

# Content

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## Financial Highlight

	Unit	2009	2010	2011
<b>Profit &amp; Loss</b>				
Sale income	Million Baht	118.84	473.41	1,194.99
Total income	Million Baht	121.68	474.76	1,199.48
Gross profit (loss)	Million Baht	(11.93)	84.76	177.68
Net profit (loss)	Million Baht	(59.04)	26.23	86.49
<b>Balance Sheet</b>				
Current assets	Million Baht	225.08	303.17	683.20
Total assets	Million Baht	374.25	446.71	899.64
Total liabilities	Million Baht	21.71	40.95	262.07
Total shareholders' equity	Million Baht	352.54	405.76	637.57
<b>Financial ratio</b>				
Current ratio	Times	11.13	7.51	2.61
Debt to equity ratio	Times	0.06	0.10	0.41
Gross profit (loss) margin	%	(10.04)	17.90	14.87
Net profit (loss) margin	%	(49.68)	5.54	7.24
Return on equity	%	(16.75)	6.46	13.56
Return on asset	%	(15.78)	5.87	9.61

## Message from the Chairman

In 2011 Thai Capital Corporation Public Company Limited ("TCC") had a turnover growing leaps and bounds. TCC had sale amount 1,195 million Baht, which grew more than 1.52 times of the year 2010 and a net profit of 86.49 million Baht. The main factor from a turnover growing leaps and bounds was TCC can maintain all potential customers and continues to seek the new customers and the Company has expanded its customer base to China as well.

In addition, throughout 2011, TCC emphasized to develop efficiency of resources and management system such as machineries control, logistics and transportation, including management and as well as human resource development. Nowadays, several industries began to widely accept coal business since Coal consumption in Thailand mostly import from Indonesia which has low sulfur, and low environment impact including Thai government acceptance standard range of sulfur. In addition, compared to that from fuel oil, price per heat to produce steam from coal is cheaper than fuel oil around 70% so affect to use coal increasing rapidly in the medium and small industries such as food and beverage industry, textile industry, and paper industry. As a result, the number of customers and sales during the year continued growth. Although TCC imported coal to sell more than doubled, it is but still not enough for customer's demands which continue to require the order.

We believe that in year 2012, we will continue growth in accordance with the high coal demand. Lastly, I would like to extend my gratitude to all of our customers who have supported the Company's products; suppliers who delivered quality products and services; employees who have dedicated whole-heartedly to their duties; and the community of Petchburi province, all of whom have helped in the development of the business of the Company. I also would like to extend my gratitude to the shareholders for their trust and continuous support, which, hopefully, will go far and beyond into the future.

Yours sincerely,



Mr.Munsin Chaivikrai  
Chairman

## Audit Committee's Report

Audit Committees of Thai Capital Corporation Public Company Limited ("TCC") comprised of 3 independent directors who are Mr. Chalit Limpanavech as a Chairman of Audit Committee. Ms. Nataya Ouivirach and Mr. Paiboon Sutuntivorakoon as Audit Committees. They fully expertise in accounting, finance, market, legal, management and coal business.

Audit Committees conducted duties and responsibilities assigned by Board of Directors. During the year 2012, the audit committees held 5 meetings with the details of each one as follow:-

Name	Surname	Position	No# of Meeting
1 Mr. Chalit	Limpanavech	Independent Director and Chairman of Audit Committee	5/5
2 Ms. Nataya	Ouivirach	Independent Director and Audit Committee	5/5
3 Mr. Paiboon	Sutuntivorakoon	Independent Director and Audit Committee	5/5

In addition, Audit Committee had meetings with top managements, internal audiors and external auditors with the significant reviews as follows:-

**Reviewed financial statements:** the committee reviewed the reliability of financial statements and suitability of accounting principles for quarterly and annual financial statements. The committee reviewed with the auditor and management to consult and exchange opinions about the quality evaluation results in its financial report which is appropriately prepared and complied with generally accepted accounting standard. Financial information and statements are accurately reliable and disclosed properly and accurately on timely basis regulated by The Stock Exchange of Thailand ("SET") and Securities and Exchange Commission ("SEC")

**Reviewed related transactions:** the committee reviewed the disclosure of the Company's and its subordinated company's related transactions which might cause the conflict of interest among stakeholders. The result was that the related transactions were complied with ordinary business practices and good governance regulation of SET.

**Reviewed the internal control operation:** the committee reviewed the suitability of the internal control systems. In 2011, the result was that the company's internal controls were appropriate. However, during 2011, the Company was under revision computer system for use in various internal control systems include inventory system, revenue system and purchasing system. However, the said computer systems are being used together with the accounting software in use today. In 2012 the committee will follow up the progress of those control improvement further.

Additionally, the committee reviewed the Company to follow the regulations of SEC and SET and the other regulation related to its business regularly for the maximum of the effectiveness and the efficiency. It also included the business conduct to stakeholders with the purpose of fairness. Transparency and good governance to create the reliability to all investors and stakeholders.

The committee considered the elections of the auditors for year 2012 by reviewing the qualification, professional experiences, and the appropriateness of audit fee and has a resolution to propose to Board or Directors to ask for the approval of AGM 2012 to appoint Ms.Thittraporn Klinklao Certified Public Accountant (Thailand) License No.3726 of BDO Limited to be the auditors of the company for 2012

February 13, 2012

On behalf of the audit committee



Mr. Chalit Limpanavech  
Chairman of Audit Committee

## Information of Board of Directors (as at 31 December 2011)

Name-Last Name / Position	Age (Year)	Education	Share in TCC (%)	Relation with Management	Period	Experience and Current Position	
						Position	Dept./ Company Business
Mr. Munsin Chaivikral Chairman of the Board of Directors	61	- Kosol Vitthaya School	- None-	Mr. Kittisak and Ms. Yupin and elder brother of Mr. Charoenthal	2008 - present 1973 - present	Chairman of the Board of directors Chairman of the Board of Directors and authorized director	Thai Capital Corporation PCL./ Coal trading Far East Knitting Industry Co., Ltd./ Manufacturer of clothing
Mr. Kittisak Chaivikral Director	39	- Master degree in Accounting The George Washington University, USA - Bachelor degree in BA., The George Washington University, USA	- None-	Son of Mr. Munsin and elder brother of Ms. Yupin and nephew of Mr. Charoenthal	2007 - present 1999 - present 2002 - 2010 2003 - 2008 2004 - 2008	Director Vice President Director Director Director	Thai Capital Corporation PCL./ Coal trading Far East Knitting Industry Co., Ltd./ Manufacturer of clothing Far East Securities Co., Ltd/ Securities broker Far East Asset Corporation PCL./ Management consultant of Industrial commerce Far East Capital Advisory Co., Ltd/ Real estate broker
Ms. Yupin Chaivikral Authorized Director	34	- Master degree in Accounting Strayer University, USA - Bachelor degree in Accounting Assumption University (ABAC) - DAP Class 56/2006 (IOD)	15.91	Daughter of Mr. Munsin and younger sister of Mr. Kittisak and niece of Mr. Charoenthal	2006 - present 2002 - present	Authorized Director Company secretary	Thai Capital Corporation PCL./ Coal trading Far East Knitting Industry Co., Ltd./ Manufacturer of clothing
Mr. Charoenthal Chaivikral Authorized Director and CEO	54	- Sugsawattana High School	- None -	Younger brother of Mr. Munsin and uncle of Mr. Kittisak and Ms. Yupin	2008 - present 1973 - present	Authorized Director and CEO Authorized Director and President	Thai Capital Corporation PCL./ Coal trading Far East Knitting Industry Co., Ltd./ Manufacturer of clothing
Mr. Bandid Chotiwannaporn Authorized Director and Managing director	36	- Master degree in BA., University of Exeter - Bachelor degree in Accounting Thammasart University - DAP Class 85/2010 (IOD)	- None -	- None -	2009 - present 2010 - present 2009 2006 - 2008	Managing Director Authorized Director Assistant Chief Financial Officer Director of Accounting and finance	Thai Capital Corporation PCL. Theco Sales Co., Ltd. / Air condition trading Jubilee Enterprise PCL. Interhides PCL.

Name-Last Name / Position	Age (Year)	Education	Share in TCC (%)	Relation with Management	Experience and Current Position		
					Period	Position	Dept./ Company Business
Mr. Boon-anant Srikhao Authorized Director and Managing director	37	<ul style="list-style-type: none"> <li>- Master degree in General Management, Construction Project Management University of Manchester Institute of Science and Technology (UMIST)</li> <li>- Bachelor degree in Engineering, Thammasart University</li> </ul>	Held on TCC's share 386,826, TCC-W1 50,000 units and TCC-W2 36,826 units - None -	Son-in-law of Mr. Munsin	2005 – 2006	Assistant Director of Investment Banking	TSEC Securities
					2004 – 2005	Manager of Capital Markets	Finasia Syrus Securities PCL.
					2001 – 2003	Manager of the internal control system	BitAcc Consulting Co., Ltd.
					1998 - 2001	Senior Auditor	Pricewaterhouse Coopers ABAS
					2009 – present	Vice President	Thai Capital Corporation PCL.
Mr. Chalit Limpanavech Independent Director and Chairman of Audit Committee	60	<ul style="list-style-type: none"> <li>- Master degree in Public Administration (MPA), Political Science Dept., Chulalongkorn University</li> <li>- Bachelor degree in Marketing, Assumption University (ABAC)</li> <li>- DCP 46/2004, CDC 1/2007 (IOD)</li> </ul>	- None -		2001 – 2009	Senior Engineering Project	Henaraj Land And Development PLC.
					1999 – 2011	Civil Engineering	Nongkhae Co-generation Co., Ltd.
					1998 – 1999	Civil Engineering	Samutprakarn Co-generation Co., Ltd.
					1995	Design Engineering	A.T.T. Consultant Co., Ltd.
					2008 - present	Dean of International College	University of the Chamber of Commerce
Ms. Nataya Oulvirach Independent Director and Audit Committee	56	<ul style="list-style-type: none"> <li>- Master degree in Management, Asian Institute of Management, Philippines</li> <li>- Bachelor degree in Accounting, Second Class Honor Assumption University (ABAC)</li> <li>- DAP 77/2009, ACP 33/2010 (IOD)</li> </ul>	- None -		2008 - present	Independent Director and Audit Committee	Thai Capital Corporation PCL./ Coal trading
					2008 - present	Independent Director	TIPCO Foods (Thailand) PCL./ Fruit juice manufacturing Assumption University (ABAC)
					2003 - 2009	Dean of Communication Arts Dept.	
					2008 - present	Independent Director and Audit Committee	Thai Capital Corporation PCL./ Coal trading
					2009 - present	Senior Consultant	System Focus Limited / Consultant for management of Business performance excellence by way TQA, PMQA, SEPA
					2002 - 2009	Director	Momentum Consulting Co., Ltd./ Consultant for business performance excellence
					1995 - 2009	Managing Director	Ariel Co., Ltd / Consultant in organization system, research and organization development.

Name-Last Name / Position	Age (Year)	Education	Share in TCC (%)	Relation with Management	Experience and Current Position		
					Period	Position	Dept./ Company Business
Mr. Palboon Sutuntivorakoon Independent Director and Audit Committee	59	<ul style="list-style-type: none"> <li>- Diploma in shipping Laws, University College, University of London, UK</li> <li>- Barrister at law, Gray's Inn</li> <li>- LL.B Major in commercial Law, King's College, University of London, UK</li> <li>- Barrister-at-law, institute of Legal Education of the Bar Council</li> <li>- Bachelor of Laws, Thammasat University</li> <li>- DCP 6/2011 (IOD)</li> </ul>	- None -	- None -	2008 - present	Independent Director and Audit Committee Independent	Thai Capital Corporation PCL./ Coal trading
					2005 - present	Chairman of Executive Director	Sunrise Capital management Co., Ltd./ Consultant in investment and real estate
					1990 - present	Executive Director	Tang Hong Kee Trading Co., Ltd./ Distributor of steel wire
					1990 - present 1987 - present	Chairman of Executive Director Managing Director	PBS Law Co., Ltd./ Consultant financial PBS Advisory/ Legal consultant



**Detail of positions held by Directors in-subsidary, affiliate or related companies as 31 December 2011**

	TCC	Subsidiary	Affiliate	Related companies		
		Theco Sales		Far East Knitting Industry Co., Ltd	Far East Securities PCL.	Far East Securities PCL.
Mr. Munsin Chaivikrai	C	-	-	X	-	-
Mr. Kittisak Chaivikrai	D	X	-	M	X	-
Ms. Yupin Chaivikrai	X	-	-	M	-	-
Mr. Charoengchai Chaivikrai	X	-	-	X	-	-
Mr. Bandid Chotiwanaporn	X	X	-	-	-	-
Mr. Boon-anant Srikhao	X	-	-	-	-	-
Mr. Chalit Limpanavech	D, CA	-	-	-	-	-
Ms. Nataya Ouivirach	D, AC	-	-	-	-	-
Mr. Pailoon Sutuntivarakoon	D, AC	-	-	-	-	-

Note: C = Chairman, D = Director, CA = Chairman of Audit Committee, AC = Audit Committee, X = Executive Director/Authorized Director, M=Management

## **Information of the Company**

**Name** : **Thai Capital Corporation Public Company Limited**  
**Registered Number** : 0107537001226  
**Nature of Business** : 1) Import and Sale of coal and mineralin both domestic and international markets  
2) Provide cargo transportation service by sea vessel (However, according to the resolution of the Board of Directors' Meeting No. 4/2009, dated 13 August 2009, approval was granted in cancellation of the cargo transportation service by sea vessels)

**Head Office** : 87/2 CRC Tower Building, 45<sup>th</sup> Floor, All Seasons Place, Wireless Road, Lumpini, Pathumwan, Bangkok 10330  
**Telephone** : 0-2685-3600  
**Facsimile** : 0-2685-3607  
**E-mail** : info@thaicapital.co.th

### **Registered Capital and Paid-up Capital as at 31 December 2011**

Registered Capital 726,504,593.50 Baht divided into 1,453,009,187 ordinary shared at par value of 0.5 Baht per share  
Paid-up capital 452,436,391.50 Baht divided into 904,872,783 ordinary shared at par value of 0.5 Baht per share

## Information of the Subsidiaries

- 1. Name** : Theco Sales Co., Ltd. (TCS)  
**Registered Number** : 0105536114441  
**Shareholding as at 31/12/2011** : 99.99%  
**Paid-up Capital as at 31/12/2011** : 10,000,000 Baht divided into 100,000 ordinary shares at par value of 100 Baht per share  
**Nature of Business** : Sales of spare parts of air conditioner, cooler and heater for all types of vehicle, home, building, including other types of heater and cooler. According to the resolution of the Board of Directors' Meeting of TCC No. 7/2008, approval was granted in cancellation of the air conditioning related business of TCC, Consequently, TCS the subsidiary of TCC who operated the air conditioning business together with TCC, was also to cease its operation and, hence, business.  
**Head Office** : 87/2 CRC Tower Building, 45<sup>th</sup> Floor, All Seasons Place, Wireless Road, Lumpini, Pathumwan, Bangkok 10330  
**Telephone** : 0-2685-3606  
**Facsimile** : 0-2685-3607

## Reference

<b>Securities Registrar</b> Thailand Securities Depository Co., Ltd. The Stock Exchange of Thailand Building 62 Rachadapisek Road, Klongtoey, Bangkok 10110 Tel: 0-2229-2888	<b>Auditor</b> BDO Co., Ltd. 22 <sup>nd</sup> Floor, CTI Tower 191/41 Ratchadapisek Road, Klongtoey, Bangkok 10110 Tel: 0-2261-1251-4
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## **Risk Factors**

### **1. Risk from raw material cost fluctuation according to world market rate**

Major cost components of the Company are coal and freight, which fluctuate according to the world market rates. If one or both of the mentioned costs are adjusted upwards, the cost of the Company will be driven up as a result.

However, the Company has entered into a long-term purchase agreement (average 6 months) with the distributors/major manufacturers in order to fix the purchase price, with reference to the world market price. Shipping cost is also fixed by long-term contract (average 1-2 months). Therefore, from the beginning of the import process to product sold process, the Company can control cost of products on a while and be able to submit the products to customers with the deal price without impact on the fluctuation price of the market.

### **2. Risk from fluctuation of exchange rate**

Coal and shipping cost are mainly quoted in US dollar currency while selling price of the Company is quoted in Baht. Therefore, when Baht is weak, the import cost for the Company will be higher.

In year 2011, even though the Company would have no significant effect on the hamburger crisis, driven US solar currency continuously weak, to minimize the currency risk from the recovery of the crisis, the Company has a tendency to adopt the policy to purchase forward contract for coal and shipping costs in order to minimize the risk in exchange rate.

### **3. Risk from dependent on small number of distributors/manufacturers**

Currently, the Company imports its coal from Indonesia, whose country is one of the three largest coal exporters in the world. In 2011, 90% of coal was purchased from two major distributor/manufacturer and the remaining through other sources. Therefore, cancellation of coal supply by the distributor, if any, would certainly disrupt the Company's business operation.

The major distributor/manufacturer, who is supplying coal to the Company, is a large and reputable coal producer in Indonesia, with sound financial status and high product quality that satisfies the demand of the domestic market. The Company has forecasted that this distributor/manufacturer will continue to have sufficient coal supply. The Company's order accounts for only 1.2% of its total production capacity. Therefore in the preliminary the Company signed advance contracts with coal supplier at least 6 months in order to purchase coal from Suppliers that correspond with the Company business plan.

The Company realized about this risk and is in the process of negotiation with 3-5 other distributors/manufacturers in year 2012.

#### **4. Environmental risk**

Even though coal is an alternative energy that is utilized in various industries because of its low cost, but coal does produce some environmental impact. The combustion of coal creates reaction between oxygen and the sulfur component in the coal, releasing toxic gas known as sulfur dioxide. This gas can cause respiratory disorder while coal dust/particles can induce allergy. Lignite type of coal, especially, will cause high environmental impact while other types are less severe.

Currently, the Company is importing bituminous and sub-bituminous coal with good quality and low sulfuric component (approximately 0.1-1.5% while bunker oil, which is another type of alternative energy used in various industries, contains 0.1-3.0% of sulfur). As such, these types of coal produce very little environmental impact.

In addition, the Company has implemented an international standard coal storage system and devised strict measures to prevent coal dust and particles from spreading. Such measures include spraying water around the factory to lock the dust within the boundary; covering the coal by plastic sheets; and building a fence around the storage facility. All trucks that transport coal are also completely covered with plastic sheet, to prevent coal from scattering or dust spreading during transportation.

# Business Overview

## Background

### Thai Capital Corporation PCL. ("TCC")

Thai Capital Corporation PCL was formerly known as Thai Heat Exchange PCL. The Company's former business was to manufacture air conditioning parts for cars as substitutes to imported parts. In 2008, the Board of Directors of TCC had passed a resolution to terminate the air conditioning part production business line and start the new core business of the Company, which is a coal trading business. Major changes in the past three years are as follows:

#### **Year 2009** Management and Director restructuring activities

- Resignation and replacement of the Chairman of the Company. The Board of Directors' Meeting 4/2009, held on 13 August 2009, passed a resolution to appoint Mr. Munsin Chaivikrai as the Chairman of the Company, replacing Mr. Chumni Chanchay, the former Chairman who had resigned.
- Resignation and replacement of the Executive Chairman. The Board of Directors' Meeting 5/2009, held on 13 November 2009, passed a resolution to appoint Mr. Charoenchai Chaivikrai as the Executive Chairman, replacing Mr. Kittisak Chaivikrai, the former Executive Chairman who had resigned.
- Resignation and replacement of the Secretary to the Company. The Board of Directors' Meeting 5/2009, held on 13 November 2009, passed a resolution to appoint Mr. Bandid Chotiwanaporn as the Secretary to the Company, replacing Ms. Chuensuk Meesompo, the former Secretary who had resigned.
- Termination of the sea vessel transportation business by the resolution of the Board of Directors' Meeting 4/2009 held on 13 August 2009.

#### **Year 2010** Management and Director restructuring activities

- Resignation of the Authorized Director and President, Mr. Thirawat Nuangnong, which the Board of Directors' Meeting 4/2010, held on 14 May 2010, acknowledged the resignation.

#### **Year 2011** Management and Director restructuring activities

- Replacement of Managing Director. The Annual General Meeting of Shareholders for the Year 2011, held on 14 March 2011, passed a resolution to appoint Mr. Bandid Chotiwanaporn as the Managing Director and Authorized Director, replacing Mr. Thirawat Nuangnong, the former Authorized Director and President who had resigned.

- Approve the replacement of a Managing director and additional authorized directors. The Annual General Meeting of Shareholders for the Year 2011, held on 14 March 2011, passed a resolution to appoint Mr. Boon-anant Srikhao as a Director and Authorized Director.
- Issuance the new ordinary shares in amount 75,982,482 shares the par value of 0.50 Baht each to existing shareholders on pro rata basis, at the ratio of 10 existing shares to 1 new shares , at the price of Baht 1 per share and offering the new warrant#2 (TCC-W2) 75,982,482 , at the ratio of 1 new share per 1 unit of warrant at no charge. The exercise price is Baht 1 per share. Objectives of the capital increase and plans for utilizing proceeds received from the capital increase to utilize as working capital of the Company.
- In April 2011, the Company entered into a contract for coal extraction in the Nakorn Luang district, Ayutthaya

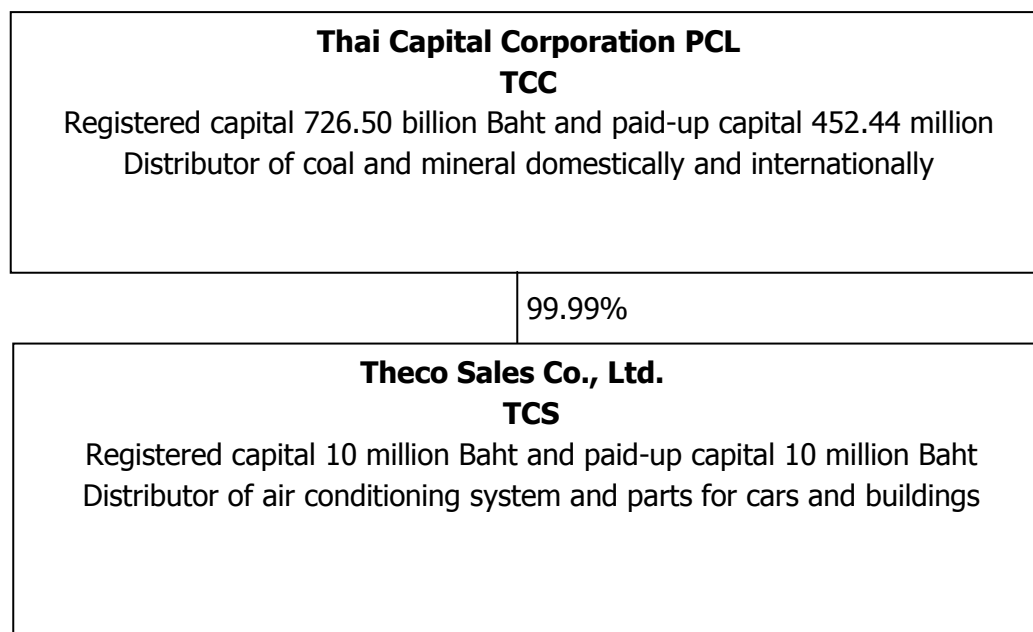
## **Subsidiaries:**

### **1. Theco Sales Co., Ltd. ("TCS")**

TCS was established in 1993, with TCC holding 99.99% of the registered and paid-up capital of TCS in the amount of 10,000,000 Baht. TCS operated the sales and marketing part of the air conditioning parts for both vehicles and buildings until quarter 3/2009, when TCC decided to terminate the air conditioning part production line of business. The operating activities of TCS, which had been declining since 2006-2007, were finally terminated, now the legal disputes had been final already.

## Group structure

As at 31 December 2011, the group structure of the Company is as follows:



## Business Overview of the Company and subsidiaries

**Thai Capital Corporation Public Co., Ltd ("TCC")** operates as an importer and distributor of coal. Most of the customers are the food factories, textiles, the cement group, Chemicals group, Tire group, the paper group, leather etc. TCC imports high-quality Bituminous Coal from reliable sources in Indonesia which has highest quality coal in the next 1 to 5 of the world. To put emphasis on the importance of a consistent quality product, TCC has a quality team coupled with the company hired an international inspection of coal to examine the coal at all stages. TCC transports coal by sea vessels to Thailand when it comes to ports in Thailand, TCC has a team of internal quality inspection and has laboratory and equipment to monitor quality by international standards to ensure that TCC's products will be best before deliver to clients. In additional, TCC also focuses on the transportation system to transport such goods to the hands of customers on demand and requirement customer in order to build maximum satisfaction to customers



## **Subsidiaries**

### **1. Theco Sales Co., Ltd. ("TCS")**

TCS operated marketing related business for domestic market only, by purchasing air conditioning parts for cars and buildings from the Company and other suppliers in order to distribute to the customers, especially in the portion of the market where TCC was unable to penetrate or compete with it.

Following TCC's termination of the air condition manufacturing business in 2008, TCS business activities had gradually dwindled and were finally terminated, now the legal disputes had been final already.

## **Income structure**

Unit : Million Baht

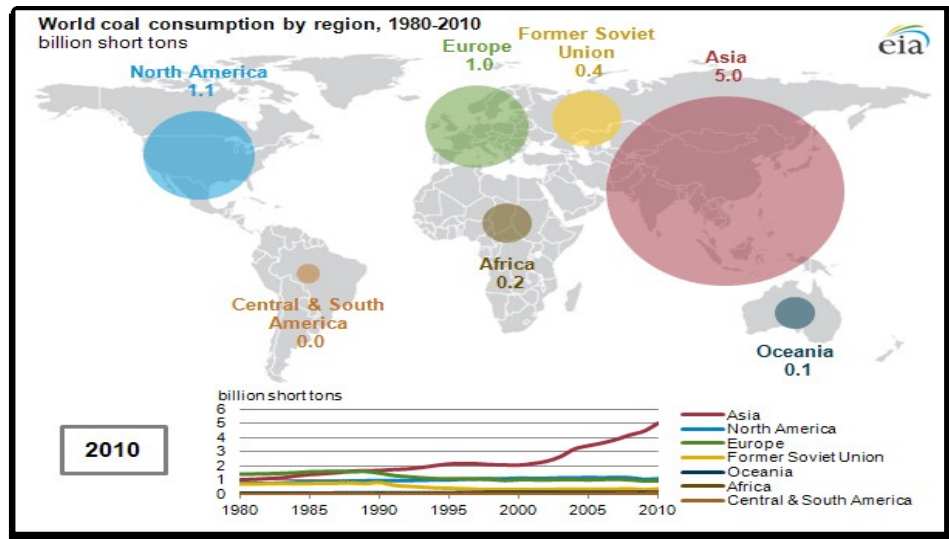
Type of Business	Operated by	% of shares held by TCC	2009	%	2010	%	2011	%
Coal business								
- Sales of coal	TCC	100.00%	118.84	69.9%	473.41	100.0%	1,194.99	100.0%
- Sea vessel transportation service *	TCC	100.00%	51.26	30.1%	-	0.0%	-	0.0%
<b>Total</b>			<b>170.10</b>	<b>100.0%</b>	<b>473.41</b>	<b>100.0%</b>	<b>1,194.99</b>	<b>100.0%</b>

\* Resolution of the Board of Directors' Meeting 4/2009 dated 13 August 2009 to terminate sea vessel transportation service

# Industrial and competitive condition

## Industrial and Competitive condition – Energy and Coal

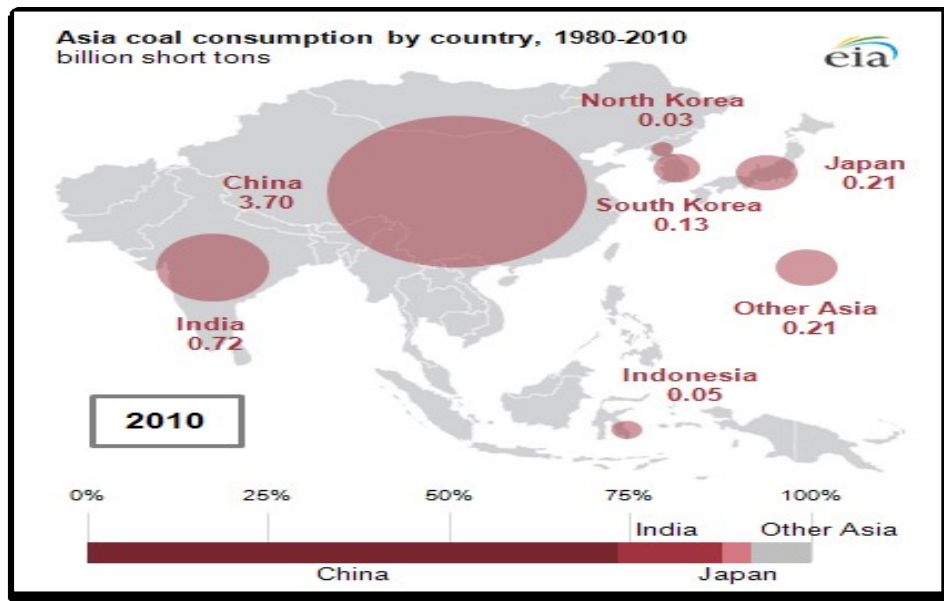
**The amount of coal used worldwide for 30 years from 1980 to 2010.  
: By continent**



Source : Energy Information Administration

A current rate of the world coal consumption is likely to increase dramatically. Based on the above chart, it presents that Asia is the region with the highest consumption of coal, ranked first in the world, especially in the year 2010, coal consumption in Asia is as high as 5,000 million tons it increasing the level of significance and continuous. Since the year 2005 - present, as many manufacturing bases in many sectors of the industry have relocated from the West to Asia, due to low labor costs, resource intensive and especially, the low-cost alternative energy sources such as coal, etc. Thus, this tendency is found that Asia is the region with the opportunity and the possibility of coal business is relatively high.

**The amount of coal used worldwide for 30 years from 1980 to 2010.  
: by Asian countries**

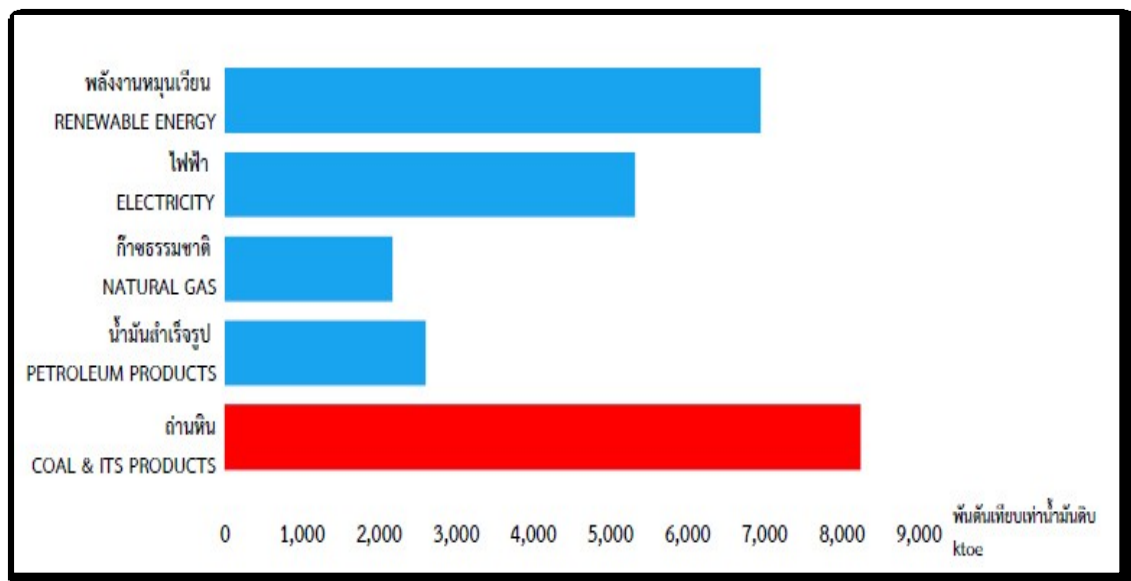


Source : Energy Information Administration

The country who has the largest coal consumption in Asia is China . It appears that China is the only country in Asia with the highest coal consumption with 75% of all Asia.

Therefore, China is an important market for coal in Asia. The company has begun to export coal to China since December of 2011 and the Company believes that in the year 2012 onwards the Company will be able to expand exports to China have consistently, leading to market expansion throughout Asia as the next.

## Distribution of energy consumption in manufacturing industry in Thailand during the year 2010



Source : Ministry of Energy

A classification of the energy used in manufacturing industries during the year 2010 found that coal is the first largest energy that the industry selects more than others. The volume used is over 8 million tons (crude oil equivalent) with more than 4 times comparing to a consumption of petroleum product which the usage is more than 2 million tons approximately.

## Estimates of commercial primary energy consumption

Unit : Thousands of barrels of crude oil equivalent per day

	2007	2008	2009	2010	2011p	2012f
<b>Consumption</b>	<b>1,604</b>	<b>1,618</b>	<b>1,663</b>	<b>1,783</b>	<b>1,856</b>	<b>1,947</b>
Oil	667	634	643	652	672	694
Natural Gas	615	648	682	784	814	874
Lignite/ Coal	279	301	303	310	316	324
Import Water power/ electrical	43	36	35	36	54	55
<b>Rates of change (%)</b>						
<b>Consumption</b>	<b>3.8</b>	<b>0.9</b>	<b>2.8</b>	<b>7.2</b>	<b>4.1</b>	<b>4.8</b>
Oil	-1.0	-5.0	1.4	1.5	3.0	3.3
Natural Gas	6.2	5.4	5.2	15.0	3.8	7.4
Lignite/ Coal	12.8	7.7	0.7	2.4	2.0	2.8
Import Water power/ electrical	-2.5	-17.4	-1.1	2.8	48.2	1.9

Source : Ministry of Energy

P: Preliminary information

F: Estimated information

A chart of estimated energy consumption of commercial primary energy in 2012 from the Ministry of Energy, coal is expected to trend rates of growth in the commercial. Especially since the year 2007 - 2012, there are only coal and natural gas, a group of energy which their consumption have never been negative.

## Lines of Business

- **Transportation by sea vessels (Terminated in August 2009)**

The Company purchases its coal from suppliers in Indonesia and sources sea vessels to transport and deliver the coal to the customers. Transportation and delivery by vessels has been initiated in order to manage the existing assets in such a way to generate revenue, since the vessels have already been chartered to transport the coal to the Company. However, the soaring oil price during 2008-2009 had caused the transportation business to continue to operate at a loss rather than profit. As such, the Board of Directors' Meeting 4/2009, held on 13 August 2009, had passed a resolution to terminate the transportation business.

- **Import and sales of coal and minerals in the domestic and international markets**

The Company started this business by purchasing coal from suppliers in Indonesia and transporting it by sea vessels to Thailand to sell to customers and/or select and separate the sizes according to the orders before delivery. The Company had outsourced the separation and storage services until mid-2008 when the screening plant was built at Amphur Khaoyoi, Petchburi province and has commenced its commercial operation since quarter 3/2009. Coal Trading with wide range of Size, Calories or Whatever Clients need as follows:



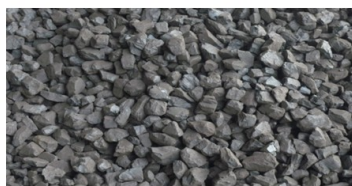
0-5



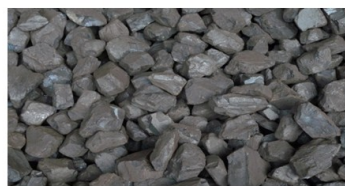
5-10



0-50



10-25



25-50

Size

## **Justifiable Disputes**

During 2007 and 2008, the Company have proceeded with notification to the policeman to execute against related persons in case of inventory damage in amount of Baht 17.08 millions. Presently, the case has in the process of sending prosecutors to consider expressions.

In second quarter of 2009, the Company has cancelled the contract of ship rental and prosecuted one company of ship hirer at the Arbitration of Singapore, claiming for damage fee from the event that the ship hirer defaulted the contract by delivering the ship unready for use condition. Moreover, during ship repairing, the hirer has exploited the ship while the ship was not delivered to the Company, the present case situation is under the final decision process by arbitrator which the Company has filed the indictment to claim for damage fee by amount of USD 0.93 millions. Later in August, 2009, the ship lesser company has filed indictment to refuse the claimant of such damage fee which was claimed to the Company by amount of USD 0.52 millions.

The progress of the case, presently, the arbitrator of Singapore recently gave its final judgment on 15th July, 2011. The Company won the case and received awards from the lawsuit as a refund in the amounts of USD 202,637.10 and SNG 320,850.55 or representing more than 13 million Baht, presently, the Company received the partial compensation of Baht 8 million. For the remainder expected to be collected in the year 2012.

## Capital Structure

### Registered capital and Paid-up capital

As at 31 December 2011, the Company's registered capital and paid-up capital are as follows:

	Number of ordinary shares (Shares)	Par value (Baht/share)	Amount (Baht)
Registered capital	1,453,009,187	0.50	726,504,593.50
Paid-up capital	904,872,783	0.50	452,436,391.50

### Shareholders

Ten major shareholders as at 31 December 2011 are as follows:

Rank	Name of shareholder			Number of Shares	% of total
1	Thailand Securities Depository Co., Ltd. (For depositors)			314,668,323	34.39%
2	<b>Chaivikrai Group</b>				
	*	Ms. Yupin	Chaivikrai	145,530,000	15.91%
		Ms. Sopin	Chaivikrai	135,000,000	14.75%
		Total		280,530,000	30.66%
3	Ms.	Vilai	Chareonvitu	45,000,000	4.92%
4	Ms.	Khanitha	Songthaweeapol	43,680,000	4.77%
5	Ms.	Supunnee	Chaikulwatana	42,000,000	4.59%
6	Ms.	Kesorn	Sithivaraporn	39,650,000	4.33%
7	Ms.	Nuttha	Songthaweeapol	36,700,000	4.01%
8	Ms.	Nutsuree	Lertchairatana	36,000,000	3.93%
9	Mr.	Kriangsak	Songthaweeapol	31,751,000	3.47%
10	MISS	XU	YINGMEI	27,000,000	2.95%
<b>Total top 10 shareholders</b>				<b>896,979,323</b>	<b>98.04%</b>
Total remaining shareholders				17,973,692	1.96%
<b>Total paid-up shares</b>				<b>914,953,015</b>	<b>100.00%</b>

\*Ms. Yupin Chaivikrai is authorized director of the company



## Dividend Policy

### Thai Capital Corporation PCL (TCC)

The Company has the policy to pay out at least 40 % of net profit after tax as dividend. The rate may be adjusted as deemed appropriate, considering that there are no other requisites and that the payment has no significant effect on the normal operation of the company.

### Theco Sales Co., Ltd. ("TCS")-subsidiary of TCC in which TCC holds 99.99% shares

The Company has no fixed dividend policy, with the payment depending on the operating result and the resolution of the shareholders' meeting. The financial status of the Company as at 31 December 2009 has shown that the Company does not have the capability to pay dividend because TCC has ceased its air conditioning business since quarter 3/2008. Consequently, TCS, who had jointly operated the air conditioning business with TCC, has not been able to generate profits to pay out dividend.

### Obligation in security issuance and offering

As at 31 December 2011, the outstanding number of TCC warrants still remained after the previous offer to existing shareholders is as follows:

Securities	Unit (s)					Conversion price	Exercise price	Duration
	Issue	Outstanding	Offering	Warrant Exercised	Outstanding			
TCC-W1	331,230,087	8,213,877	323,016,210	95,202,780	227,813,430	1 : 1.14146	0.876 Baht per share	7 years due date 30 October 2014
TCC-W2	75,982,482	-	75,982,482	1,300	75,981,182	1 : 1	1 Baht per share	7 years due date 3 May 2018

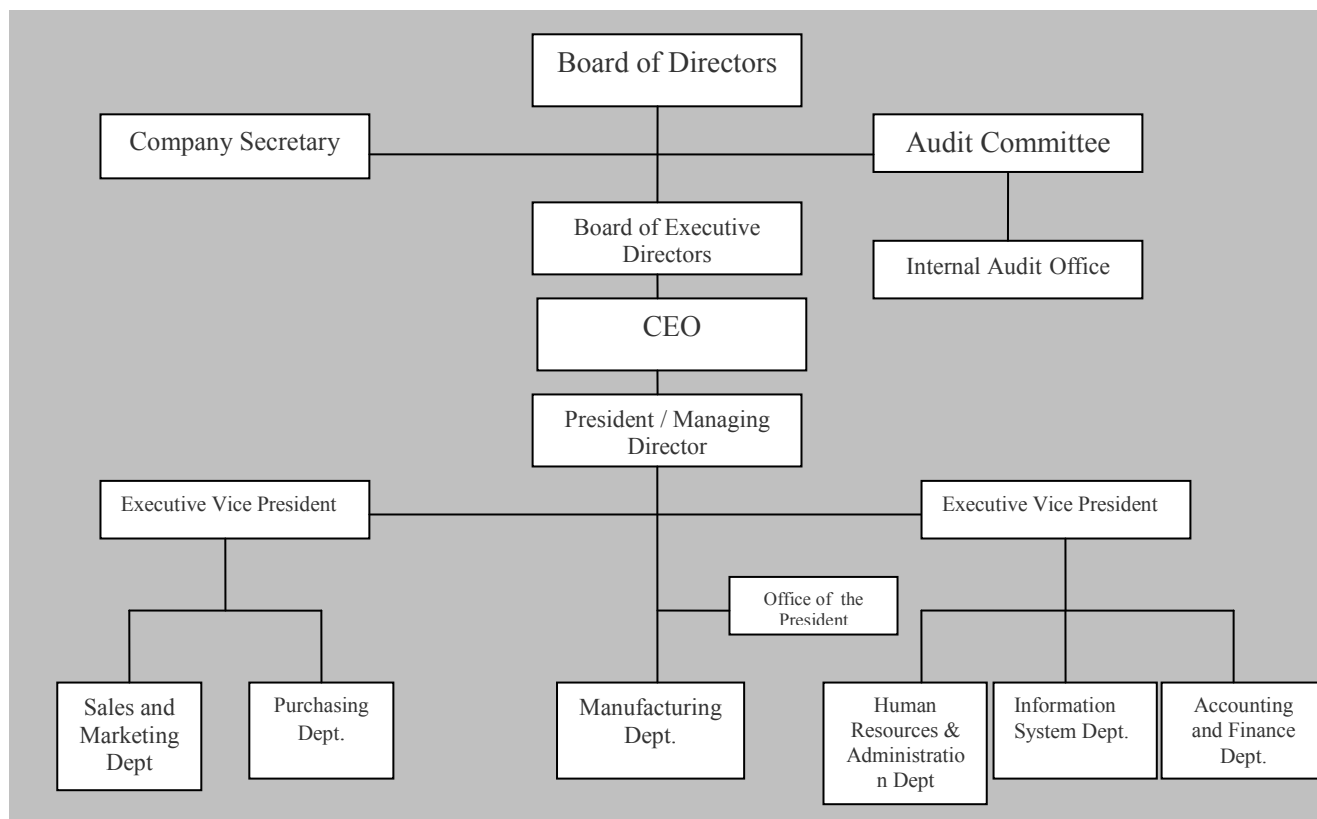
TCC-W1 will be exercised as the last working date of each quarter to 30 October 2016 which is the final exercising date. As at 30 December 2011, a total of 8.83 million shares were converted through the rights to exercise TCC. The Company has already registered the changes in paid-up capital on 5 January 2012.

TCC-W2 will be exercised as the last working date of February, May, August and November of each year to 3 May 2018 which is the final exercising date.

# Management

## Management Structure

Management structure as at 31 December 2011 is as follow:



## Board of Directors

Board of Directors as at 31 December 2011 is comprised of:

	Name	Last name	Shareholding (%)	Position
1.	Mr. Munsin	Chaivirkrai	-	Chairman of the Board of directors
2.	Mr. Charoenchai	Charivikrai	-	Director
3.	Mr. Kittisak	Charivikrai	-	Director
4.	Ms. Yupin	Chaivikrai	15.91	Director
5.	Mr. Bandid	Chotiwannaporn	-	Director
6.	Mr. Boon-anant	Srikhao	-	Director
7.	Mr. Chalit	Limpanavech	-	Independent Director and Chairman of Audit Committee
8.	Ms. Nartaya	Ouivirach	-	Independent Director and Audit Committee
9.	Mr. Paiboon	Sutuntivorakoon	-	Independent Director and Audit Committee

Note: Shareholding percentage as at 31 December 2011, inclusive of shareholding of related person namely, Ms. Sopin Chaivikrai, totals to 30.66%

### Authorized Directors

Mr. Charoenchai Chaivikrai , Ms. Yupin Chavikrai, Mr. Bandid Chotiwannaporn and Mr. Boon-anant Srikhao are authorized to sign and affix the company seal.

### Duties and Responsibilities of the Board of Directors

1. To perform duties according to Public Company Act of 1992 and any other laws which designate such duties and responsibilities as that of Directors of a listed company
2. To perform duties according to the law, objectives and article of Association of the Company, including the resolutions of the Shareholders Meeting
3. To establish major business policies for the Company which include financial policy, funding policy, fund management policy and risk management policy
4. To have the power to designate and change authorized directors
5. To provide good corporate governance and ensure achievement of goal or in excess thereof; and to provide corrective measure to overcome the obstructions that may hinder such achievement
6. To arrange for reports on general information and financial statement to shareholders and stakeholders that are accurate, complete, transparent and according to the law
7. To acknowledge significant audit notes and provide corrective measures in case of material deficiency

### Audit Committee

Audit Committee currently comprises of the following members:

Name - Last name			Shareholding (%)	Position
1.	Mr. Chalit	Limpanavech	-	Independent Director and Chairman of Audit Committee
2.	Ms. Nataya	Ouivirach	-	Independent Director and Audit Committee
3.	Mr. Paiboon	Sutuntivorakoon	-	Independent Director and Audit Committee

### Duties and Responsibilities of the Audit Committee

1. To ensure that the Company's financial report accurately and sufficiently discloses the information by coordinating with the auditor and the executives responsible for the preparation of the financial statement both quarterly and annually, During the course of auditing, the Audit Committee may request the auditor to review or audit any transactions as deemed necessary
2. To ensure, together with the auditor and the internal auditor, that the Company has a suitable and effective internal audit system
3. To consider and propose the appointment of auditor as well as remuneration of auditor, The auditor shall be appointed on the basis of credibility, resourcefulness, amount of work

commissioned to such audit office and the experience of the auditor that has been appointed

4. To consider and disclose the Company's information regarding connected transactions or conflicts of interest, if any, in an accurate and complete manner
5. To perform duties as assigned by the Board of Directors and agreed by the Audit Committee such as to review financial management and risk management policies; to review the management performance in terms of good business ethics; to review together with the management the reports that disclose significant transactions to the public such as the analysis report of the management
6. To prepare and arrange the Audit Committee's activity report and disclose it in the Annual Report, The report must be certified by the Chairman of the Audit Committee and the detail shall include:
  - 6.1 Opinion regarding preparation process and disclosure of information in the financial statement on its accuracy, completeness and trustworthiness
  - 6.2 Opinion regarding the sufficiency of internal control system
  - 6.3 Reasons to support the appointment of the auditor
  - 6.4 Opinion on the Company's operation in accordance with the Securities and Exchange Act, Regulations set by the Stock Exchange of Thailand or any other laws relating to the business of the Company
  - 6.5 Any other reports that the shareholders and investors should be informed, under the duties and responsibilities assigned by the Board of Directors

## Top Management

Top management of the Company as at 31 December 2011 comprises of the followings:

	Name	- Last name	Shareholding (%)	Position
1.	Mr. Charoenchai	Chaivikrai	-	Chief Executive Officer
2.	Mr. Boon-anant	Srikhao*	-	Executive Vice President
3.	Mr. Bandid	Chotiwannaporn	-	Executive Vice President

\* Mr. Boon-anant Srikhao holds 386,826 shares of TCC , 50,000 units of TCC-W1 and 36,826 units of TCC-W2

## Duties and responsibilities of Top Management

The resolution of the Board of Directors shall entrust the authoritative power to the top management for its ability to command, make plans and operate the business of the Company according to the policy set forth by the Board of Directors, and designate the authoritative power to the Chief Executive Officer and President/Managing Director in a way as follows:

### *Chief Executive Officer*

- 1) To devise the mission, objective, guideline and policy, and to provide good corporate governance according to the guideline or principle approved by the Board of Directors
2. To study and explore the opportunities to expand the Company's business in such a way that will maximize benefits and return to the shareholders, and propose to the Board of Directors
3. To consider and comment on the annual budget proposed by the President/Managing Director before its submission to the Board of Directors, and to control the expenses in ensuring that they fall within the budget limit already approved by the Board of Directors
4. To approve expenditure or disbursements of projects or investments or trading of the Company's fixed assets in accordance with the resolution of the Board of Directors
5. To approve purchasing, hiring, contract bindings, payments or any other entries into legal deeds related to normal business operation of the Company or according to the resolution of the Board of Directors
6. To approve appointment, employment, relocation, salary rate, salary raise and termination of employment of management, from department manager level and above
7. To have authorized power to act on behalf or be the representative of the Company to outside parties in related business and in a way that benefits the Company
8. To have authorized power to sign and certify documents, applications and forms as well as to seek permission and approval from the government agencies related to the objectives of the Company, and to appoint others to act on behalf. However, exception must be made to the latter, in the case that the appointed person may be a connected person or have conflict of interest with the business of the Company
9. To have authorized power to file complaint, charge or prosecute persons involved in corruption, embezzlement, theft or engaged in any other acts that result in a loss of benefits or cause substantial damage to the Company
10. To consider meeting agendas before proposing for approval from the Board of Directors

The authorized power mentioned above does not include approval of transactions in which the Chief Executive Officer or persons with possible conflict of interest may be engaged in connected transactions, or have conflict of interest with the Company and/or subsidiaries in any other ways. The transactions must be approved by the shareholders in the case of connected transactions or transactions that involve selling and buying of material assets of the Company and/or subsidiary in order to comply with the rules and regulations set forth by the Securities and Exchange Commission and the Stock Exchange of Thailand.

### **President/Managing Director**

- 1) To devise mission, objective, guideline and policy, and to provide good corporate governance according to the guideline or principle approved by the Board of Directors
- 2) To establish marketing policy
- 3) To consider the annual budget and propose to the Board of Directors; determine the budget and scope of duty and responsibility for each department or individual; and

monitor the operating and expenditure process of each department, according to the set annual budget approved by the Board of Directors

- 4) To approve expenditure or disbursements of projects or investments or trading of the Company's fixed assets in accordance with the resolution of the Board of Directors
- 5) To amend and/or annul any material contracts, as assigned and approved by the Board of Directors
- 6) To approve purchasing, hiring, contract bindings, payments or any other entries into legal deeds related to normal business operation of the Company or according to the resolution of the Board of Directors
- 7) To have authorized power to act on behalf or be the representative of the Company to outside parties in related business and in a way that benefits the Company
- 8) To have authorized power to employ, appoint, terminate, dismiss, fire, set salary rate and increase salary of employees with positions below department manager
- 9) To perform general management duty
- 10) To have authorized power to sign and certify documents, applications and forms as well as to seek permission and approval from the government agencies related to the objectives of the Company, and to appoint others to act on behalf.
- 11) To have authorized power to file complaint, charge or prosecute persons involved in corruption, embezzlement, theft or engaged in any other acts that result in a loss of benefits or cause substantial damage to the Company
- 12) To consider meeting agendas before proposing for approval from the Board of Directors

To grant authorized power to a person to act on behalf of the President/Managing Director does not include the case where the appointed person may be a connected person or have conflict of interest with the Company in anyway.

### **Nomination of directors and executives**

Currently, the Company does not have Nomination Committee.

## **Composition and appointment of the Board of Directors**

The executive directors are appointed by the Board of Directors without having to acquire approval from the Nomination Committee.

According to the Article of Association of the Company, the Board of Directors should comprise of a minimum of 5 directors, and more than half the members must have residence in the Kingdom of Thailand.

Shareholders Meeting shall cast the vote to select the directors, with one share equals one vote. The total shares of each shareholder can be either casted to one or several persons, but the voting power cannot be divided to weigh the vote on one person more than the other.

Final selection shall be based on majority vote. In case of a tie, however, the Chairman of the meeting shall cast the final vote.

At the Annual General Shareholders' Meeting, one third of the directors shall retire. But if the number of directors cannot exactly be divided by the ratio, then the ratio closest to one third shall retire.

## **Composition and appointment of the Audit Committee**

The Audit Committee members shall be qualified, respectable individuals from outside of the Company and are selected and appointed by the Board of Directors as Independent Directors and Audit Committee members. One of the three committee members shall be appointed as Chairman of the Audit Committee.

## **Remuneration of Directors and Management**

During the years 2010-2011, the Company had determined the remuneration for the Board of Directors and Audit Committee members, which had been agreed and approved by the Annual General Shareholders' Meeting as follows:

	Board of Directors		Audit Committee Members	
	Year 2011	Year 2010	Year 2011	Year 2010
<u>Annual remuneration</u> (Baht/person/year)				
Chairman	250,000	250,000	250,000	250,000
Director (Only Independent Director)	100,000	100,000	200,000	200,000
<u>Meeting Allowance</u> (Baht/person/attendant)				
Chairman	10,000	10,000	10,000	10,000
Director	10,000	10,000	10,000	10,000

Summary of meeting attendance and remuneration of each Director and Audit Committee member is as follows:

### Directors

Name-Last name	2010	2011
	Remuneration	Remuneration
1. Mr. Munsin Chaivikrai	310,000	280,000
2. Mr. Charoenchai Chaivikrai	60,000	40,000
3. Ms. Yupin Chaivikrai	60,000	40,000
4. Mr. Kittisak Chaivikrai	60,000	40,000
5. Mr. Thirawat Nuangnong*	30,000	-
6. Mr. Bandid Chotiwanaporn	-	40,000
7. Mr. Mr.Boon-anant Srikhao	-	40,000
8. Mr. Chalit Limpanavech	160,000	140,000
9. Ms. Nataya Ouivirach	160,000	140,000
10. Mr. Paiboon Sutuntivorakoon	160,000	140,000
<b>Total</b>	<b>1,000,000</b>	<b>900,000</b>

\* Resignation on May 7, 2010



## Audit Committee

Name-Last name	2010	2011
	Remuneration	Remuneration
1. Mr. Chalit Limpanavech	290,000	290,000
2. Ms. Nataya Ouivirach**	340,000	240,000
3. Mr. Paiboon Sutuntivorakoon**	340,000	240,000
<b>Total</b>	<b>970,000</b>	<b>770,000</b>

\*\*In 2010, In accordance with the minute of general shareholders meeting of the year 2010. The Company repayment of the audit committee for the year 2009 with 100,000 Baht per person.

## Other remunerations

-None-

## Corporate governance

The Board of Directors has the policy to follow the Code of Best Practice and the 15 codes of Good Governance issued by the Stock Exchange of Thailand. Since 2011, the Company has implemented the followings:

### 1. Corporate Governance Policy

The Board of Directors has set policy regarding good corporate governance, as it is the foundation of and necessary for sustainable growth. As such, the Board of Directors has set the policy and directions for the Company to operate in such a way to emphasize the internal monitoring and control system; and ensure that the management follows the policy effectively and within the boundary of the law and the business ethic, for long-term benefit of the shareholders.

### 2. Shareholders' Rights

In the year 2006, the Company did not hold a Shareholders' Meeting because it was during the rehabilitation process. In the year 2007, however, the Company held a total of two Shareholders' Meetings: one Extraordinary and one Annual General Shareholders' Meeting. In the year 2008-2011, the Company held one Shareholders' Meeting per annum and had sent invitation letters and supporting documents for each agenda to the shareholders at least 7 or 14 days in advance, in accordance with the Company's Article of Association.

During the Shareholders' Meetings, the Company had sufficiently and appropriately allocated the meeting time, and treated all of the shareholders fairly and equally in terms of comments, opinions and questions raised during the meetings, according to the agendas and proposals.

### **3. Stakeholders' Rights: Description of rights for each group**

- Employee : The Company shall treat all employees equally, fairly, according to the laws, and shall grant rewards and benefits in an appropriate manner
- Business Partner : The Company shall purchase products and services from its business partners according to general trading agreement and condition, and strictly abide by the contractual and loan agreements
- Customer : The Company shall take care of and be responsible to customers by maintaining quality and standard of service as well as maintain confidentiality of the customers and establish a customer complaint unit
- Competitor : The Company shall practice and promote fair competition, and denounce corrupt practice that serves to create unfair advantage or destroy competitors
- Community : The Company shall hold itself responsible for the environment of the community and society, by devising procedures to care and maintain operating equipment, in order to prevent contamination and pollution to the environment

### **4. Shareholders' Meeting**

The Shareholders' Meeting are attended by the Directors and Audit Committee members. The Chairman of the Meeting shall sufficiently and appropriately allocate the meeting time, and treat all of the shareholders fairly and equally in terms of comments, opinions and questions raised during the meetings, according to the agendas and proposals. Inquiries and recommendations that deem material shall be recorded in the Minutes of the Meeting.

### **5. Leadership and Vision**

The Board of Directors shall determine the business direction, business plan, investment plan, and funding plan as well as monitoring and following up, to ensure that the business operates and progresses as planned.

## **6. Conflict of Interest**

In order to avoid conflict of interest, the individual directors considered as stakeholders shall be refrained from casting the vote or making the decision on the related matter. The Company shall disclose the connected transactions in the Annual Report and the Annual Filing (Form 56-1), and the Audit Committee shall also provide opinion to ascertain that such transactions are transparent and fair market values are disclosed.

## **7. Business Ethics**

The Board of Directors has a policy to prepare the guidelines on ethics or etiquettes for all directors and employees to acknowledge and understand the measures to be practiced on the Company, stakeholders, public and society.

The resolution of the Board of Director's Meeting 5/2007, dated 19 June 2007 has considered and issued the guidelines for all management and employees of the Company to acknowledge and follow from 20 June 2007 onwards as follows:

1. Integrity: To perform duties with honesty, principle, fairness and righteousness
2. Law abiding: To abide by the law, rules and regulations relating to business operation
3. Accountability: To be accountable and responsible for one's duty and to always make an ethical decision
4. Transparency- Information must be sufficiently disclosed according to the law as well as rules and regulations set forth by the departments relating and responsible for good corporate governance
5. Equitable treatment: To give equal and fair treatment to all stakeholders whether it be employees, shareholders, business partners, creditors, debtors, etc. and to accurately disclose the information to all parties concerned
6. Safety and Occupational Health: To comply by the law and related regulations in relation to industrial standard concerning employees' safety, security and good health
7. Responsibilities to Environment: To be responsible for the environment by following the principle, rules and regulations relating to conservation of the environment, community, and society
8. Avoid Conflict of Interest: To implement the mechanisms to monitor and ensure that directors and the management perform their duties with prudence and honesty; protect the interest of the Company; ensure that the structure of the Board of Directors shows a suitable balance between executive directors and outside directors; establish accountability in accordance with each individual's duties and responsibilities; implement an efficient information disclosure system; appoint an independent auditor to assist the management in certifying the financial statement of the Company, etc.

## **8. Balance of Power of Directors**

The Board of Directors comprises of 9 directors as follows:

- Independent Directors who are also Audit Committee members comprising 3 directors (Mr. Chalit Limpanavetch, Ms. Nataya Ouivirach, Mr. Paiboon Sutuntivorakoon)
- Directors who also represent major shareholders comprising 6 persons (Mr. Munsin Chaivikrai, Mr. Kittisak Chaivikrai, Ms. Yupin Chaivikrai, Mr. Chareonchai Chaivikrai, Mr. Bandid Chotiwanaporn and Mr. Boon-anant Srikhao)

Authorized Directors of the Company are Mr. Chareonchai Chaivikrai, Ms. Yupin Chaivikrai, Mr. Bandid Chotiwanaporn and Mr. Boon-anant Srikhao. The authorization condition is for two directors to co-sign and affix the Company's seal.

According to the above structure, it is considered that the check-and-balance system implemented by the Company is sufficient for the policy-setting level and approval of major transactions, with final decision to be determined by the resolution from the Board of Directors' Meeting.

## **9. Aggregation and Segregation of Positions**

The Chairman and the Chief Executive Officer shall be two separate positions, and hence, two different individuals, to ensure independence in the work and to clearly separate the roles of policy setting, supervision and management. As at 31 December 2008, the Company was in the process of searching for the new Chairman to fill in the vacant position resulting from the resignation by the former Chairman.

## **10. Remuneration of Directors and Management**

The Company has set the remuneration policy clearly and with transparency. The remuneration is in line with the market rate of the same industry, and suitable for the assigned positions and responsibilities. The rates are also considered attractive enough to attract and retain quality directors, and have been approved by the Shareholders' Meeting. The remuneration of the management is determined according to the principle and policy approved by the Board of Directors, which is linked to the performance of the Company and each management figure. Currently, the Company does not have a remuneration subcommittee, but has established an appropriate consideration process by making reference to the companies of comparable size in the same industry as well as the operating results. The established remuneration shall then be proposed for final approval by the Shareholders' Meeting.

## **11. Board of Directors' Meeting**

The Company has determined that there shall be Directors' Meeting at least once every quarter and shall call for special meetings when necessary. The agenda shall be set clearly and well in advance, with regular agenda on the follow-up and performance of the operation. Invitation letter and agenda shall be sent to directors at least 7 days prior each meeting to allow ample time for each director to study the information.

## **12. Audit Committees' Meeting**

The Board of Directors has appointed the Audit Committee to assist in the monitoring of the operation. The authorized power and duties of the Audit Committee shall be in accordance with the detail described in the Management Structure section. In 2011, the Audit Committee held a total of 5 meetings.

## **13. Internal Control and Audit System**

The Company has realized the importance of the internal control system, both at the management and the operation levels. Since July 2007, the internal control office has been established to ascertain that major business operations and significant financial activities are in line with the Company's guidelines and are effective as well as ensure that the Company is in compliance with the law and related regulations (Compliance Control). The Internal Audit Office is to report directly to and receive its performance appraisal directly from the Audit Committee, in order to maintain its independence and perform its check-and-balance function dutifully. The Company has appointed an external audit office, BK-IA&IC Co.,Ltd. (BK Auditing and Consultant), to audit the Company the second half of 2007 until now. The Internal Audit has commenced its audit activity and reported its findings together with its audit plan to the Audit Committee. The Audit Committee has reviewed, provided its opinion and assigned the management to carry out related activities to develop and improve the efficiency of the internal control system, and to report the progress to the Audit Committee periodically.

## **14. Report of the Board of Directors**

The Board of Directors is responsible for the financial statement and financial information as disclosed in the Annual Report. The financial statement is prepared in accordance to the Generally Accepted Accounting Principle in Thailand, and the Company has adopted an appropriate accounting policy that has been put to practice consistently. The financial statement is also prepared with utmost prudence and reliable forecast information, with significant information being disclosed sufficiently in the Notes to Financial Statement.

The Board of Directors has maintained the internal control system that deems effective, to ensure confidence to some level that the accounting information on record is accurate, complete and sufficient, and hence, assets are well-preserved and weaknesses can be discovered in order to prevent fraud or irregular activities that deem material. However, while the internal control and audit system was not yet completed, the Board of Directors has been

following up and made inquiries on the issues that may be at risk, as pointed out by the auditor, in order to rectify such errors/deficiency.

The Board of Directors has appointed an Audit Committee, which comprises of directors who are non-executive directors, to be responsible for the quality of the financial statement and the internal control system.

The Board of Directors has concluded that the Company's internal control and audit system is considered satisfactory and sufficient to affirm the credibility of the Company's financial statement.

## **15. Investors' Relation**

The Board of Directors has a policy to disclose information, both financial and general information, with accuracy, completion, transparency and sufficiency, including information that may affect the Company's stock price movement. The news and information are distributed through various communication and media channels of the Stock Exchange of Thailand, for investors and related parties to acknowledge. The Company has not officially set up an Investors' Relation unit to take care of investors and related parties, but has appointed the Office of the President to clarify the information to institutional investors, shareholders, analysts and related government agencies. The contact center of the Company by telephone is 0-2685-3600 and by e-mail address is: [info@thaicapital.co.th](mailto:info@thaicapital.co.th).

## **Confidentiality**

The Company has a policy to forbid the management and employees in exploiting the internal information for personal benefit, except for the information that has already been disclosed to the public and that the management has been informed of the duty to report the shareholding status according to the regulation set forth by the Securities and Exchange Commission. However, the Company has not determined the guidelines or penalty for such violation in the Employee Rules & Regulations Manual yet.

## Related Transaction

Related transaction among the Company, subsidiaries, and related persons as follows:-

### 1. Theco Sales Co.,Ltd ("TCS")

#### Nature of business

Trade parts of air conditioners, heater and coolers for all vehicles and buildings, including other spare parts of heaters and coolers and conduct the marketing activities to sale TCC's products

#### Paid-up capital

Baht 10 Million with Share 0.1 Million @ Baht 100 per share (Bor Or Jor 5 as at 28 April 2011)

#### Shareholders' structure

As at 31 December 2011

	Shares	%
<b>Thai Capital Corporation PLC ("TCC")</b>	<b>99,993</b>	<b>99.99</b>
<b>Others</b>	<b>7</b>	<b>0.01</b>
<b>Total</b>	<b>100,000</b>	<b>100.00</b>

#### Relationship

Held by TCC and related directors. However, TCC had the resolution of BOD's TCC #7/2008 to terminate TCC's air condition lines and then had an effect on the cease of the business activities related between TCS and TCC in the air condition lines. TCS has remained only unusual account receivables which currently is on the court and expected not to have ordinary related transactions with TCC further.

Significant related transactions	Amount (Baht)		Business conditions
	2010	2011	
<b>Ordinary related transaction</b> = After TCC terminated the air condition lines, it had an effect on the cease of the related business transactions between TCS and TCC. Therefore, since 2009, there is no ordinary related transaction further.			
1. TCC purchased/sold product via			
TCS			Ordinary related transaction complied with the objective of TCS business policy to provide marketing activities to support TCC's transactions.
- Purchase of products/services	-	-	
- Trade account payables	-	-	
- Sale income	-	-	
- Trade account receivables	15,504,439	15,504,439	
- Allowance for doubtful	(15,504,439)	(15,504,439)	



Significant related transactions	Amount (Baht)		Business conditions
	2010	2011	
2. TCC hired TCS to provide marketing services for TCC			
- Management fee	1,020,000	1,020,000	Management fee was the expenses TCS providing administration and marketing activities for TCC with the business agreement.
- Allowance for doubtful	(1,020,000)	(1,020,000)	
3. TCC hired TCS's people to look after in administration and general management			
- Management fee	168,224.29	168,224.29	Management fee was the expenses TCS hired TCC's people to look after general administration and management with the fairly market price and business conditions to keep TCC's benefit.

## 2. Far East Knitting & Spinning Co., Ltd ("Far East")

Tanning, knitting, producing and trading garment

Baht 1,500 Million with Share 15 Million @ Baht 100 per share (Bor Or Jor 5 as at 8 November 2011)

As at 31 December 2011

	Shares	%
Mr. Munsin Chaivikrai*	4,299,000.00	28.66
Mr. Charoenchai Chaivikrai**	4,200,000.00	28.00
Mr. Kittisak Charivikrai*	2,300,000.00	15.33
Ms. Yupin Chaivikrai*	600,000.00	4.00
Chaivikrai's family group	3,601,000.00	24.01
<b>Total</b>	<b>15,000,000.00</b>	<b>100.00</b>

\* TCC's directors

\*\* TCC's executive directors and TCC's directors

**Relationship** related shareholders and directors

Significant business transactions	Amount (Baht)		Business conditions
	2010	2011	
<b>Ordinary related transactions</b>			
1. TCC sold products to Far East			Coal trading to Far East as its fuel with the fairly market price and business conditions for third parties
- Sale income	35,279,173.83	23,577,682.00	
- Trade account receivables	3,809,932.98	3,556,162.12	



### 3. PBS Law Limited ("PBS")

Nature of business

Legal consulting firm

Paid-up capital

Baht 1 Million with Share 10,000 @ Baht 100 per share (Bor Or Jor 5 as at 30 April 2011)

Shareholders' structure

As at 31 December 2011

	Share	%
Mr. Paiboon Sutuntivorakoon*	2,000.00	20.00
Sutuntivorakoon's family group	6,000.00	60.00
Others	2,000.00	20.00
<b>Total</b>	<b>10,000.00</b>	<b>100.00</b>

\* TCC's director

**Relationship**

Held by a related director

Significant business transactions	Amount (Baht)		Business conditions
	2010	2011	
<b>Non-ordinary related transaction</b>			
1. TCC hired PBS to provide legal services			Legal services for TCC's unusual account receivables with the fairly market price and business conditions for third parties
- Legal fee	-	500,000.00	

## **Report of the Board of Directors' responsibilities for financial statements**

The Board of Directors of Thai Capital Corporation Public Company Limited has provided The financial statements showing the Company's financial status and business Operation result for the year 2011 under the Public Limited Companies Act B.E.2535 (A.D. 1992) and Rules and Regulations of the Stock Exchange of Thailand. The Board of Directors is responsible for the company financial statements presented in this annual report. The Board of Directors confirms that the aforementioned financial statements are in accordance with Thai Generally Accepted Accounting Principles, Using appropriate accounting policy consistently employed by the Company as well as applying careful judgment and best estimation. Important information is adequately disclosed in the notes to financial statements.

The Board of Directors has provided and maintained an efficient internal control system to ensure that accounting records are accurate, complete and adequate to protect its assets and uncover weaknesses in order to prevent fraud or materially irregular operations.

The Board of Directors has appointed an Audit Committee, which consists of non-Executive Directors responsible for the quality of financial statements, internal control system and law compliance, whose comments on these issues are readily included in the Audit Committee Report in this annual report

The Board of Directors is of the opinion that the Company's overall internal control system has functioned up to the satisfactory level and rendered credibility and reliability to the consolidated and company financial statements for they year ended December 31, 2011.



Mr. Munsin Chaivikrai  
Chairman of the Board



Mr. Charoenchai Chaivikrai  
Managing Director

# **Management Discussion and Analysis Financial Status and Business Operation**

## **Summary of Auditor's Report**

The 2009 financial statements were audited by Mr. Suchart Panichchareon, Certified Public Accountant Number 4475, the same person to examine the financial statements of the Company and subsidiaries. The auditor had expressed his unqualified audit opinion that the Consolidated Financial Statements and the Company-only Financial Statements presented the financial status as at 31 December 2009; and operating results and cash flow as at 31 December 2009 in a correct and appropriate manner in all material respects and in accordance with the Generally Accepted Accounting Principles.

The 2010 financial statements were audited by Mr. Suchart Panichchareon, Certified Public Accountant Number 4475, the same person to examine the financial statements of the Company and subsidiaries. The auditor had expressed his unqualified audit opinion that the Consolidated Financial Statements and the Company-only Financial Statements presented the financial status as at 31 December 2010; and operating results and cash flow as at 31 December 2010 in a correct and appropriate manner in all material respects and in accordance with the Generally Accepted Accounting Principles.

The 2011 financial statements were audited by Ms. Thittraporn Klinklao, Certified Public Accountant Number 3726, the same person to examine the financial statements of the Company and subsidiaries. The auditor had expressed his unqualified audit opinion that, the Consolidated Financial Statements and the Company-Only Financial Statements presented the financial status as at 31 December 2011; operating results and cash flow as at 31 December 2011 in an accurate and appropriate manner in all material respects and in accordance with the Generally Accepted Accounting Principles.

## Financial performance

Unit : Million Baht

<b>Profit &amp; Loss</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Revenues from sales	118.84	473.41	1,194.99
Cost of sales	130.77	388.65	1,017.31
<b>Gross profit (loss)</b>	<b>(11.93)</b>	<b>84.76</b>	<b>177.68</b>
Other operating income	2.84	1.35	4.49
Selling and administration expenses	(29.89)	(61.77)	(108.63)
Allowance for impairment of assets (reveral)	-	-	12.28
Loss for diminutions of inventories (reversal)	2.70	10.07	-
Management benefit expense	(5.98)	(6.01)	(5.70)
Interest expenses	(0.27)	(0.13)	(1.52)
Tax expenses	-	-	-
Net profit (loss) for the period of continuing operation	(42.53)	28.27	78.60
Net profit (loss) for the period of discontinuing	(16.51)	(2.04)	7.89
<b>Net profit (loss)</b>	<b>(59.04)</b>	<b>26.23</b>	<b>86.49</b>
Net profit (loss) attributable to minority interest	-	-	-
<b>Net profit (loss) attributable to Equity holders of the parent</b>	<b>(59.04)</b>	<b>26.23</b>	<b>86.49</b>
Basic earnings (loss) per share	(0.081)	0.035	0.102
Diluted earnings (loss) per share	(0.069)	0.031	0.082

## Financial status

Unit : Million Baht

<b>Balance Sheet</b>	<b>2009</b>	<b>%</b>	<b>2010</b>	<b>%</b>	<b>2011</b>	<b>%</b>
Cash and cash equivalents	59.60	15.93%	35.05	7.85%	48.88	5.43%
Trade accounts receivable - related parties, net	7.33	1.96%	3.81	0.85%	3.65	0.40%
Trade accounts and notes receivable - third parties, net	39.79	10.63%	94.50	21.15%	211.65	23.53%
Inventories, net	81.07	21.66%	124.59	27.89%	385.96	42.90%
Other current assets, net	37.29	9.96%	45.22	10.12%	33.06	3.68%
<b>Total Current Assets</b>	<b>225.08</b>	<b>60.14%</b>	<b>303.16</b>	<b>67.87%</b>	<b>683.20</b>	<b>75.94%</b>
Investment pledged as collateral	0.84	0.22%	0.84	0.19%	65.84	7.32%
Property, plants and equipment, net	145.06	38.76%	138.63	31.03%	147.44	16.39%
Intangible asset, net	0.78	0.21%	1.57	0.35%	2.14	0.24%
Other non - current assets, net	2.49	0.67%	2.50	0.56%	1.02	0.11%
<b>Total Non - Current Assets</b>	<b>149.17</b>	<b>39.86%</b>	<b>143.54</b>	<b>32.13%</b>	<b>216.44</b>	<b>24.06%</b>
<b>TOTAL ASSETS</b>	<b>374.25</b>	<b>100.00%</b>	<b>446.71</b>	<b>100.00%</b>	<b>899.64</b>	<b>100.00%</b>

## Financial status (Con't)

Unit : Million Baht

Balance Sheet (Con't)	2009	%	2010	%	2011	%
<b>LIABILITIES</b>						
Short-term loan from financial institution	-	-	-	-	124.91	13.88%
Trade accounts payable - third parties	16.38	4.38%	33.85	6.31%	120.86	13.43%
Current portion obligation under finance lease	0.91	0.24%	0.89	0.20%	0.58	0.06%
Other current liabilities	2.95	0.79%	5.63	2.53%	15.13	1.68%
<b>Total Current Liabilities</b>	<b>20.24</b>	<b>5.41%</b>	<b>40.37</b>	<b>9.04%</b>	<b>261.48</b>	<b>29.06%</b>
Non - Current Liabilities	1.47	0.39%	0.58	0.13%	-	-
Employee benefit obligation	-	-	-	-	0.59	0.07%
<b>Total Non-Current Liabilities</b>	<b>1.47</b>	<b>0.39%</b>	<b>0.58</b>	<b>0.13%</b>	<b>0.59</b>	<b>0.07%</b>
<b>Total Liabilities</b>	<b>21.71</b>	<b>5.80%</b>	<b>40.95</b>	<b>9.17%</b>	<b>262.07</b>	<b>29.13%</b>
<b>Shareholders' Equity</b>						
Share capital	1,200.00	309.66%	600.00	134.32%	726.50	80.75%
Paid up share capital	732.83	195.82%	366.98	82.15%	452.44	50.29%
Premium on ordinary share	-	-	-	-	76.89	8.55%
Advance receipts for share subscription	-	-	25.87	5.79%	8.83	0.98%
Retained earnings (deficits)	(380.29)	(101.61%)	12.91	2.89%	99.41	11.05%
Total Parent's Shareholders' Equity	352.54	94.20%	405.76	90.83%	637.57	70.87%
<b>Total Shareholders' Equity</b>	<b>352.54</b>	<b>94.20%</b>	<b>405.76</b>	<b>90.83%</b>	<b>637.57</b>	<b>70.87%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>374.25</b>	<b>100.00%</b>	<b>446.71</b>	<b>100.00%</b>	<b>899.64</b>	<b>100.00%</b>

## Cash flow

Unit : Million Baht

	2009	2010	2011
Net Cash Provided (Used) from Operating Activities, Net	(55.19)	(42.73)	(182.41)
Net Cash Provided (Used) from Investing Activities	42.35	(7.89)	(73.09)
Net Cash Provided (Used) from Financing Activities	(0.58)	26.07	269.33
<b>Cash and Cash Equivalent Increase(Decrease), Net</b>	<b>(13.41)</b>	<b>(24.55)</b>	<b>(13.83)</b>

## Financial highlight ratio

	Unit	2009	2010	2011
<b>Current ratio</b>				
Current ratio	Times	11.13	7.51	2.61
Quick ratio	Times	5.28	3.30	1.01
Account receivable turnover	Times	2.01	7.05	7.81
Collection period	Days	181.53	51.77	46.76
Inventory turnover	Times	2.27	3.78	3.99
Average number of days sales	Days	161.07	96.57	91.59
Account payable turnover	Times	9.47	15.47	13.15
Payment period	Days	38.55	23.59	27.75
Cash Conversion Cycle	Days	304.06	124.75	110.59
<b>Profitability ratio</b>				
Gross profit (loss) margin	%	(10.04)	17.90	14.87
Operating profit (loss) margin	%	(35.56)	6.00	6.70
Net profit (loss) margin	%	(49.68)	5.54	7.24
Return on Equity - ROE	Times	(16.75)	6.46	13.56
<b>Efficiency Ratio</b>				
Return On Assets – ROA	Times	(15.78)	5.87	9.61
Return On Fixed Assets	Times	(40.70)	18.92	58.66
Asset turnover	Times	0.82	3.42	8.10
<b>Financial ratio</b>				
Total debt-to-total assets ratio	Times	0.06	0.09	0.29
Debt to Equity ratio	Times	0.06	0.10	0.41
<b>Share price</b>				
Basic earnings (loss) per share	Baht/Share	(0.08)	0.04	0.10
Diluted earnings (loss) per share	Baht/Share	(0.07)	0.03	0.08
Basic book value per share	Baht/Share	0.48	0.55	0.76
Diluted book value per share	Baht/Share	0.41	0.48	0.60

## Operating Results

In 2009, the Company incurred a Net Loss of 59.04 million Baht, contributed by a Net Loss of 16.51 million Baht from termination of the 2 business lines mentioned earlier and a Net Loss of 42.53 million Baht incurred by the only remaining business of the Company, which is the coal trading business. The loss incurred by the latter case was the result of the sales of products with high cost of raw materials, as the raw materials were purchased in 2008 and beginning of 2009, as apparent in the Provision of Loss for Diminutions of Inventories in the amount of 12.76 million Baht recorded in 2008. Nevertheless, the Company managed to reduce the amount for Provision of Loss for Diminutions of Inventories from 12.76 to 10.06 million Baht as a result of its success in the sales of inventories that the Provision was set for, and since the cost of the remaining inventories is comparable to the market price, they should also be able to sell.

In 2010, the Company had a Net Profit of 26.23 million Baht, contributed by expenses of 2.04 million Baht from terminated of the 2 business lines mentioned earlier and a Net Profit on continuing operation in coal trading business of 28.27 million Baht or 5.97% as net profit margin. Throughout 2010, the Company's sale volume has increased 473.41 million Baht derived from sale amount of existing customers and new customers which increased from sales amount of 118.84 million Baht in 2009 which the Company has finished coal separation plant at the end of quarter 3/2009.

In 2011, the annual net profit of Baht 86.49 million comprised of a net profit from the discontinued business of Baht 7.89 million, the company won a lawsuit against one of the ship lessor, a company in Singapore, and earnings from continuing operations of the business of coal Baht 78.60 million or a net profit margin on sales of 6.58 percent. The net profit was from sales grown steadily throughout the year 2011. Higher sales of coal throughout the year 2011 were Baht 1,194.99 million, representing a growth rate of the 152.42 percent from the year 2010 with sales of Baht 473.41 million as the year 2011, companies can expand their customer base from opened the production base and new coal market.



## Total Sales and Other Revenues

Unit : Million Baht

Type of Business	Operated by	% of shares held by TCC	2009	%	2010	%	2011	%
Coal business								
- Sales of coal	TCC	100.00%	118.84	69.9%	473.41	100.0%	1,194.99	100.0%
- Sea vessel transportation service *	TCC	100.00%	51.26	30.1%	-	0.0%	-	0.0%
<b>Total</b>			<b>170.10</b>	<b>100.0%</b>	<b>473.41</b>	<b>100.0%</b>	<b>1,194.99</b>	<b>100.0%</b>

\* The Board of Directors' Meeting 4/2009 held on 13 August 2009 had passed a resolution to terminate the Sea Vessel Transportation Service

In 2009, the Company's Total Revenues from Sales and Services were 170.10 million Baht, comprising of revenues from sea vessel service that was terminated during the year in the amount of 51.26 million Baht, and revenues from sales of coal in the amount of 118.84 million Baht. The latter is the business currently in operation and the revenues from sales of coal have been consistent since mid-quarter 3/2009 as a result of the Company's construction and full-utilization of the separation plant and coal storage facility. During quarter 4/2009, the Company's Total Revenues from sales of coal were 73.60 million Baht, equivalent to 61.93% of revenues generated by the coal business in the entire year.

In 2010 and 2011, the Company's Total Revenues from Sales of coal were 473.41 and 1,194.99 million Baht respectively, and there was no income from any other operation.

## Ability to Produce Gross Profits (categorized by line of business)

		<b>2009</b>		<b>2010</b>		<b>2011</b>	
		Million Baht	%	Million Baht	%	Million Baht	%
Sea vessel transportation	Sale	51.26	100.00%	-	-	-	-
	Cost	75.85	147.97%	-	-	-	-
	Gross profit (loss)	(24.59)	(47.97%)	-	-	-	-
Coal trading	Sale	118.84	100.00%	473.41	100.00%	1,194.99	100.00%
	Cost	130.77	110.04%	388.65	82.10%	1,017.31	85.13%
	Gross profit (loss)	(11.93)	(10.04%)	84.76	17.90%	177.68	14.87%
<b>Total</b>	<b>Sale</b>	<b>170.10</b>	<b>100.00%</b>	<b>473.41</b>	<b>100.00%</b>	<b>1,194.99</b>	<b>100.00%</b>
	<b>Cost</b>	<b>206.62</b>	<b>121.47%</b>	<b>388.65</b>	<b>82.10%</b>	<b>1,017.31</b>	<b>85.13%</b>
	<b>Gross profit (loss)</b>	<b>(36.52)</b>	<b>(21.47%)</b>	<b>84.76</b>	<b>17.90%</b>	<b>177.68</b>	<b>14.87%</b>

**Sea Vessel Transportation Service:** The Company commenced the operation of this business line in 2008. In 2009, the Company's financial statement continued to show a Gross Loss of 24.59 million Baht or 47.97% of Total Sales. As a result of continuous loss, the Board of Directors' Meeting 4/2009 held on 13 August 2009 had passed a resolution for the Company to terminate the sea vessel transportation service line of business.

**Coal Trading Business Line:** The Company has commenced this business operation since 2008. The Company commenced this line of business during the period when the cost of coal was very high, while oil price for transportation was on the rise. The Company's commodity cost was, therefore, at a high level, and, hence, had affected the above-mentioned level of Gross Profit. Especially towards the end of 2008 and beginning of 2009, world price of oil was highly volatile, and hence, the cost of products purchased was also very high. As a result, the Cost of Goods Sold in 2009 showed a Gross Loss of 11.93 million Baht, an equivalent of 10.04% of total sales of coal. However, in 2010 the Company had increasing purchased coal from 1-2 vendors to 3-4 vendors so the Company has more power of negotiation therefore The Company can order coal with reasonable prices. Including coal price in world market trends increased continuously as well. Due to ability to negotiate and control costs to purchase, and sales price can increase continuously as the market factors, as a result of the company had a turnover of businesses in a better distribution of coal, with gross margins in 2010 average of 17.9 percent.

In 2011 sales amount was Baht 1,194.99 million, an increase from the year 2010 with sales of Baht 473.41 million, equivalent to the rate of increase than 152.42 percent, however, its gross profit margin decreased from a percentage of 17.90 in the year 2010 to 14.87 in the year 2011 due to the increased cost of transportation within the country.

## **Selling and Administrative Expenses**

In 2009, the Company's Selling and Administrative Expenses were 29.89 million Baht, a drop from 65.65 million Baht in 2008 or decreasing amount of 35.76 million Baht as a result of decreasing in loss for diminutions of inventories (reversal) amount of 15.46 million Baht in 2009

In 2010, the Company's Selling and Administrative Expenses were 61.77 million Baht , increased from 29.89 million Baht in 2009 or increasing amount of 31.88 million Baht as a result of increasing in operation expenses amount of 28.55 million Baht due to sales growth of the Company in 2010 and 2009 amounting to 473.41 and 118.84 million Baht respectively.

In 2011, the Company's Selling and Administrative Expenses were 108.63 million Baht , increased from 61.77 million Baht in 2010 or increasing amount of 46.86 million Baht as a result of increasing in operation expenses amount of 41.35 million Baht due to sales growth of the Company in 2011 and 2010 amounting to 1,194.99 and 473.41 million Baht respectively.

## **Financial Status**

### **Assets**

Total Assets in the year 2009 amounted to 374.25 million Baht, a decrease from 432.68 million Baht in 2008 or about 58.43 million Baht, as a result of decreasing in Current Assets amount of 138.10 million Baht, increasing in Non Current Assets amount of 79.67 million Baht, increasing in Property, Plants and Equipment-net amount of 95.55 million Baht and increasing in Inventories from 34.35 million Baht in 2009 to 81.07 million Baht in 2010 . Due to the Company used for construction of coal extraction during 2009. Due to coal plant for extraction and storage has finished in quarter 3/2009 so the Company has increased in production capacity and sales amount more than such amount in 2008 plants were construction in process.

Total Assets in the year 2010 amounted to 446.71 million Baht, an increase from 374.25 million Baht in 2009 or about 72.46 million Baht, as a result of changes as follows:

- Decreasing in Cash and cash equivalents amount of (24.55) million Baht
- Increasing in Trade accounts and notes receivable - third parties, net amount of 54.71 million Baht
- Increasing in Inventories, net amount of 43.52 million Baht

Decreasing in Cash and cash equivalents due to using in normal operation of the Company to purchase goods for sales as shown in increasing in inventories amount to 43.52 million Baht due to continuously increasing in production capacity and sales amount as shown in very increasing in sales amount and trend of coal price continuously increased. However, the ability in sales along with increasing quantity as shown that the Company has number of days sales decreased from 161 days in 2009 to 96 days in 2010 which present that the Company has more increased in sales rate than increasing in valuation of inventories.

Increasing in Trade accounts and notes receivable - third parties, net amount of 54.71 million Baht since the Company has increased in sale amount, however, if consideration of the ability in collection from trade receivables as presented that the Company has decreasing in average number of days sale from 181 days to 51 days which shown that the Company has effectively tracking debt compared to the last year.

Total Assets in the year 2011 amounted to 899.64 million Baht, an increase from 446.71 million Baht in 2010 or about 452.93 million Baht, as a result of changes as follows:

- Increasing in Cash and cash equivalents amount of 13.83 million Baht
- Increasing in Trade accounts and notes receivable - third parties, net amount of 117.15 million Baht
- Increasing in Inventories, net amount of 261.37 million Baht

The increase in cash and cash equivalents was from an increase in the cash flow from sales. The increase in inventories was due to increased production capacity and sales of the company's growth. This can be seen from the sales increase dramatically and it was evident from the increase in inventories to Baht 261.37 million. However, the ability in sales along with increasing quantity as shown that the Company has number of days sales decreased from 96 days in 2010 to 91 days in 2011 which present that the Company has more increased in sales rate than increasing in valuation of inventories.

Increasing in Trade accounts and notes receivable - third parties, net amount of 117.15 million Baht since the Company has increased in sale amount, however, if consideration of the ability in collection from trade receivables as presented that the Company has decreasing in average number of days sale from 51 days to 46 days which shown that the Company has effectively tracking debt compared to the last year.

## Liabilities and Shareholders' Equity

### Total Liabilities

Total amount Liabilities in year end 2009 (21.97 million Baht) has a little change from year end 2008 (21.71 million Baht) which mostly liabilities are account payable.

Total amount Liabilities in year end 2010 increasing from year end 2009 amount 19.24 million Baht (2010: 40.95 million Baht, 2009: 21.71 million Baht). The main factor from increasing amount was Account Payable Trade (Coal Supplier) 17.47 million Baht. However, the ability to pay its creditors for the company had an average duration of debt close to last year is 23 days (year 2009: 38 days).

Total amount Liabilities in year end 2011 increasing from year end 2010 amount 221.12 million Baht (2011: 262.07 million Baht, 2010: 40.95 million Baht). The main factor from increasing amount was Account Payable Trade (Coal Supplier) 87.01 million Baht. However, the ability to pay its creditors for the company had an average duration of debt close to last year is 27 days (year 2010: 23 days).

Changes in Shareholders' Equity from 2009-2010 increased in the amount 53.22 million Baht were the result of the followings:

-Paid-Up Capital	increased by	1.12 million Baht	from exercising the right by Warrant holders during the year
-Advance Receipt from Share Subscription	increased by	25.87 million Baht	from exercising the right by Warrant holders at the end of the year
- Net Gain in 2010		26.23 million Baht	

During the year 2010, The company has been approved by the General Meeting of shareholders by vote of the year 2553 more than 3 / 4 of the total votes of shareholders which attending the meeting and entitled to vote to approve the Company reduces the registered capital of the Company by amount of Baht 600,000,000.00 from the former registered capital in amount of Baht 1,200,000,000.00. The paid-up capital is reduced by the Par Value reduction method from the former price of Baht 1.00 per share to Baht 0.50 per share in order to take the capital surplus that derived from the Par Value per share reduction to offset against accumulated losses of the Company. The Company registered the decrease in share capital as mentioned above on August 20, 2010. Moreover, the Company has already proceeded with offsetting against accumulated losses of the Company from 732.83 million Baht to 366.98 million Baht

Changes in Shareholders' Equity from 2010-2011 increased in the amount of 231.81 million Baht were the result of the followings:

-Paid-Up Capital	increased by	75.98 million Baht from exercising the right by RO during the year
-Paid-Up Capital	increased by	60.51 million Baht from exercising the right by Warrant holders during the year
-Advance Receipt from Share Subscription	increased by	8.83 million Baht from exercising the right by Warrant holders at the end of the year
-Net Gain in 2011		86.49 million Baht

## Liquidity

In 2009, the Company's Liquidity Ratio was 11.13 times, a decrease from 18.24 times in 2008. The reason being that the Company had gained from liquidation of investment in BRP and received loan repayment, altogether totaling to over 300 million Baht. Moreover, the Company had utilized its money in the construction of separation plant and coal storage facility in 2009, as apparent in the increase in Property, Plants and Equipment-Net of over 95.55 million Baht.

In 2010, the Company's liquidity Ratio was 7.51 times, a decrease from 11.13 times in 2009. The reason was that the company operated coal trading and distribution of full-scale. This can be seen from a strong sales increase.

In 2011, the Company's liquidity Ratio was 2.61 times, a decrease from 7.51 times in 2010. The reason was that the company operated coal trading and distribution of full-scale. This can be seen from a strong sales increase. Thus, the Company had borrowed money from a financial institution to be used in the operation.

## Sources of Capital

Apart from changes in Working Capital amount used for normal operations.

In 2009, the Company's capital increase came from the exercise of rights to TCC-WA and TCC-W1 in the amount of 0.88 million Baht.

In 2010 the Company's capital increase came from the exercise of rights to TCC-WA and TCC-W1 in the amount of 1.12 million Baht. (As of December 31, 2010 the Company has advance receipts for share subscription amounting 25.86 million Baht from the exercise of rights to TCC-W1 no. 4. The Company has already registered the changes in paid-up capital on 4 January 2011 with Business department.

In 2011 the Company's capital increase came from the exercise of rights to TCC-W1 in the amount of 60.50 million Baht. (As of December 31, 2011 the Company has advance receipts

for share subscription amounting 8.83 million Baht from the exercise of rights to TCC-W1 no. 8. The Company has already registered the changes in paid-up capital on 5 January 2012 with Business department.

## **Major Factors and Influence on Future Operating Results or Financial Status**

### **Exercise of Right to Subscribe New Common Shares by Warrant Holders**

The Company's Working Capital may increase in the case that Warrant holders exercise their rights to TCC-W1 and TCC-W2. As at 31 December 2011, the number of warrants issued and offered to existing shareholders by TCC and the outstanding amount are as follows:

Securities	Unit (s)					Conversion price	Exercise price	Duration
	Issue	Outstanding	Offering	Warrant Exercised	Outstanding			
TCC-W1	331,230,087	8,213,877	323,016,210	95,202,780	227,813,430	1 : 1.14146	0.876 Baht per share	7 years due date 30 October 2014
TCC-W2	75,982,482	-	75,982,482	1,300	75,981,182	1 : 1	1 Baht per share	7 years due date 3 May 2018

TCC-W1 exercise as the last working date of each quarter to 30 October 2016 which is the final exercising date. As at 31 December 2011, a total of 8.83 million shares were converted through the rights to exercise TCC. The Company has already registered the changes in paid-up capital on 5 January 2012.

TCC-W2 exercise as the last working date of February, May, August and November of each year to 3 May 2018 which is the final exercising date.

### **Audit Fee**

During the years 2007-2010, the Company's Auditors comprised of Miss Susan Eiamvanicha, Certified Public Accountant Number 4306, or Mr. Suchart Panichcharoen, Certified Public Accountant Number 4475 of SP Audit Co., Ltd. The audit fees for year 2010 were 640,000 Baht.

In 2011, the Company's Auditors comprised of Ms. Thittraporn Klinklao, Certified Public Accountant Number 3726, of BDO Co., Ltd. The audit fees for year 2011 were 600,000 Baht.

### **Non-Audit Fee**

Apart from audit service, the Company and subsidiaries did not subscribe to any other services from Ms. Thittraporn Klinklao or BDO Co., Ltd., inclusive of personnel and other institutions that the Auditor or the mentioned accounting firm is related to or a stakeholder of or has an influence upon, as per the regulations set forth by the Securities and Exchange Act.



# **INDEPENDENT AUDITOR'S REPORT**

To The Shareholders and Board of Directors of  
Thai Capital Corporation Public Company Limited

I have audited the accompanying consolidated statement of financial position of Thai Capital Corporation Public Company Limited and its subsidiary as at 31st December, 2011, the related consolidated statements of income, comprehensive income and the consolidated statement of change in shareholders' equity and cash flow for the year then ended and I also have audited the accompanying separated statement of financial position of Thai Capital Corporation Public Company Limited as at 31st December, 2011, the related separated statements of income, comprehensive income, the separated statement of change in shareholders' equity and cash flow for year then ended. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. My responsibility is to report on these financial statements based on my audit. The consolidated financial statements of Thai Capital Corporation Public Company Limited and its subsidiary and the separated financial statements of Thai Capital Corporation Public Company Limited for the year ended 31st December, 2011, which are presented herein for comparative purpose, were expressed an unqualified opinion on those statements whose report thereon dated 14th February, 2011 as of the same date as presented herein for comparative purposes, formed an integral part of the financial statements which another auditor audited and reported thereon. I have not performed any other audit procedures subsequent to the date of that report.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Thai Capital Corporation Public Company Limited and its subsidiary as at 31st December, 2011, the consolidated result of its operation, the consolidated changes in shareholders' equity and the consolidated cash flow for the year then ended and the separate financial position of Thai Capital Corporation Public Company Limited as at 31st December, 2011, the separated result of its operation, the separated change in shareholders' equity and the separated cash flow for the year then ended in conformity with generally accepted accounting principles.



Ms. Thittraporn Klinklao  
Certified Public Accountant (Thailand) No. 3726  
BDO Limited

BANGKOK : 13th February, 2012

# FINANCIAL STATEMENTS

## STATEMENTS OF FINANCIAL POSITION

### THAI CAPITAL CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

AS AT 31st DECEMBER, 2011 AND 2010

(Unit : Thousand Baht)

	Note	Consolidated		Separated Financial Statement	
		2011	2010	2011	2010
<b>ASSETS</b>					
CURRENT ASSETS					
Cash and cash equivalents	7	48,884	35,050	48,447	34,464
Trade and other receivables	8	215,837	96,463	215,837	96,463
Trade and other receivables - related parties	9	3,556	3,810	3,646	3,855
Inventories	10	385,958	124,586	385,958	124,586
Other current assets	11	28,969	43,258	28,969	43,258
<b>Total current assets</b>		683,204	303,167	682,857	302,626
NON-CURRENT ASSETS					
Investment in subsidiary company	9	-	-	-	-
Investment pledged as collateral	12	65,840	840	65,840	840
Property, plant and equipment	13	147,439	138,626	147,439	138,626
Intangible asset	14	2,143	1,574	2,143	1,574
Other non-current assets	15	1,020	2,504	1,020	2,499
<b>Total non-current assets</b>		216,442	143,544	216,442	143,539
<b>TOTAL ASSETS</b>		<b>899,646</b>	<b>446,711</b>	<b>899,299</b>	<b>446,165</b>

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

**STATEMENTS OF FINANCIAL POSITION (Continued)**  
**THAI CAPITAL CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**AS AT 31st DECEMBER, 2011 AND 2010**

(Unit : Thousand Baht)

	Note	Consolidated		Separated Financial Statement	
		2011	2010	2011	2010
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Short-term loan from financial institution	16	124,914	-	124,914	-
Trade and other payables	17	120,857	33,854	120,857	33,848
Current portion obligation under finance lease	18	581	893	581	893
Other current liabilities	19	15,134	5,626	15,104	5,622
Total current liabilities		261,486	40,373	261,456	40,363
NON-CURRENT LIABILITIES					
Non-current portion obligation under finance lease	18	-	581	-	581
Employee benefit obligation	21	594	-	594	-
Total non-current liabilities		594	581	594	581
TOTAL LIABILITIES		262,080	40,954	262,050	40,944
SHAREHOLDERS' EQUITY					
Share capital	23				
Authorized share capital					
1,453,009,187 ordinary shares of Baht 0.50 each		726,504		726,504	
(2010 : 1,200,000,000 ordinary shares of Baht 0.50 each)			600,000		600,000
Issued and paid-up share capital					
904,872,783 ordinary shares of Baht 0.50 each		452,436		452,436	
(2010 : 733,958,396 ordinary shares of Baht 0.50 each)			366,979		366,979
Premium on ordinary share	23	76,893	-	76,893	-
Advance receipts for share subscription	23	8,830	25,866	8,830	25,866
Retained earnings (deficit)					
Appropriated					
Legal reserve	24	4,955	619	4,955	619
Unappropriated		94,452	12,293	94,135	11,757
Total equity attributable to the parent		637,566	405,757	637,249	405,221
Equity attributable to non-controlling interests		-	-	-	-
TOTAL SHAREHOLDERS' EQUITY		637,566	405,757	637,249	405,221
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		899,646	446,711	899,299	446,165

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

**STATEMENTS OF INCOME**  
**THAI CAPITAL CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**FOR THE YEARS ENDED 31st DECEMBER, 2011 AND 2010**

(Unit : Thousand Baht)

	Note	Consolidated		Separated Financial Statement	
		2011	2010	2011	2010
<b>CONTINUING OPERATING</b>					
REVENUES					
Revenues from sales		1,194,989	473,415	1,194,989	473,415
Other income		4,487	1,355	4,655	1,523
<b>TOTAL REVENUES</b>		<b>1,199,476</b>	<b>474,770</b>	<b>1,199,644</b>	<b>474,938</b>
EXPENSES 22					
Cost of sales		1,017,314	388,651	1,017,314	388,651
Selling expenses		81,248	39,896	81,248	39,896
Administrative expenses		27,375	21,876	27,375	21,876
Allowance for impairment of assets (reversal)		(12,284)	-	(12,284)	-
Loss for diminutions of inventories (reversal)		-	(10,067)	-	(10,067)
Management benefit expense		5,697	6,010	5,697	6,010
Finance costs		1,516	133	1,516	133
<b>TOTAL EXPENSES</b>		<b>1,120,866</b>	<b>446,499</b>	<b>1,120,866</b>	<b>446,499</b>
PROFIT BEFORE INCOME TAX		78,610	28,271	78,778	28,439
INCOME TAX 20		-	-	-	-
<b>PROFIT FOR THE YEAR OF CONTINUING OPERATION</b>		<b>78,610</b>	<b>28,271</b>	<b>78,778</b>	<b>28,439</b>
DISCONTINUING OPERATION					
PROFIT (LOSS) FOR THE PERIOD OF DISCONTINUING					
OPERATION 25, 28.2		7,885	(2,042)	7,936	(2,293)
<b>NET PROFIT FOR THE YEAR</b>		<b>86,495</b>	<b>26,229</b>	<b>86,714</b>	<b>26,146</b>
EARNINGS PER SHARE (BAHT) 26					
Basic earnings per share					
- Continuing operation		0.093	0.039	0.094	0.039
- Discontinuing operation		0.009	(0.004)	0.009	(0.003)
		0.102	0.035	0.103	0.036
Diluted earnings per share					
- Continuing operation		0.075	0.033	0.075	0.034
- Discontinuing operation		0.007	(0.002)	0.008	(0.003)
		0.082	0.031	0.083	0.031

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

**STATEMENTS OF INCOME**  
**THAI CAPITAL CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**FOR THE YEARS ENDED 31st DECEMBER, 2011 AND 2010**

(Unit : Thousand Baht)

	Note	Consolidated		Separated Financial Statement	
		2011	2010	2011	2010
NET PROFIT FOR THE YEAR	28	86,495	26,229	86,714	26,146
OTHER COMPREHENSIVE INCOME - NET OF INCOME TAX		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		86,495	26,229	86,714	26,146

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

**CONSOLIDATED STATEMENTS OF CHANGE IN SHAREHOLDERS' EQUITY**  
**THAI CAPITAL CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**FOR THE YEARS ENDED 31st DECEMBER, 2011 AND 2010**

(Unit : Thousand Baht)

Note	Equity attributable to the parent's shareholders						Total non-controlling interests	Total
	Paid-up share capital	Premium on ordinary share	Advance receipts for share subscription	Retained earnings (deficit) Appropriated Legal reserve	Unappropriated	Total equity attributable to the parent's shareholders		
<b>Balance as at 1st January, 2010</b>	<b>732,833</b>	<b>-</b>	<b>10</b>	<b>-</b>	<b>(380,296)</b>	<b>352,547</b>	<b>-</b>	<b>352,547</b>
Additional shares	1,125	-	(1,125)	-	-	-	-	-
Advance receipt for share subscription increased during the period	-	-	26,981	-	-	26,981	-	26,981
Decrease in share capital to premium on ordinary share	(366,979)	366,979	-	-	-	-	-	-
Transferred premium to deficits	-	(366,979)	-	-	366,979	-	-	-
Total comprehensive income for the period	-	-	-	-	26,229	26,229	-	26,229
Appropriated for legal reserve 24	-	-	-	619	(619)	-	-	-
Non-controlling interests	-	-	-	-	-	-	-	-
<b>Balance as at 31st December, 2010</b>	<b>366,979</b>	<b>-</b>	<b>25,866</b>	<b>619</b>	<b>12,293</b>	<b>405,757</b>	<b>-</b>	<b>405,757</b>
<b>Balance as at 1st January, 2011</b>	<b>366,979</b>	<b>-</b>	<b>25,866</b>	<b>619</b>	<b>12,293</b>	<b>405,757</b>	<b>-</b>	<b>405,757</b>
Additional shares	85,457	76,893	(162,350)	-	-	-	-	-
Advance receipt for share subscription increased during the period	-	-	145,314	-	-	145,314	-	145,314
Total comprehensive income for the period	-	-	-	-	86,495	86,495	-	86,495
Appropriated for legal reserve 24	-	-	-	4,336	(4,336)	-	-	-
Non-controlling interests	-	-	-	-	-	-	-	-
<b>Balance as at 31st December, 2011</b>	<b>452,436</b>	<b>76,893</b>	<b>8,830</b>	<b>4,955</b>	<b>94,452</b>	<b>637,566</b>	<b>-</b>	<b>637,566</b>

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

**SEPARATED STATEMENTS OF CHANGE IN SHAREHOLDERS' EQUITY**  
**THAI CAPITAL CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**FOR THE YEARS ENDED 31st DECEMBER, 2011 AND 2010**

(Unit : Thousand Baht)

	Note				Retained earnings (deficit)		Total
		Paid-up share capital	Premium on ordinary share	Advance receipts for share subscription	Appropriated Legal reserve	Unappropriated	
<b>Balance as at 1st January, 2010</b>		<b>732,833</b>	-	<b>10</b>	-	<b>(380,749)</b>	<b>352,094</b>
Additional shares		1,125	-	(1,125)	-	-	-
Advance receipt for share subscription increased during the period		-	-	26,981	-	-	26,981
Decrease in share capital to premium on ordinary shares		(366,979)	366,979	-	-	-	-
Transferred premium to deficits		-	(366,979)	-	-	366,979	-
Total comprehensive income for the period		-	-	-	-	26,146	26,146
Appropriated for legal reserve	24	-	-	-	619	(619)	-
Non-controlling interests		-	-	-	-	-	-
<b>Balance as at 31st December, 2010</b>		<b>366,979</b>	-	<b>25,866</b>	<b>619</b>	<b>11,757</b>	<b>405,221</b>
Balance as at 1st January, 2011		366,979	-	25,866	619	11,757	405,221
Additional shares		85,457	76,893	(162,350)	-	-	-
Advance receipt for share subscription increased during the period		-	-	145,314	-	-	145,314
Total comprehensive income for the period		-	-	-	-	86,714	86,714
Appropriated for legal reserve	24	-	-	-	4,336	(4,336)	-
Non-controlling interests		-	-	-	-	-	-
<b>Balance as at 31st December, 2011</b>		<b>452,436</b>	<b>76,893</b>	<b>8,830</b>	<b>4,955</b>	<b>94,135</b>	<b>637,249</b>

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



**STATEMENTS OF CASH FLOWS**  
**THAI CAPITAL CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**FOR THE YEARS ENDED 31st DECEMBER, 2011 AND 2010**

(Unit : Thousand Baht)

	Note	Consolidated		Separated Financial Statement	
		2011	2010	2011	2010
Cash flows from operating activities					
Net profit for the period		86,495	26,229	86,714	26,146
Income tax expenses		-	-	-	-
<b>Profit before income tax</b>		<b>86,495</b>	<b>26,229</b>	<b>86,714</b>	<b>26,146</b>
Adjustments to reconcile earnings before income tax to net cash provided by (used in) operating activities					
Depreciation		11,314	13,043	11,314	13,043
Amortization		311	238	311	238
Provision for long-term employee benefits		594	-	594	-
Loss on written off fixed assets		129	575	129	575
(Gain) loss on disposal of fixed assets		13	(220)	13	(220)
Allowance for impairment assets (reversal)	5	(12,284)	-	(12,284)	-
Interest expense		1,516	133	1,516	133
Interest income		(1,472)	(131)	(1,469)	(129)
		86,616	39,867	86,838	39,786
(Increase) decrease in operating assets					
Trade and other receivables		(119,374)	(53,457)	(119,374)	(53,457)
Trade and other receivables - related parties		254	3,520	209	3,475
Inventories		(261,372)	(43,519)	(261,372)	(43,519)
Other current assets		15,026	(9,626)	15,026	(9,436)
Other non-current assets		1,484	334	1,479	144
Increase (decrease) in operating liabilities					
Trade and other payable		86,974	17,381	86,980	17,375
Other current liabilities		9,359	3,099	9,333	3,070
Cash provided by (used in) operating activities		(181,033)	(42,401)	(180,881)	(42,562)
Cash paid for interest expenses		(1,367)	(133)	(1,367)	(133)
Withholding tax deducted at source		(11)	(199)	(11)	(5)
<b>Net cash provided by (used in) operating activities</b>		<b>(182,411)</b>	<b>(42,733)</b>	<b>(182,259)</b>	<b>(42,700)</b>

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

**STATEMENTS OF CASH FLOWS (continues)**

**THAI CAPITAL CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**

**FOR THE YEARS ENDED 31st DECEMBER, 2011 AND 2010**

**(Unit : Thousand Baht)**

	<b>Note</b>	<b>Consolidated</b>		<b>Separated Financial Statement</b>	
		<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Cash flows from investing activities					
Investment pledged as collateral		(65,000)	-	(65,000)	-
Cash payment for purchase of fixed assets		(8,456)	(7,597)	(8,456)	(7,597)
Cash payment for purchase of intangible assets		(880)	(1,034)	(880)	(1,034)
Proceed from disposal of fixed assets		500	610	500	610
Cash received for interest received		746	131	743	129
<b>Net cash provided by (used in) investing activities</b>		<b>(73,090)</b>	<b>(7,890)</b>	<b>(73,093)</b>	<b>(7,892)</b>
Cash flows from financing activities					
Repayment of obligation under finance lease		(893)	(910)	(893)	(910)
Proceed from short-term loan		124,914	-	124,914	-
Proceed from share capital and advanced receipts for share subscription		145,314	26,981	145,314	26,981
<b>Net cash provided by (used in) financing activities</b>		<b>269,335</b>	<b>26,071</b>	<b>269,335</b>	<b>26,071</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>13,834</b>	<b>(24,552)</b>	<b>13,983</b>	<b>(24,521)</b>
Cash and cash equivalents at the beginning of period		35,050	59,602	34,464	58,985
<b>Cash and cash equivalents at the end of period</b>		<b>48,884</b>	<b>35,050</b>	<b>48,447</b>	<b>34,464</b>

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

# **NOTES TO FINANCIAL STATEMENTS**

## **THAI CAPITAL CORPORATION PUBLIC COMPANY LIMITED AND SUBSIDIARIES DECEMBER 31, 2011 AND 2010**

### **1. GENERAL INFORMATION**

Thai Capital Corporation Public Company Limited is a public limited company and is incorporated in Thailand. The Company is listed on the Stock Exchange of Thailand. The address of the Company's registered office is 87/2 CRC Tower All Seasons Place, 45th Floor, Wireless Road, Lumpini, Phatumwan, Bangkok.

The principal activity of the Company is to import and sell coal.

Theco Sales Company Limited ("the subsidiary") terminated its business operation during the year 2008.

### **2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared in accordance with the accounting standards which are effective under the Accounting Profession Act, B.E. 2547.

The financial statements of the Company have been presented in accordance with the form of statement of financial position and statement of income for public limited company as defined in the Announcement of the Department of Business Development dated 28th September, 2011 regarding The Brief Particulars in the Financial Statements B.E. 2554, issued under the Accounting Act, B.E. 2543.

Certain accounts in the financial statements for the period 2010 have been reclassified to conform with the current period classifications, with no effect on previously reported net profit (loss) or shareholders' equity and to be in accordance with the new form of financial statements as defined in the above announcement.

### 3. APPLICATION OF NEW ACCOUNTING STANDARDS DURING THE PERIOD

During the current period, the Company and its subsidiary adopted a number of revised and new accounting standards, issued by the Federation of Accounting Professions, the effective accounting period starting on or after 1st January, 2011 as listed below.

Framework for the Preparation and Presentation of Financial Statements (revised 2009)

TAS No. 1      Presentation of Financial Statements (revised 2009)

TAS No. 2      Inventories (revised 2009)

TAS No. 7      Statement of Cash Flows (revised 2009)

TAS No. 8      Accounting Policies, Changes in Accounting Estimates and Errors (revised 2009)

TAS No. 10     Events after the Reporting Period (revised 2009)

TAS No. 16     Property, Plant and Equipment (revised 2009)

TAS No. 17     Leases (revised 2009)

TAS No. 18     Revenue (revised 2009)

TAS No. 19     Employee Benefits

TAS No. 23     Borrowing Costs (revised 2009)

TAS No. 24     Related Party Disclosures (revised 2009)

TAS No. 27     Consolidated and Separate Financial Statements (revised 2009)

TAS No. 28     Investment in Associates (revised 2009)

TAS No. 33     Earnings per Share (revised 2009)

TAS No. 34     Interim Financial Reporting (revised 2009)

TAS No. 36     Impairment of Assets (revised 2009)

TAS No. 37     Provision, Contingent Liabilities and Contingent Assets (revised 2009)

TAS No. 38     Intangible Assets (revised 2009)

TAS No. 40     Investment Property (revised 2009)

TFRS No. 2     Share-based Payment

TFRS No. 5     Non-current Assets Held for Sale and Discontinued Operations  
(revised 2009)

The above accounting standards do not have any significant impact on the financial statements for the current period, except for the following accounting standards:

- Presentation of financial statements
- Accounting for employee benefits

### **Presentation of financial statements**

The Company and its subsidiaries has applied TAS 1 (revised 2009) Presentation of Financial Statements where a set of the revised financial statements comprises of:

- Statement of financial position;
- Statement of comprehensive income;
- Statement of change in shareholders' equity;
- Statement of cash flow;
- Notes to financial statement

There is no impact on the reported income or earnings per share.

### **TAS NO. 19 EMPLOYEE BENEFITS**

This accounting standard requires employee benefits to be recognized as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits (or liabilities arising from other defined benefit plans and other long-term employee benefits) using actuarial techniques. The Company previously accounted for such employee benefits when they were incurred.

The Company has changed this accounting policy in the current period and recognized the liability in the transition period by immediately recognizing it as an expense in profit or loss for the period.

## **New accounting standards not yet effective**

The Federation of Accounting Professions issued new and revised accounting standards that are effective for fiscal years beginning on or after 1st January, 2013, as listed below.

### **Accounting standards**

TAS 12	Income taxes.
TAS 20 (Revised 2009)	Accounting for Government grants and disclosure of Government assistance.
TAS 21 (Revised 2009)	The effects of changes in foreign exchange rates.

### **Standing interpretations committee**

SIC No. 10	Government assistance - No specific relation to operating activities
SIC No. 21	Income taxes - Recovery of revalued non-depreciable assets
SIC No. 25	Income taxes - Changes in the tax status of an entity or its shareholders

The Company's management has determined that these accounting standards do not have any significant impact on the financial statements for the current period, except TAS 12 "Income tax" which the Company is currently assessing the impact on the Group's financial statements.

## **4. BASIS OF CONSOLIDATION**

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies ("the Group"). Subsidiaries, which are those entities in which the Company has power to govern the financial and operating policies, are consolidated. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Company controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Company and are no longer consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to

the acquisition. The excess of the cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill. In addition, the Company measures goodwill at cost less any accumulated impairment losses.

Related party transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by Group. The accounting policy of the subsidiary which is different from accounting policy of the Group will be amended to comply with the policy used by the Group.

The consolidated financial statements for the years ended on 31st December, 2011 and 2010 have been prepared by including the financial statements of Thai Capital Corporation Public Company Limited and its subsidiary after elimination of the significant related party balances and transactions. The Company holds directly and indirectly shares of the subsidiary at the following percentage.

<u>Name of subsidiary</u>	<u>Nature of business</u>	<u>Country of incorporation</u>	<u>Percentage of holdings</u>	<u>Business information</u>
Theco Sales Co., Ltd.	Ceased operation	Thailand	99.99	Being examined by the same auditor

## **5. EFFECT OF FIRST TIME ADOPTION OF CHANGE IN ACCOUNTING POLICY**

According to Board of director No. 6/2011 on 30th December, 2011, the Company's management had considered to change the accounting policy regarding of the valuation after the recognition of land by restating financial statements from revaluation method to cost method. The management has the opinion that the new accounting policy will reflect the value of future cash flows from land better than the previous one.

The Company recognized the impacts of change in accounting policy retrospectively. Therefore, the prior year's financial statements have been restated to conform with the new accounting policy by adjusting the cost of assets as at 1st January, 2011 with an increment of Baht 11,784 thousand, and the same amount of increment for provision for impairment of assets. Such adjustments had no effect on the previously presented profit and loss and financial statements.

The restated statements of financial position of the prior 3 consecutive years with regards to the change in accounting policy are as follows:

	Consolidated Financial Statement			Separated Financial Statement		
	2011	2010	2009	2011	2010	2009
		(Restated)	(Restated)		(Restated)	(Restated)
<b>Assets</b>						
Current assets	683,204	303,167	225,075	682,857	302,626	224,458
Non-current assets						
Property, plants and equipment						
<b>Cost</b>	<b>178,763</b>	<b>172,544</b>	<b>167,146</b>	<b>178,763</b>	<b>172,544</b>	<b>167,146</b>
Less : Accumulated depreciation	(31,324)	(21,057)	(8,813)	(31,324)	(21,057)	(8,813)
<b>Allowance for impairment</b>	<b>-</b>	<b>(12,861)</b>	<b>(12,832)</b>	<b>-</b>	<b>(12,861)</b>	<b>(12,832)</b>
	147,439	138,626	145,064	147,439	138,626	145,064
Other non-current assets	69,003	4,918	4,113	69,003	4,913	4,112
<b>Total non-current assets</b>	<b>216,442</b>	<b>143,544</b>	<b>149,177</b>	<b>216,442</b>	<b>143,539</b>	<b>149,176</b>
<b>Total assets</b>	<b>899,646</b>	<b>446,711</b>	<b>374,252</b>	<b>899,299</b>	<b>446,165</b>	<b>373,634</b>
<b>Liabilities and equity</b>						
Liabilities	262,080	40,954	21,705	262,050	40,944	21,540
Equity	637,566	405,757	352,547	637,249	405,221	352,094
<b>Total liabilities and equity</b>	<b>899,646</b>	<b>446,711</b>	<b>374,252</b>	<b>899,299</b>	<b>446,165</b>	<b>373,634</b>

## 6. ACCOUNTING POLICIES

### 6.1 Revenue recognition

Sales are recognized on the delivery of goods and customer acceptance. Sales are shown net of sales taxes and discounts.

Interest revenue as it accrues and recognized using the effective interest method.

### 6.2 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits with banks and other short-term highly liquid investments with original maturities of three months or less and free from restrictions.

### 6.3 Investment

Investment in mutual funds.



The current investments is investment in opened mutual funds units, which are regarded as trading securities at fair value and immediately recognizes the value change as gain transaction or loss transaction in the statement of income in the accounting period that transactions occur.

#### **6.4 Trade accounts receivable**

Trade accounts receivable are carried in the balance sheet at the amount expected to be collectible. Allowance for doubtful receivables are estimated by percentage of accounts receivable which is assessed primarily on analysis of payment histories and review of all outstanding amounts at balance sheet date. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written off during the year in which they are identified.

#### **6.5 Inventory**

Inventories are stated at the lower of cost, which is calculated using first - in first - out method (FIFO), or net realizable value. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory such as import duties and transportation charge, less all attributable discounts, allowances or rebates. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads, the latter being allocated on the basis of normal operating activities.

The Group estimates the net realizable value by using the selling price in the ordinary course of business less selling expenses.

The Group makes the allowance for diminution in the value of obsolete, defective or slow – moving inventories.

#### **6.6 Investment in subsidiary company**

Investments in subsidiary are reported by using the cost method of accounting in the separate financial statements less allowance for impairment investment.

#### **6.7 Property, plant and equipment and depreciation**

The land is reflected by cost less allowance for impairment (if any).

Plant and equipment are stated in the balance sheet at historical cost less accumulated depreciation and accumulated impairment losses.

Depreciation of plant and equipment are determined on a straight-line method over the estimated useful lives of the assets as follows:

Building and Building improvement	5 - 25 years
Machinery and factory equipment	10 - 20 years
Facility system	20 years
Furniture and office equipment	3 - 10 years
Vehicles	5 years

Expenditure incurred for addition, renewal or betterment, which results in a substantial increase in an asset's current replacement value, is capitalized. Repair and maintenance costs are recognized as an expense when incurred.

The Company has included an initial estimate of the cost of asset dismantlement, removal and restoration as asset costs when the Company has obligation to do. An item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. In addition, it is requirement for the review of useful life, residual value and depreciation method at least at each financial year-end.

Depreciation for costs of asset dismantlement, removal and restoration as estimated is recognized immediately in income statement.

## **6.8 Accounting for leases - where the Group is the lessee**

Long term leases which substantially transferred all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of income over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The assets acquired under finance leases while depreciation is carried throughout the useful life of leased asset. However, if there is uncertainty in

the right of ownership when the contract is terminated, depreciation is carried according to useful life of leased assets or life of leased contract whichever the period is lower.

Long term leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

## **6.9 Borrowing costs**

Borrowing costs include interest, amortization of discounts or premiums relating to borrowings, amortization of ancillary costs incurred in arranging borrowings, and finance lease charges. Borrowing costs are generally expensed as incurred.

## **6.10 Intangible assets**

Intangible assets with finite useful lives which the Group acquired are stated at historical cost less accumulated amortization and impairment loss (as if). The Group's amortization is calculated on the straight-line method over a period of five years.

Intangible assets with indefinite useful lives which the Group acquired are stated at historical cost less impairment loss (as if).

## **6.11 Impairment of assets**

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows.

The Group will recognize impairment losses in the statement of income, or reduce the revaluation increment in assets in case that those assets are previously revalued. The reversal of impairment losses will be recognized as part of other income or as a revaluation increment in assets when there is an indication that the impairment losses are no longer exist or decreased.

#### **6.12 Provisions**

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

#### **6.13 Employee benefits**

The Company has obligations in respect of the severance payments to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by using the projected unit credit method which were evaluated the obligation by the independent professional in accordance with actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rates.

Actuarial gains and losses arising from post-employment benefits are recognized immediately in profit or loss.

#### **6.14 Foreign currency transactions**

The Group translates foreign currency transactions into Baht using the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities at the statement of financial position date denominated in foreign currencies are translated into Baht at the exchange rate prevailing at that date.

Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income as incurred.

#### **6.15 Income tax**

Income tax expense is calculated from taxable income and recorded based on tax paid and accrued for the period.

#### **6.16 Segment information**

Business segments provide products and services that are subject to risks and returns that are different from those of other business segments. Geographic segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those of components operating in other economic environments.

#### **6.17 Financial instruments**

Financial assets and liabilities carried on the balance sheets include cash and cash equivalents, trade and other receivable, trade and other payable, and loan payables. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies found in this Note.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contract arrangement. Interest, dividend, and gains and losses relating to a financial instrument classified as a liability are reported as income or expense. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

#### **6.18 Accounting estimation**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and

disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

## 7. CASH AND CASH EQUIVALENTS

	Consolidated		(Unit : Thousand Baht)	
	Financial Statement		Separated	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Cash on hand	211	113	210	113
Cash at banks				
Current accounts	8,841	25,867	8,841	25,867
Saving accounts	<u>39,832</u>	<u>9,070</u>	<u>39,396</u>	<u>8,484</u>
Total	<u>48,884</u>	<u>35,050</u>	<u>48,447</u>	<u>34,464</u>

The saving accounts of the Company and its subsidiary are maintained for the operation purpose.

## 8. TRADE AND OTHERS RECEIVABLE

	Consolidated		(Unit : Thousand Baht)	
	Financial Statement		Separated	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Trade accounts receivable	211,657	94,498	211,657	94,498
Accounts receivable - other	<u>4,180</u>	<u>1,965</u>	<u>4,180</u>	<u>1,965</u>
Total	<u>215,837</u>	<u>96,463</u>	<u>215,837</u>	<u>96,463</u>

**Trade accounts receivable**

Not yet due	140,792	67,401	140,792	67,401
Overdue				
Overdue 1 – 90 days	68,832	27,097	68,832	27,097
Overdue 91 – 180 days	2,259	-	2,259	-
Overdue 181 – 365 days	-	423	-	423
Overdue over 365 days	-	-	-	-
Account receivable of air conditioners freight vessel services segment - discontinued operation	<u>18,261</u>	<u>18,261</u>	<u>18,261</u>	<u>18,261</u>
	230,144	113,182	230,144	113,182
Less : Allowance for doubtful accounts	<u>(18,487)</u>	<u>(18,684)</u>	<u>(18,487)</u>	<u>(18,684)</u>
	<u>211,657</u>	<u>94,498</u>	<u>211,657</u>	<u>94,498</u>
<b>Accounts receivable - other</b>				
Prepaid expense	22,221	22,800	22,221	22,800
Advance payment	937	291	937	291
Deferred income	734	13	734	13
Others	<u>5,893</u>	<u>4,466</u>	<u>5,893</u>	<u>4,466</u>
	29,785	27,570	29,785	27,570
Less : Allowance for doubtful accounts	<u>(25,605)</u>	<u>(25,605)</u>	<u>(25,605)</u>	<u>(25,605)</u>
	<u>4,180</u>	<u>1,965</u>	<u>4,180</u>	<u>1,965</u>
<b>Trade and others receivable</b>	<u>215,837</u>	<u>96,463</u>	<u>215,837</u>	<u>96,463</u>

**9. TRANSACTIONS WITH RELATED PARTIES**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Chaiwikrai family is a major shareholder, holding 30.66% (2010 : 37.78%) of the share capital of the Company. Transactions related to companies in which the Chaiwikrai family is the principal shareholders or directors are recognized as related parties transactions.

Balance with the related parties consisted of:

### Investment in subsidiary company

				<i>(Unit : Thousand Baht)</i>	
				Separated	
				Financial Statement	
<u>Name of company</u>	<u>Country of incorporation</u>	<u>Paid-up share capital</u>	<u>Percentage of holding</u>	<u>2011</u>	<u>2010</u>
			%	Cost method	Cost method
Theco Sales Co., Ltd.	Thailand	10,000	99	9,999	9,999
Less : Allowance for impairment				<u>(9,999)</u>	<u>(9,999)</u>
				<u>-</u>	<u>-</u>

The movement of allowance for impairment - investment in subsidiary company for the year ended 31st December, 2011 is as follows :

		<i>(Unit : Thousand Baht)</i>
		Consolidated Financial Statement / Separated
		Financial Statement
Beginning balance		9,999
Addition during the period		-
Reversal during the period		-
Ending balance		<u>9,999</u>

					<i>(Unit : Thousand Baht)</i>
					Consolidated
					Financial Statement
					Separated
					Financial Statement
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	
<b>Trade and other receivables - related parties</b>					
Theco Sales Co., Ltd.	-	-	16,614	16,569	
Far East Knitting & Spining Co., Ltd.	<u>3,556</u>	<u>3,810</u>	<u>3,556</u>	<u>3,810</u>	
	3,556	3,810	20,170	20,379	
Less : Allowance for doubtful accounts	<u>-</u>	<u>-</u>	<u>(16,524)</u>	<u>(16,524)</u>	
	<u>3,556</u>	<u>3,810</u>	<u>3,646</u>	<u>3,855</u>	



Outstanding balance of trade and other receivables - related parties can be aged as follows:

	Consolidated		(Unit : Thousand Baht)	
	Financial Statement		Separated	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Not yet due	3,435	3,810	3,525	3,855
Overdue				
Overdue 1 – 90 days	121	-	121	-
Overdue 91 – 180 days	-	-	-	-
Overdue 181 – 365 days	-	-	-	-
Overdue over 365 days	-	-	16,524	16,524
	3,556	3,810	20,170	20,379
Less : Allowance for doubtful accounts	-	-	(16,524)	(16,524)
	<u>3,556</u>	<u>3,810</u>	<u>3,646</u>	<u>3,855</u>

Transactions with related parties for the years ended 31st December can be summarized as follows:

	(Unit : Thousand Baht)				
	Consolidated		Separated		
	Financial Statement		Financial Statement		Pricing policy
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	
<b>Revenue from sales</b>					
Far East Knitting & Spining Co., Ltd.	<u>23,558</u>	<u>35,279</u>	<u>23,558</u>	<u>35,279</u>	Market price
<b>Other income</b>					
<b>Management income</b>					Prices
specified					
Theco Sales Co., Ltd.	<u>-</u>	<u>-</u>	<u>168</u>	<u>168</u>	in contract

#### Pricing policies

- The Company sells coal to related parties in market price.
- The Company charges the management fee by computing from prices that specified in the contract.
- Law Consultant fee approximate to charge to third parties.

### Nature of relationship

<u>Company</u>	<u>Relationship</u>
Subsidiary:	
Theco Sales Co., Ltd.	Shareholding and co - directors
Related companies:	
Far East Knitting & Spining Co., Ltd.	Co-shareholding and related directors

## **10.INVENTORIES**

	<i>(Unit : Thousand Baht)</i>	
	Consolidated Financial Statement / Separated Financial Statement	
	<u>2011</u>	<u>2010</u>
Coal	328,075	98,631
Goods in transits	<u>57,883</u>	<u>25,955</u>
	385,958	124,586
Less : Allowance for declining in value of inventories	-	-
Total	<u>385,958</u>	<u>124,586</u>

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

	<i>(Unit : Thousand Baht)</i>
	Consolidated Financial Statement / Separated Financial Statement
Beginning balance	-
Allowance increased during the period	3,261
Allowance reversed during the period	<u>(3,261)</u>
Ending balance	<u>-</u>

## 11. OTHER CURRENT ASSETS

<i>(Unit : Thousand Baht)</i>				
	Consolidated		Separated	
	Financial Statement		Financial Statement	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Account receivable - Revenue Department	28,035	26,032	28,035	26,032
Advance payment for purchase of goods	-	17,165	-	17,165
Others	<u>934</u>	<u>61</u>	<u>934</u>	<u>61</u>
Total	<u>28,969</u>	<u>43,258</u>	<u>28,969</u>	<u>43,258</u>

## 12. INVESTMENT PLEDGED AS COLLATERAL

<i>(Unit : Thousand Baht)</i>				
Consolidated Financial Statement / Separated Financial Statement				
		<u>2011</u>	<u>2010</u>	
Fixed deposit 11 months	a)	65,000	-	
Investment in government bond	b)	<u>840</u>	<u>840</u>	
Total		<u>65,840</u>	<u>840</u>	

- a) As at 31st December, 2011 fixed deposit amounting to Baht 65 million has been used as collateral against credit facility with a financial institution.
- b) Investment in government bond amounting to Baht 0.84 million (2010 : Baht 0.84 million) has been used as collateral against the use of electricity.

### 13. PROPERTY, PLANTS AND EQUIPMENT

(Unit : Thousand Baht)

	<u>Land</u>	<u>Building and building improvement</u>	<u>Machinery and factory equipment</u>	<u>Furniture and office equipment</u>	<u>Machinery under installation</u>	<u>Vehicles</u>	<u>Work in process</u>	<u>Total</u>
<b>Cost:</b>								
As at 1st January, 2011								
(Restated)	25,084	98,588	36,982	6,936	-	4,954	-	172,544
Purchase	-	-	610	821	3,566	-	3,488	8,485
Disposals	-	-	(1,768)	(499)	-	-	-	(2,267)
As at 31st December, 2011	<u>25,084</u>	<u>98,588</u>	<u>35,824</u>	<u>7,258</u>	<u>3,566</u>	<u>4,954</u>	<u>3,488</u>	<u>178,762</u>
<b>Accumulated depreciation:</b>								
As at 1st January, 2011								
(Restated)	-	(6,834)	(7,801)	(3,597)	-	(2,825)	-	(21,057)
Depreciation for the year	-	(5,313)	(5,215)	(1,357)	-	571	-	(11,314)
Depreciation - disposals	-	-	573	475	-	-	-	1,048
As at 31st December, 2011	<u>-</u>	<u>(12,147)</u>	<u>(12,443)</u>	<u>(4,479)</u>	<u>-</u>	<u>(2,254)</u>	<u>-</u>	<u>(31,323)</u>
<b>Allowance for impairment:</b>								
As at 1st January, 2011								
(Restated)	(11,784)	-	(1,077)	-	-	-	-	(12,861)
Allowance for impairment during the period	-	-	-	-	-	-	-	-
Allowance for impairment - disposals	-	-	577	-	-	-	-	577
Allowance for impairment - reversal	<u>11,784</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,284</u>
As at 31st December, 2011	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net book value</b>								
As at 31st December, 2011	<u>25,084</u>	<u>86,441</u>	<u>23,381</u>	<u>2,779</u>	<u>3,566</u>	<u>2,700</u>	<u>3,488</u>	<u>147,439</u>
As at 31st December, 2010	<u>13,300</u>	<u>91,754</u>	<u>28,104</u>	<u>3,339</u>	<u>-</u>	<u>2,129</u>	<u>-</u>	<u>138,626</u>

Depreciation in the statement of income is included in the following accounts:

(Unit : Thousand Baht)

	<u>Consolidated Financial Statement</u>		<u>Separated Financial Statement</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Cost of sales	10,490	10,643	10,490	10,643
Administrative expenses	<u>824</u>	<u>2,400</u>	<u>824</u>	<u>2,400</u>
Total	<u>11,314</u>	<u>13,043</u>	<u>11,314</u>	<u>13,043</u>

The Company has mortgaged land and construction as collateral for loans from a financial institution as mentioned in Note. 16.

During the year ended 31st December, 2011, the Company has estimated the value of expected future cash flow of land and machinery exceeding the assessed value since 2008, therefore, there was no impairment of land and machinery and the allowance for impairment of assets has been reversed in statement of income by amount of Baht 12.28 million.

As at 31st December, 2011, certain equipments of the Company have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets are amounting to Baht 2.49 million (2010 : Baht 0.62 million).

Vehicle under finance leases, where the Company is a lessee, has net book value as at 31st December, 2011 at Baht 1.22 million in consolidated and separated financial statements (2010 : Baht 2.13 million).

#### 14. INTANGIBLE ASSET

*(Unit : Thousand Baht)*  
Consolidated Financial  
Statement / Separated  
Financial Statement

##### **Cost:**

As at 1st January, 2011	1,970
Additions	<u>880</u>
As at 31st December, 2011	<u>2,850</u>

##### **Accumulated depreciation:**

As at 1st January, 2011	396
Amortization for the period	<u>311</u>
As at 31st December, 2011	<u>707</u>

##### **Net book value**

As at 31st December, 2011	<u>2,143</u>
As at 31st December, 2010	<u>1,574</u>

## 15. OTHER NON-CURRENT ASSETS

*(Unit : Thousand Baht)*

	Consolidated		Separated	
	Financial Statement		Financial Statement	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Deposit	1,020	676	1,020	676
Others	-	1,828	-	1,823
Total	<u>1,020</u>	<u>2,504</u>	<u>1,020</u>	<u>2,499</u>

## 16. SHORT-TERM LOAN FROM FINANCIAL INSTITUTION

As at 31st December, 2011, the Company has been granted for loan facilities from a financial institution with outstanding balance amounting to Baht 124.91 million which are maintained for the operation purpose.

The Company has mortgaged its land and construction and fixed deposit with the said financial institution as collateral against this loan.

## 17. TRADE AND OTHER PAYABLES

*(Unit : Thousand Baht)*

	Consolidated		Separated	
	Financial Statement		Financial Statement	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Trade accounts payable	114,929	28,177	114,929	28,177
Other accounts payable	<u>5,928</u>	<u>5,677</u>	<u>5,928</u>	<u>5,671</u>
Total	<u>120,857</u>	<u>33,854</u>	<u>120,857</u>	<u>33,848</u>

## 18. OBLIGATION UNDER FINANCIAL LEASE

*(Unit : Thousand Baht)*

	Consolidated Financial Statement / Separated Financial Statement					
	2011			2010		
	Obligation underDeferred			Obligation underDeferred		
	<u>Financial lease</u>	<u>interest</u>	<u>Net</u>	<u>Financial lease</u>	<u>interest</u>	<u>Net</u>
Current Portion	598	(17)	581	957	(64)	893
Over 1 year but not						
Exceeding 5 years	-	-	-	597	(16)	581
Total	<u>598</u>	<u>(17)</u>	<u>581</u>	<u>1,554</u>	<u>(80)</u>	<u>1,474</u>

The movement of obligation under finance lease for the year ended 31st December, 2011 is as follows :

	<i>(Unit : Thousand Baht)</i>
	<u>Consolidated Financial Statement / Separated Financial Statement</u>
Opening balance	1,474
Addition during the period	-
Repayment during the period	<u>(893)</u>
Ending balance	<u><u>581</u></u>

As at 31st December, 2011, the Company performs the contract of long term financial leased with a leasing company so as to lease motor vehicle by number of 4 contracts (31st December, 2009 : 5 contracts). The leased contracts determine leased fee repayment as monthly installment from Baht 10,995.00 per month to Baht 22,169.00 per month. The leased period is carried from 4 years. Such leased contract comprises the Company's directors as guarantors. In addition, ownership of such motor vehicle will be transferred to be ownership of the Company when the Company pays the final installment in accordance with the leased contract.

## 19.OTHER CURRENT LIABILITIES

	<i>(Unit : Thousand Baht)</i>	
	<u>Consolidated Financial Statement</u>	<u>Separated Financial Statement</u>
	<u>2011</u>	<u>2010</u>
Accrued expenses	12,860	2,601
Accrued commission	1,015	881
Retentions	1,197	2,045
Others	<u>62</u>	<u>99</u>
Total	<u><u>15,134</u></u>	<u><u>5,626</u></u>

## 20.INCOME TAX

The Company does not record income tax for the year ended 31st December, 2011 since the Company has taxable loss brought forward.

## 21.EMPLOYEE BENEFIT OBLIGATION

(Unit : Thousand Baht)

Consolidated Financial  
Statement / Separated  
Financial Statement

Beginning balance of obligations under the define benefit plan	-
Cost of service - current	556
Financial cost	<u>38</u>
Ending balance of long-term employee benefit obligations	<u>594</u>

## 22.EXPENSES

Significant expenses by nature are as follows:

(Unit : Thousand Baht)

Consolidated Financial Statement /  
Separated Financial Statement

	<u>2011</u>	<u>2010</u>
Changes in finished goods	229,444	7,497
Staff cost	23,214	18,408
Depreciation and amortization expenses	11,625	13,281
Transportation	66,855	31,886
Other expenses	789,728	375,427

The Company did not make a separate disclosure for its purchases, as such information are highly sensitive and may affect its ability to compete in business.

## 23.SHARE CAPITAL

	<u>Par value per share</u> Baht Thousand Baht	<u>Authorised share capital</u>		<u>Issued and paid up share capital</u>		<u>Premium on share</u> Baht
		<u>Number of shares</u>	<u>Amount</u>	<u>Number of shares</u>	<u>Amount</u>	
		Thousand share	Thousand Baht	Thousand share	Thousand Baht	
As at 1st January, 2011	0.50	1,200,000	600,000	733,958	366,979	-
Decrement of capital	0.50	(143,026)	(71,513)	-	-	-
Increment of capital	0.50	396,035	198,017	-	-	-
Increment of capital to existing shareholders (RO)	0.50	-	-	75,983	37,991	37,991
Exercise the right to purchase the common shares	0.50	-	-	94,932	47,466	38,902
As at 31st December, 2011	0.50	<u>1,453,009</u>	<u>726,504</u>	<u>904,873</u>	<u>452,436</u>	<u>76,893</u>

According to the Board of Directors' Meeting on 14th February, 2011, it is resolved to decrease the authorized share capital of the Company by the elimination of the unissued shares of 143,025,616 shares. Therefore, the Company's authorized share capital is



changed from 1,200,000,000 shares to 1,056,974,384 shares at the par value of Baht 0.50 per share.

According to the resolution of the Board of Directors' meeting on 21st February, 2011, it is resolved to increase the authorized share capital not exceeding 396,034,803 shares at par value of Baht 0.50 per share as follows:

1. Issuing ordinary share to increase share capital not exceeding 75,982,482 shares at par value of Baht 0.50 per share in order to offer to the existing shareholders (Right Offering) according to the shareholding proportion at the ratio of 10 existing shares to 1 increased share at par value of Baht 0.50 by at the offering share price of Baht 1 per share.
2. Issuing ordinary share to increase share capital not exceeding 200,000,000 shares at par value of Baht 0.50 per share in order to offer to the limited shareholders (Private Placement).
3. Issuing ordinary share to increase share capital not exceeding 44,069,839 shares at par value of Baht 0.50 per share in order to support the adjustment of the right of the first time warrants (TCC-W1).
4. Issuing ordinary share to increase share capital not exceeding 75,982,482 shares at par value of Baht 0.50 per share in order to support the right exercise of the second time warrants (TCC-W2).

Therefore, authorized share capital of the Company is changed from 1,056,974,384 shares to 1,453,009,187 shares at par value of Baht 0.50 per share.

In accordance with the minute of general shareholders meeting of the year 2011 on 14th March, 2011, it is resolved to increase authorized share capital by issuing increment ordinary shares in number 396,034,803 shares and the Company has registered the capital increment with the Department of Business Development on 25th March, 2011.

During the date 22nd to 29th April, 2011 the Company has subscribed and collected the increment amount of share capital offer to the existing shareholders (Right Offering) according to the shareholding proportion at the ratio of 10 existing shares to 1 increased share at par value of Baht 0.50 per share at the offering share price of Baht 1 per share. For such offering, the Company can sell the whole lot of such shares of 75,982,482 shares and the Company registered a change of paid-up share capital from share increment with Department of Business Development on 4th May, 2011.

#### Exercise the right to purchase the ordinary shares

According to the resolution of the annual shareholders' meeting of the year 2011 on 14th March, 2011, the shareholders approved to issue and offer the increased ordinary shares not exceeding 75,982,482 shares to the Company's existing shareholders according to the

shareholding proportion at the ratio of 10 existing shares to 1 increased share at the par value of Baht 0.50 per share and the offering share price of Baht 1 per share, and approved to issue ordinary share to increase share capital not exceeding 75,982,482 shares at par value of Baht 0.50 per share in order to support the right exercise of the second time warrants (TCC-W2) of the existing shareholders who subscribed the increased ordinary shares under this share allotment without value charge. The warrant of 1 unit can be exercised to buy 1 share at the offering price of Baht 1 per share. The offering price of increased share to the existing shareholders and the exercised price of the right exercise of the second time warrants (TCC-W2) is lower than 90 percent of the market value of the Company's ordinary share. Since the prospectus of TCC-W1 section 3, clause 1.2.1 terms of the right adjustment (b) and (c) defines that the Company shall adjust exercise price and exercise ratio. Therefore, the Company has made the adjustment of such right by the warrant 1 unit can be converted to 1.14146 ordinary shares at the ordinary share price of Baht 0.876 per share or Baht 0.99991896 per 1 unit of warrant.

As at October 31, 2007, the Company disposed warrants (TCC-W1) to the former shareholders in number of 323,016,210 units. The warrants (TCC-W1) offered to purchase to ordinary shares comprise the detail by summation as follows:

- It is the kind of specifying the names of holders and the holders can be changed and the warrants as registered securities in the Securities Exchange of Thailand.
- The age of warrant is 7 years.
- The date the warrants are issued on October 31, 2007.
- The rate of warrants right exercise is one unit over one ordinary share
- The exercised price is Baht 1 per share.

The first time warrants (TCC-W1) have been exercised by the warrant holders in the end of quarter 4 of the year 2010 and in the end of quarter 1, quarter 2, quarter 3 and quarter 4 of the year 2011 for buying 25,866,422 shares (exercised 25,866,422 units), 16,167,759 shares (exercised 14,164,111 units), 23,218,464 shares (exercised 20,341,025 units), 29,677,960 shares (exercised 26,000,000 units) and 10,081,532 shares (exercised 8,831,000 units) which the Company has registered the capital increment with the Department of Business Development on 4th January, 2011, 1st April, 2011, 5th July, 2011, 5th October, 2011 and 5th January, 2012 respectively.

The exercise of right to buy ordinary shares from the first issue of warrants (TCC-W1) before price adjustment of right to exercise on 14th March, 2011 totaling 25,866,422 shares, at par value of Baht 0.50 per share, with a fixed offer price of Baht 1 per share, brought in a share premium of Baht 12,933,211. And the exercise of right to buy ordinary shares from the first issue of warrants (TCC-W1) after price adjustment of right to exercise

totaling 69,064,183 shares, where one unit of warrant (TCC-W1) could be converted into 1.14146 ordinary share at the par value of Baht 0.50 per share with a fixed offer price of Baht 1 per share, and share premium Baht 25,968,112.50.

As at 31st December, 2011, the Company recorded money received from the warrants exercise to purchase ordinary share of the first time warrants (TCC-W1) of the Company amounting to Baht 8,830,280 in the account of "advance receipts for shares subscription" and separate grouped under the equity caption and the Company has registered the capital increment with the Department of Business Development on 5th January, 2012.

The second time warrants (TCC-W2) have been exercised by the warrant holders in the end of quarter 4 of the year 2011 for buying 1,300 shares (exercised 1,300 units) which the Company has registered the capital increment with the Department of Business Development on 2nd December, 2011.

As at 31st December, 2011, the warrants to purchase ordinary shares (TCC-W1) which have not yet been exercised are 227,813,430 units (2010 : 297,149,566 units) and the warrants to purchase ordinary shares (TCC-W2) which have not yet been exercised are 75,981,182 units.

## **24.LEGAL RESERVE**

In accordance with the Public Company Act, the Company will have to appropriate some annual net profit as reserve by minimum of 5% of annual net profit deducted by brought forward accumulated losses (if any) until this reserve will hold the amount not less than 10% of registered capital. This legal reserve will not be able to repay as dividend.

For the year ended 31st December, 2011, the Company has appropriated a legal reserve by of Baht 4.34 million (during the year 2010 : Baht 0.62 million).

## **25.COMMITMENT, CONTINGENT LIABILITIES AND LITIGATION**

As at 31st December, 2011, the Company and its subsidiary have commitment, contingent liability and litigation, except for the following:

- The Company has entered into agreements for office lease and service. The period of lease is 3 years and it can be renewable. The Company is obligated to pay for the lease and service fee by total amount of Baht 6.05 million.

- For the progress of lawsuit on loss of goods filed by the Company against one of the vessel lessors in Singapore, the arbitrator recently gave its final judgment on 15th July, 2011. The Company won the case and received the partial compensation of Baht 8 million. The Company recorded such amount in other income of discontinuing operation for the current period.

## 26. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares paid up during the period.

Diluted earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares paid up during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the period or on the date the potential ordinary shares were issued.

The following table sets forth the computation of basic and diluted earnings per share.

	Consolidated		Separated	
	Financial Statement		Financial Statement	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b>Basic earnings per share (Baht)</b>				
Net profit of ordinary shareholders (Thousand Baht)				
- Continuing operation	78,610	28,271	78,778	28,439
- Discontinuing operation	<u>7,885</u>	<u>(2,042)</u>	<u>7,936</u>	<u>(2,293)</u>
	<u>86,495</u>	<u>26,229</u>	<u>86,714</u>	<u>26,146</u>
Weighted average number of paid up ordinary share during the period ('000 share)	<u>841,634</u>	<u>733,529</u>	<u>841,634</u>	<u>733,529</u>
Basic earnings per share (Baht)				
- Continuing operation	0.093	0.039	0.094	0.039
- Discontinuing operation	<u>0.009</u>	<u>(0.004)</u>	<u>0.009</u>	<u>(0.003)</u>
	<u>0.102</u>	<u>0.035</u>	<u>0.103</u>	<u>0.036</u>

**Diluted earnings per share (Baht)**

Effect of diluted potential ordinary share for

diluted earnings per share ('000 share)	<u>212,780</u>	<u>112,865</u>	<u>212,780</u>	<u>112,865</u>
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Weighted average number of ordinary share for

diluted earnings per share ('000 share)	<u>1,054,414</u>	<u>846,394</u>	<u>1,054,414</u>	<u>846,394</u>
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Diluted earnings per share (Baht)

- Continuing operation	0.075	0.033	0.075	0.034
- Discontinuing operation	<u>0.007</u>	<u>(0.002)</u>	<u>0.008</u>	<u>(0.003)</u>
	<u>0.082</u>	<u>0.031</u>	<u>0.083</u>	<u>0.031</u>

**27.DISCLOSURE OF FINANCIAL INSTRUMENTS**

The principal financial risks faced by the Group are interest rate risk, credit risk and foreign currency risk. The Group did not speculate in or engage in trading of any derivative financial instruments.

Interest rate risk

The Group was exposed to interest risks because it held deposits to financial institutions. However, the Group believed that the future fluctuation on market interest rate would not provide significant effect to their operation and cash flows, therefore, no financial derivative was adopted to manage such risks.

Credit risk

The Group constitutes normal risk from the credit facility provider relating to accounts receivable. However, the cluster of risk in light of credit provider that is the result of trading accounts receivable limitedly happens since the Group constitutes several number of customers. As a result, the Group does not anticipate that it will receive materially damage from debt collection from those accounts receivable.

Foreign currency risk

The Group was exposed to foreign currency risk relates primarily to its receivables and payables, which are denominated in foreign currencies. However, the Group's management has decided to maintain an open position of this exposure.

For foreign currency risk, the Company and its subsidiary had the foreign currency assets and liabilities which were not covered by hedging contracts and the amounts were significantly different from those in the year 2010 as follows:

	<u>Consolidated Financial Statement</u>		<u>Separated Financial Statement</u>	
	<u>Assets</u>		<u>Liabilities</u>	
<u>Foreign currencies</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
US dollar	2,138,426	10,585	2,911,126	226,237
Singapore dollar	-	-	-	92,793
Ringgit	304	-	-	-
Yuan	11,116	-	-	-
Rupiah	5,705,600	-	-	-

Exchange rates adopted for foreign currencies assets and liabilities are as follows:

	<i>(Unit : Baht)</i> <u>Consolidated Financial Statement / Separated Financial Statement</u>	
	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
1 US Dollar	31.5505	30.0063
1 Ringgit	9.8519	9.6507
1 Yuan	4.9526	4.4826
1,000	Rupiah	3.2913 -
<b>Liabilities</b>		
1 US Dollar	31.8319	30.2963
1 Singapore Dollar	-	23.5577

## 28.SEGMENT FINANCIAL INFORMATION

28.1 Segment information for continuing operation for the years ended on 31st December, 2011 and 2010 are as follows:-

*(Unit : Million Baht)*

	Consolidated Financial Statement					
	Local		Overseas		Total	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenue from sales	1,129.74	473.41	65.25	-	1,194.99	473.41
Other income	4.49	1.35	-	-	4.49	1.35
Total revenue	<u>1,134.23</u>	<u>474.76</u>	<u>65.25</u>	<u>-</u>	<u>1,199.48</u>	<u>474.76</u>
Cost of sales					1,017.31	388.65
Selling expenses					81.25	39.89
Administrative expenses					27.37	21.88
Allowance for impairment of assets (reversal)					(12.28)	-
Loss for diminutions of inventories (reversal)					-	(10.07)
Management benefit expense					5.70	6.01
Finance cost					1.52	0.13
Total expense					<u>1,120.87</u>	<u>446.49</u>
Net profit (loss)					<u>78.61</u>	<u>28.27</u>

The Company did not make a disclosure on the cost of sales and various expenses by segment, as such information are highly sensitive and may affect its ability to compete in business.

28.2 Segment information for the discontinuing operation for the years ended on 31st December, 2011 and 2010 are as follows:-

(Unit : Million Baht)

Consolidated Financial Statement								
	Manufacturing and sales of air conditioner		Freight vessels		Eliminated		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Revenue from sales	-	-	-	-	-	-	-	-
Other income	-	0.95	8.96	-	-	-	8.96	0.95
Total revenue	-	0.95	8.96	-	-	-	8.96	0.95
Cost of sales	-	-	-	-	-	-	-	-
Selling expenses	-	-	-	-	-	-	-	-
Other expenses (reversal)	0.22	(0.63)	1.02	3.79	(0.17)	(0.17)	1.07	2.99
Finance cost	-	-	-	-	-	-	-	-
Total expense	0.22	(0.63)	1.02	3.79	(0.17)	(0.17)	1.07	2.99
Net profit (loss)	(0.22)	1.58	7.94	(3.79)	0.17	0.17	7.89	(2.04)

## 29. FLOODING SITUATION

In October 2011, various provinces in Thailand had been inundated, including Ayudhaya Province, causing sudden flood in the said area. Upon enquiry of the floodwater impact on the warehouse in the Ayudhaya Province where the coal inventories are kept, the management said the Company has not been able to assess the impact, but that before the occurrence of floods, it had put in adequate preventive measures.

As at 5th January, 2012, the Company has contacted an expert to count and evaluate quality of inventories. The result of its is there was no any effect against the Company from this situation.



### **30.MANAGEMENT OF CAPITAL**

The main objective of the Company's capital management is to have the most appropriate financial structure while maintaining its capability to continue in business.

The Group manages its capital status using debt to equity ratio. As at 31st December, 2011 the Group has a debt to equity ratio of 0.41:1 (2010 : 0.10:1) (the Company only : 0.41:1 (2010 : 0.10:1)).

### **31.APPROVAL OF FINANCIAL STATEMENTS**

These financial statements have been approved on 13th February, 2012 by the Company's director.