,016
Purchase agreement for raw material	81,800	1,440,692	81,800	1,440,692
Forward contracts - sold (See Note 37)	65,346	-	-	-
Bank guarantees	251,535	253,890	189,520	182,042
<b>Total</b>	<b>770,140</b>	<b>2,089,598</b>	<b>642,779</b>	<b>2,017,750</b>

## 41 Contingent liabilities

As at 31 December 2010, the Company had the major lawsuits as follows:

- On 26 May 2009, IRPC Public Company Limited, as the plaintiff, filed 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, 308, 311, 313 and 315 of the Securities and Exchange Act B.E. 2535. The Court set an appointment for hearing of witnesses of the plaintiff on 18 and 25 March 2011 and 1 and 8 April 2011.

On 23 December 2008, IRPC Public Company Limited, as the plaintiff, filed 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 issued an order for the appointment on 3 March 2011.

- On 2 April 2010, with respect to the sale of goods to the third party, Court ordered the Company to pay to the third party the amount of USD 2,964,151 together with interest at the annual rate of 5% a related arbitration, legal and interest expenses of USD 932,755 with default interest.

The Company filed the appeal with the Supreme Court on 1 June 2010 and the third party filed an answer to the appeal with the Supreme Court on 17 August 2010. This case is in the process of consideration by the Supreme Court. The Company has not recorded any liability in the financial statements for these claims as the outcome is uncertain.

- 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.

On 15 December 2010, the Company and the scheme creditor already reached and signed agreement on the terms and conditions for the repayment of the outstanding debt. In addition, the subsidiary and the scheme creditor also signed agreement to settle the outstanding debt.

As at 31 December 2010, the outstanding recorded balances totalled Baht 1,003 million in the consolidated and the separate financial statements.

- 4) 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 151 million equivalent) which as at 31 December 2010 were equivalent to Baht 6,059 million (2009: Baht 7,326 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 2010, the Company had made advance payments for machinery of Baht 267 million (2009: 319 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 2010 are equivalent to a total of Baht 1,892 million (2009: Baht 2,262 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.
- 5) As at 31 December 2010, 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 issued an order to 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 as the outcome is uncertain.

## 42 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 2010 and 2009 were as follows:

Type of agreement	Prepaid rentals	(in thousand Baht)	
		Remaining prepaid rentals 2010	2009
<b>The Company</b>			
30 years lease agreement (3 years for original agreement)	143,517	118,564	120,159
30 years lease agreement (90 years for original agreement)	29,669	25,713	26,043
	<u>173,186</u>	<u>144,277</u>	<u>146,202</u>
<b>Subsidiary</b>			
30 years lease agreement (3 years for original agreement)	47,000	38,680	39,200
30 years lease agreement (90 years for original agreement)	11,659	10,105	10,234
	<u>58,659</u>	<u>48,785</u>	<u>49,434</u>
<b>Total</b>	<u><b>231,845</b></u>	<u><b>193,062</b></u>	<u><b>195,636</b></u>

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 2010, 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.

## 43 Thai Financial Reporting Standards (TFRS) not yet adopted

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

TFRS	Topic	Year effective
TAS 1 (revised 2009)	Presentation of Financial Statements	2011
TAS 2 (revised 2009)	Inventories	2011
TAS 7 (revised 2009)	Statement of Cash Flows	2011
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors	2011
TAS 10 (revised 2009)	Events after the Reporting Period	2011
TAS 12	Income Taxes	2013
TAS 16 (revised 2009)	Property, Plant and Equipment	2011
TAS 17 (revised 2009)	Leases	2011
TAS 18 (revised 2009)	Revenue	2011
TAS 19	Employee Benefits	2011
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates	2013
TAS 23 (revised 2009)	Borrowing Costs	2011
TAS 24 (revised 2009)	Related Party Disclosures	2011
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements	2011
TAS 28 (revised 2009)	Investments in Associates	2011
TAS 31 (revised 2009)	Interests in Joint Ventures	2011
TAS 33 (revised 2009)	Earnings per Share	2011
TAS 34 (revised 2009)	Interim Financial Reporting	2011
TAS 36 (revised 2009)	Impairment of Assets	2011

<b>TFRS</b>	<b>Topic</b>	<b>Year effective</b>
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets	2011
TAS 38 (revised 2009)	Intangible Assets	2011
TAS 40 (revised 2009)	Investment Property	2011
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations	2011
TFRS 6	Exploration for and Evaluation of Mineral Resources	2011

Management expects to adopt and apply these new TFRS in accordance with the FAP's announcement and is presently considering the potential initial impact on the consolidated and separate financial statements.

## ***TAS 16 (revised 2009) - Property, plant and equipment***

The principal changes introduced by the revised TAS 16 and affecting the Group/Company are that (i) costs of asset dismantlement, removal and restoration have to be included as asset costs and subject to annual depreciation; (ii) the depreciation charge has to be determined separately for each significant part of an asset; and (iii) in determining the depreciable amount, the residual value of an item of property, plant and equipment has to be measured at the amount estimated receivable currently for the asset if the asset were already of the age and in the condition expected at the end of its useful life. Furthermore, the residual value and useful life of an asset have to be reviewed at least at each financial year-end.

The revised TAS 16 permits as a transitional provision that these changes may be introduced prospectively from the year of introduction. Management intends to adopt this transitional provision and accordingly the introduction of the revised TAS 16 from 1 January 2011 has no impact on the financial statements of 2010 or prior years. Management is currently reviewing the impact on the financial statements of introducing the revised TAS 16 from 1 January 2011.

## ***TAS 19 - Employee benefits***

There is currently no Thai accounting standard covering employee benefits and the Group does not presently account for the costs of post-employment benefits under defined benefit plans; other long-term employee benefits; and termination benefits until such costs are incurred. The new TAS 19 includes the requirements to recognise and account for such costs in the period in which the service is performed. The requirements are complex and require actuarial assumptions to measure the obligation and expense. Moreover, the obligations are measured on a discounted basis because they may be settled many years after the employees render the related service. The transitional provisions of TAS 19 permit the transitional liability to be recognised and accounted for in one of four different ways: (i) retrospectively; (ii) immediately in equity (retained earnings) at the transition date; (iii) immediately in profit or loss at the transition date; (iv) as an expense on a straight-line basis over up to five years from the transition date.

Management is currently reviewing the impact on the financial statements of introducing TAS 19.

## 44 Reclassification of accounts

Certain accounts in the 2009 financial statements have been reclassified to conform to the presentation in the 2010 financial statements as follows:

*(in thousand Baht)*

	2009					
	Consolidated financial statements			Separate financial statements		
	Before reclass	Reclass	After reclass	Before Reclass	Reclass	After reclass
<b>Statement of income</b>						
Other income	489,426	(148,449)	340,977	496,223	(140,371)	355,852
Dividend income	8,330	(8,330)	-	760,671	(760,671)	-
Investment income	-	156,779	156,779	-	901,042	901,042
		<u>-</u>			<u>-</u>	

The reclassifications have been made because, in the option of management, the new classification is more appropriate to the Group's business.



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