



Chonburi Concrete Product
Public Company Limited



Annual Report 2009



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Financial Highlights

Financial Highlights

(Unit : Million Baht)

	2009	2008	2007
Total Assets	2,537.73	2,768.92	3,248.00
Total Liabilities	2,289.45	2,376.82	2,751.32
Authorized share capital	310.00	310.00	310.00
Issued and fully paid	310.00	310.00	310.00
Equity attributable to company's shareholders	248.28	392.10	496.68
	2009	2008	2007
Sales or service income	1,776.07	2,124.68	2,613.85
Total revenue	1,801.02	2,171.75	2,656.82
Cost of sales and services	1,623.23	1,931.57	2,328.70
Selling and administrator expenses	198.68	237.22	259.84
Earning before interest expenses and income tax	45.84	44.11	48.34
Net Earning	(143.81)	(104.58)	52.80
Book value per share (Baht)	0.8	1.26	1.60
Earning per share (Baht)	(0.45)	(0.37)	(0.17)

Key Financial Ratio

		Consolidated		The Company Only	
		2009	2008	2009	2008
Profitability Ratios					
Gross profit margin	(%)	9.87	11.06	5.27	8.46
Net profit margin	(%)	(7.98)	-5.23	(6.22)	-1.75
Return on equity	(%)	(57.92)	-28.95	(14.09)	-4.13
Efficiency Ratios					
Return on assets	(%)	(5.66)	-4.10	(4.28)	-1.27
Total assets turnover	(times)	0.71	0.78	0.68	0.73
Financial Ratios					
Liquidity assets to total assets	(%)	12.10	13.93	15.80	34.41
Debt to equity ratio	(times)	9.22	6.06	2.28	2.25

General Information

Name of Listed Company	: Chonburi Concrete Product Public Company Limited (“the Company”)
Types of Business	The Company manufactures and distributes several types of concrete product under the name of “CCP”. The product line consists of 3 major products i.e. ready-mixed concrete, precast concrete for structural works and system works, and precast concrete for decoration works. Besides, there are 4 subsidiaries in the related business to support operation of the Company and other subsidiaries as follows: - Chonburi Kanyong Co., Ltd. is in modern-trade retail business for distribution of construction materials under the name of “Kanyong Home Store”. - Smart Concrete Co., Ltd. is in the business of manufacturing and distribution of light weight concrete block under the name of “Smart Block”. - Eastern Transport Co., Ltd. is in the business of leasing of vehicles to the Company and subsidiaries. - Chonpratheep Asset Co., Ltd. is in the business of leasing of assets to the Company and subsidiaries.
Address the Head Office	: 39/1 Moo.1 Sukhumvit Road, Huaykapi, Muang, Chonburi 20000
Company Registration	: PLC 40854600027
Tel	: 0-3826-5400-99
Fax	: 0-3827-2443
Web Page Address	: www.ccp.co.th
The registered share capital	: 310,000,000 Baht
The paid – up share capital	: 310,000,000 Baht
- Amount of ordinary share	: 310,000,000 shares
- Par value per share	: 1 Baht
Company Registrar	Thailand Securities Depository Co.,Ltd. : The Stock Exchange of Thailand Building 62 Rajadapisek Road, Klongtoey, Bangkok 10110 Tel 0-2229-2800 Fax 0-2359-1259
Financial Auditor	Ernst & Young Office Limited : 33 Floor, Lake Rajada Office Complex, 193/136-137 Rajadapisek Road, Bangkok Tel 0-2264-0777, 0-2664-9190 Fax 0-2264-0789-90, 0-2661-9192
Internal Auditor	Shiwaphol & associated : 808/60 Moo 10, Soi Nawamin 143, Nawamin Road, Klong Kum, Bung Kum, Bangkok. Tel 0-2948-8631

Types of Business

Chonburi Concrete Product Public Company Limited was established on April 19, 1983 as the manufacturer and distributor of concrete products for infrastructure projects. It later expanded the concrete business with continuous growth in operating result until now. It has become one of the largest concrete product manufacturers and distributors in the country and it is the largest in the Eastern region. More than 23 manufacturing facilities are located in the Eastern region, Bangkok and Metropolitan Areas with production capacity of 2,188,800 Cubic meters per year that were delivered to customers throughout the country.

All of the Company's concrete products under the "CCP" trade mark are manufactured with modern machinery in the facilities certified with ISO 9001:2000, ISO 9001:2008 and Thai Industrial Standards (TIS). The product line can be classified into 3 major products as follows:

1. Ready-mixed concrete
Several types are available for all types and sizes of construction project, from small projects up to the national mega projects.
2. Precast concrete for structural and system works
Concrete product for structural and infrastructure works including public road, water drainage system, and all other construction projects in both government and private sectors. The concrete products for structural works include hollow core slab, hollow block and barrier. The concrete products for water drainage systems include various formats of drainage pipes, jacking pipe, manhole, U – ditch.
3. Precast concrete for decoration works
Concrete product for decoration of roadway pavement and other multi-purpose pavements includes paving block, slab block, grass stone block, and stone curve.

In addition, the Company also manufactures made-to-order concrete products.

Besides the manufacturing and distribution of concrete, the Company also established 4 subsidiaries in related business to support operation of the Company and other subsidiaries. Such subsidiaries consist of:

1. Chonburi Kanyong Co., Ltd. was established on April 19, 1983 for wholesale and retail business in construction materials and household decoration equipments under the name of "Kanyong Home Store". The company has registered capital of Baht 250 million. 99.99% of Chonburi Kanyong Co., Ltd. shares are being held indirectly by the Company through Eastern Transport Co., Ltd. (as of December 31, 2008)

At present, there are 2 branches of Kanyong Home Store. One located in Chonburi and the other in Pattaya. operated in the format of Modern Trade under the idea of One-Stop Shopping center for construction materials and household decorating equipments. The shop areas are enhanced with the vast space of over 20,000 square meters for displaying products. The products for construction, decoration, and repair of over 70,000 items are gathered for convenient selection together with a team of competent service personnel for assisting customers in designing and selecting the right products.

2. Eastern Transport Co., Ltd. was established on April 25, 1988 for the business of leasing vehicles to the Company and subsidiaries for transportation of construction materials such as stones, cement, sands, and concrete. At present the registered capital is Baht 100 million and the Company is directly holding 99.79% of the shares. (as of December 31, 2008)

3. Chonpratheep Asset Co., Ltd. was established on May 22, 2002 in the business of leasing assets, lands,

office buildings, and factories to the Company and its subsidiaries. At present the registered capital is at the amount of Baht 350 million and the Company is directly holding 95.71% of the shares. (as of December 31, 2008)

4. Smart Concrete Co., Ltd. was established on January 30, 2004 for the business of manufacturing and distribution of light weight concrete block under the name of “Smart Block” with manufacturing capacity of 3 million square meters per year. At present, The company has registered capital of Baht 350 million. 88.20% of Smart Concrete Co., Ltd. shares are being held indirectly by the Company through Chonpratheep Asset Co., Ltd. (as of December 31, 2008)

The Revenue Structure

Products	Operator	% of share by the Company	Year 2009		Year 2008		Year 2007	
			Million Baht	%	Million Baht	%	Million Baht	%
1. Revenues from concrete products business	The Company	-	821.00	45.58	997.22	45.92	1,510.40	56.85
- Ready-mixed concrete			547.28	66.8	638.78	29.41	1,122.05	42.23
- Precast concrete			244.28	29.8	325	14.96	367.94	13.85
- Other products*			28.39	3.52	33.44	1.54	20.41	0.77
2. Revenues form construction equipment and home decoration equipment business	Chonburi Kanyong Co.,Ltd	99.99 ***	748.10	41.53	948.52	43.68	946.57	35.63
3. Revenues form Light weight concrete block	Smart Concrete Co., Ltd.	88.20****	215.10	11.94	178.93	8.24	156.89	5.91
4. Other revenues**	The Company	-	16.81	0.93	47.07	2.17	45.34	1.62
Total			1,801.02	100	2171.74	100	2,656.82	100

Remarks : * Revenues from Other Products are generated from non – main products of the company which are

1. Stone and sand for selling to contractor servicing raw material for ready – mixed concrete.
2. Rubber ring is a composition between joint of each pipe, which the Company sells to the customers.

** Other Revenues are from Sale activities which is not from Products of manufactured by the company.

*** The company has registered capital of Chonburi Kanyong Co., Ltd. shares are being held indirectly by the Company through Eastern Transport Co., Ltd.

**** The company has registered capital of Smart Concrete Co., Ltd. shares are being held indirectly by the Company through Chonpratheep Asset Co., Ltd.

In 2009, Thailand reached its bottom in both politic and economy, the effect cause by the world crash forces every commodity price to fall. We would see this from the price of the diesel that drop to 13 Baht in the beginning of the last year. However, the price was moved back and freeze at 27-28 baht. Last year was an unpredictable year. There was a downside in the auto industry follow by all the shrinkage in almost every investment. The result of the situation is the 15% drop in current consumption.

According to the world recession, the company turnover was dropped from 1,154.33 million baht in 2008 to 968 million baht in 2009. Also, the cost of goods sold was dropped from 1,056.70 million baht to 916.99 million baht which is equal to 13.22% reduction. The reduction in the cost of goods sold was slower than the revenue. This made the gross margin drop from 8.46% to 5.27%. However, if we see the gross margin before depreciation in 2008 which was 20.22% and gross margin before depreciation in 2009 which was 17.75%, we would see the company had done well in cost controlling. The reason of the reduction on the gross margin was that the revenue reduction made the fix expense (especially depreciation) becomes bigger by comparison. However, with the conservative strategy, the company prepared itself by increase its liquidity via current asset reduction such as account receivable and inventory. For example, the account receivable was reduced from 304.72 million to 277.85 million. Inventory was reduced from 155.32 million to 89.60 million. This action helped the company to react with the recessing better. However, the recession caused the company EBIT to fall from 15.8 million to be minus 22.22 million. Also the company had to accrue the bank penalty about 18.56 million which make the net profit become minus 60.25 million baht.

For the subsidiary performance, 2009 is the difficult year to manage. However, it was the golden year for Smart Concrete Co.,Ltd(SMC). The company had turn from a minus EBITDA company to be the company that had a surplus EBIT. With the price that grow more than 30% and the volume that grow over 10% combined with the dramatically production loss reduction (from 12% to 2%). The company EBIT become 4.8% surplus. Also, in 2010, SMC was target to achieve 30% growth in revenue.

Like other retail business, Kanyong Home Store had faced shrinkage from the real estate business. In 2009 subprime had heavily effect Pattaya market. Since Pattaya had strongly relied on foreign market, its tourism revenue had gone. Also, the US currency devaluation caused the purchasing power of the foreigner in Thailand to be wiped out. The company sale revenue was dropping by 21.95%. However, with the ability to manage the gross margin, the company gross margin slightly reduce from 15.78% to 15.50%. However, with the heavily drop in sales, the store still made a loss of 46.07 million. Since the store failed to follow its loan condition, it had to accrue a bank penalty of 36.31 million.

In summary, even though the year 2009 was a difficult year, the company still believes it will turn round in 2010 which back by the company back log that had just reach 1500 million. This back log was enough to ensure the company performance.

Market and Competition

Concrete business

In 2009, our economy reached its bottom because of subprime that cause whole the world national bank to cut its interest to boost their economy. In the same time, every government had issued its deficit budget policy to relieve the downturn effects. However, the intervention was seemed not working. The public sector seemed not to believe in the policy. As the result, the national cement consumption was plumed by 15%. This is heavily effect the construction business more than the expectation. Last year, Kbank was estimated the shrinkage of the industry to be only 8.3%. however, the situation effect every sector. The effect cause every commodity price to fall.

In 2010, Thai government had adjust its strategies. With the unstable politic, the government had manage to launch the red line train last year and the purple line train this year. Both mega project created the big expectation in the real estate sector. Since both project will run from the central Bangkok to the sub urban area, there will be a major improvement in the real estate in those area and on the way throughout the line.

Retail business of construction, household decoration, and repair materials

In 2009, the competition in the construction material market had gone furious, because of the financial crisis from the world recession. The customers and inventors lost the confident in the government and the political system. The price of construction material had fall, since the company had to keep the market share and penetrate in the new segment to keep the sales volume. Moreover, in 2010, the TKK2555 and the mega project spending like purple line train were expected to be the key factors to stimulate the economy. In return, the construction material and related sector would got the benefit. Also FTA would give the benefit to the construction retailer, since it helped the store to improve and offer the contractor wider range of products. Currently, the store had imported sanitary ware, furniture and etc to sell in the country. With the mentioned ability, the store gain more negotiation power over its suppliers.

Light weight concrete block business

At the first half of 2009, construction in the real sector is slower because of the economic recession. However, at the second half, the economic shows a better signal because government policy on economic improvement and better price on agriculture. Also, because of the global warming awareness, AAC panel can be better substituted other construction panel materials. In effect, net sale in 2009 grows 15 percents over the sale target. However, sale price can not be increased because of the oversupply situation. Therefore, the company financial statement still lose the profit.

The Company's risk factors are as follows:

1. Business Risk Factors

1.1 Risk arising from changes in law and the Government's policy

The Company's business has the nature of being Derived Demand with other businesses and thus the Company may be affected when there are some changes in the government policy or legislation related to business of the Company for both laws that directly govern the Company's business such as the law that governs carrying weights of transportation vehicles and laws that impose more limitation or increase business cost to the Company's customers such as the governing laws for real estate business which may eventually affect revenue of the Company.

1.2 Risk of raw materials management

The price and the supply of cement in the market are important factors that affect the manufacturing procedures of the Company. The variation of price and the insufficiency of the cement may create problem in manufacturing cost management. To prevent such risk, the Company has entered into an agreement of long-term pricing (in the case of selling the projects). Beside, fuel oil price variation also affects the Company as it is the major cost of distributing the products to customers. To prevent such risk, the Company always compares the transport pricing with the market at all times. The Company will adjust its distribution price if the variation of oil prices affects the cost of the Company.

1.3 Risk of late payment by debtors

This risk arises as the Company grants credit period of 90-120 days to the customers. At the end of 2009, the Company has account receivables of baht 294.20 million compared to baht 313.90 million in 2008. Such decrease was a result of tighten credit policy, which aims to lower average collection period, as well as a decline in revenue during last year. However, the Company does minimize the risk of late payment by carefully investigated the financial status of the customers before granting the credit and the application of the concise account receivables collection procedures. The Company also organizes the Credit Committee, which meets regularly every 2 weeks to investigate the financial status of each account receivable.

1.4 Risk of price war

The Company has risk of price war especially during the deceleration time of investment in construction projects causing over supply to the market. However, the Company has the policy to compete in quality of products and services under the reasonable prices rather than price competition. For the past years, reputation from long experience in business and references in key projects at the national level have made the Company one of the most preferred manufacturers and distributors in the government and private sectors. In the meantime, the Company still continues to improve its quality in products and services to better react to customers' requirements and to be in line with new the technologies of modern construction in order to increase market share without relying primarily on the price war.

1.5 Risk of product delivery process

The Company incurs the risk of punctuality of delivering products to customers. If natural calamity occurs such as heavy rain or flood, the Company may not be able to deliver products to other provinces on schedule affecting the Company's revenue and cash flow. However, in such cases, the Company will negotiate with the customers and, thus, post no higher operating cost to the Company.

2. Financial Risk

The volatility of the interest rate affects the Company's cost of operation. In response to that risk, the Company manages its financial structure to correspond to the cost structure. Regarding the various expenses of the project expansion, the Company uses long-term capital resource. However, in the case of revolving cash, the Company uses short-term capital resource.

At the end of 2009, the company and subsidiaries has short-term loan and the loan from related party at the total of 1,305.30 million baht. Also, it had long term loan at 59.40 million baht. The long term loan that due within one year is 201.50 million baht. In 2010, the company and its subsidiaries had finished its restructuring plan with its current financial institutions with the plan that align with each company cash flow. However, to be success with the plan, in some plan, the company or its subsidiaries, had to pay some debtor with the bullet payment term before the end of the year. Currently, the company had work jointly with the financial advisor to find the funding. With all the above mention situations, the company had reassign some of the long-term loan to be current debt. Besides the above mentioned fact, the company had face a sale drop due to the economy shrinkage which make the company to experience lost in 2009. With everything together, the company D/E ratio was shifted from 6.06 in 2008 to 9.22 in 2009.

3. Risk of major shareholding by the Theepakornsukkasame Family

The Company's major shareholder is the Theepakornsukkasame Family, which holds 64.31%. This will enable the Theepakornsukkasame Family to control almost every resolution in the shareholders' meeting except in matters regarding laws or the Company's articles of association, which requires votes of not less than 3 quarter of the shareholders attending the meeting. Therefore, other shareholders may not be able to gather votes to "check and balance" the matter proposed by the major shareholder.

However, the Company has appointed the policy of balancing the power by appointing the Audit Committee, whom are the independent committee and has no stake with the Company in any matter. The Audit Committee will investigate the Company's operation and possesses the power to consider various matters as stated in the policy for the maximum benefit of every shareholder.

Shareholding Structure

Major Shareholders As of 31 December, 2008 are as follows :

No.	Major Shareholders	No. of Shares	% of Shareholding
1.	Theepakorn Holding Co., Ltd.	155,000,000	50.00
2.	Mr. Rangsee Theepakornsukkasam	15,865,700	5.11
3.	Mr. Artit Theepakornsukkasem	11,626,800	3.75
4.	Mr. Chakrit Theepakornsukkasame	10,222,100	3.29
5.	Mr. Anutin Charnveerakul	10,000,000	3.22
6.	Mr. Pratheep Theepakornsukkasem	6,902,300	2.22
7.	Mr. Wanchai Panwichian	3,050,000	0.98
8.	Mr. Kornwit Suphutipong	2,000,000	0.64
9.	Thai NVDR Co., Ltd.	1,950,900	0.62

Source: THAILAND SECURITIES DEPOSITORY COMPANY LIMITED

As of 31 December, 2008, the shareholders of Theepakornsukkasame Group and Theepakorn Holding Co., Ltd. Are as follows:

No.	Major Shareholders	No. of Shares	% of Shareholding
1.	Theepakorn Holding Co., Ltd.	155,000,000	50.00
2.	Mr. Rangsee Theepakornsukkasam *	15,865,700	5.11
3.	Mr. Artit Theepakornsukkasem *	11,626,800	3.75
4.	Mr. Chakrit Theepakornsukkasame *	10,222,100	3.29
5.	Mr. Pratheep Theepakornsukkasem *	6,902,300	2.22
Total		199,360,700	64.37

* Share are hold under Thailand Securities Depository Company Limited for Depositors

The shareholders of Theepakorn Holding Co., Ltd. are as follows :

No.	Major Shareholders	No. of Shares	% of Shareholding
1.	Mr. Pratheep Theepakornsukkasem	5,100,000	51.00
2.	Mrs. Cholticha Theepakornsookkasem	2,899,000	28.99
3.	Mr. Artit Theepakornsukkasem	500,000	5.00
4.	Mr. Rangsee Theepakornsukkasam	500,000	5.00
5.	Mr. Chakrit Theepakornsukkasame	500,000	5.00
6.	Mrs. Suleeporn Theepakornsukkasem	500,000	5.00
Total		9,999,000	99.99

Management Structure

Management structure of the Company consists of the Board of Directors and the Audit Committee each of which has roles and responsibilities as follows:

1. The Board of Directors

In 2008, the Company was holding Board Meeting at 6 occasions. The directors of the Company consist of 9 persons as follows

Name	Position	Participation
Mr. Pratheep Theepakornsukkasem	Chairman of the Board of Directors	4
Mr. Chakrit Theepakornsukkasame	Director	4
Mrs. Cholticha Theepakornsookkasem	Director	4
Ms. Tzu Yuan Wang	Director	4
Mr. Narong Banyen	Director	4
Mr. Surapon Sukamongkol	Independent Director	4
Mr. Prasert Phatraprasit	Independent Director	4
Mr. Anupong Natpisarnwanit	Independent Director	4
Mr. Preecha Ratthayanon	Independent Director	4

Remark - The Company's Board of Directors' meeting No. 4/2008 held on August 13, 2008 had the resolution to appointed Miss Vathusiri Sakulkittiwat as the corporate secretary

Authorized signers of the Company

Authorized signer of the Company is Mr. Pratheep Theepakornsukkasem with sign and the Company's seal or Mr.Chakrit Theepakornsukkasame , Mrs. Cholticha Theepakornsookkasem, Ms. Tzu Yuan Wang, Mr. Narong Banyen two of four directors are authorized to sign to bind the company together with the Company's seal affixed.

Scope of the duties of the Company's Directors

The Company's Board of Directors' meeting No. 1/2003 held on September 8th, 2003 had the resolution to clearly assign the scope of duties and responsibilities of the Company's directors in order to achieve the maximum efficiency of management as follows:

1. Appoint the Company's policy and objective of operation and monitor that the management strictly follows the assign objectives including the management of efficiency of the internal audit system with strong intention to operate the business continuously.
2. Perform duties according to the laws, objectives, and the Company's code of conduct including the resolution of the shareholders' meeting with trustworthiness and honesty towards the Company's benefits.
3. Prepare the Company's balance sheet and income statement at the end of the fiscal period with accuracy and sufficiently reflect the financial status of the Company according to the generally accepted accounting standards. These statements must be audit by the Company's Auditor and proposed to the ordinary shareholders' meeting for approval.

4. Emphasize on the disclosure of the Company's investment information as stated by the Stock Exchange of Thailand, subject: Rules and procedures relating to the disclosure of the information and any other actions of the listed company to disclose significant and necessary investment information to the public.
5. May appoint any other persons to operate the Company's business under the supervision of the Board of Directors or the Managing Director or may delegate authorities such that the particular person possesses the authorities as assigned under a particular period. The Board of Directors may dismiss, withdraw or amend the assigned authorities. The delegation assigned will not include the authorities such that the delegated person can approve any transaction in which the delegated person may have conflict of interest in any way with the Company or the Company's subsidiary. The delegation of authorities must follow the resolution of the Board of Directors' meeting with the presence of the Audit Committee.
6. Review and approve the increase in the registered capital, issuance of debenture, merger and acquisition of the business, which has been approved by the executive committee to be proposed to the shareholders' meeting for approval.
7. Review and approve the operating expenses in which the amount exceeds the scope of authorities of the Managing Director and propose or ratify with the Board of Directors' meeting for further approval by the shareholders' meeting.

The above authorities do not include the inter-company transactions, acquisition or disposition transactions of important assets of the listed company according to the regulation of the Stock Exchange of Thailand. The Company must comply with the related rules and regulations of the Stock Exchange of Thailand. The above authorities also do not include any other actions in which the Company's codes of conduct require resolution from the shareholders' meeting.

The composition of directors

The Company's article of association has stated that the Company shall have one board of directors, composing of at least 5 persons and not more than 15 persons. The directors, among themselves, shall appoint the chairman of the directors and may appoint the deputy of chairman of the directors, the Managing Director, and other positions as seen appropriate. Moreover, more than half of the directors must be a residence of Thailand. The directors do not have to be the Company's shareholders.

The appointment of the Company's Board of Directors

The Company has no nominating committee for the appointment of director, but the appointment has to approve by the shareholder meeting under the following criteria and methods:

- 1) Each shareholder shall have a number of votes equaling the number of shares held. One share equal one vote.
- 2) The vote must be made for each candidate.
- 3) The candidates shall be ranked in order descending from the highest number of votes received to the lowest. The director shall be appointed by the order from the highest votes received candidate until all of the director positions are filled. In a case that candidates have an equal votes for the last director position, the chairman of the meeting shall make the final decision.

Dismissal of directors

- 1) At every annual ordinary meeting, one third of the directors shall retire if. If the number of directors cannot be divided into exactly three parts, they shall retire by the number closest to one third. The directors who retire from the position may choose to take the position again.
- 2) Aside retirement upon due time, the directors can be retired upon (1) death (2) resign (3) lack of qualification or possess any characteristic prohibited by the law governing public company limited (4) the resolution of the shareholders' meeting (5) court order.
- 3) Any directors with an intention to resign should file a resignation letter to the Company. The resignation will be effective on the date of submitting the resignation letter. The resigned director could inform the Registrar for acknowledgment as well.
- 4) In case of vacancy of director position for the reason other than the retirement by rotation, the Board of Directors may select a person who has the qualifications and possesses no prohibited characteristics prescribed by the law governing public company as the substitute director in the next board meeting by a vote not less than three quarters of the number of directors remaining. Unless the remaining term of the said director is less than two months, the substitute director shall hold the position only for the remaining term of the director he replaces.
- 5) The shareholders' meeting may pass the resolution to remove director from the office prior to retirement by rotation, by a vote of not less than three quarters of the number of shareholders attending the meeting who have the right to vote and who have shares totaling not less than half of the number of the shares held by the shareholders attending the meeting and having the right to vote.

2. The Audit Committee

In 2008, the Company was holding the Audit Committee Meeting at 4 occasions. The directors of the Audit Committee consist of 4 persons as follows:

Name	Position	Participation
Mr. Surapon Sukamongkol	Chairman of the Audit Committee	4
Mr. Prasert Phatraprasit	Audit Committee	4
Mr. Preecha Ratthayanon	Audit Committee	4
Mr. Anupong Natpisarnwanit	Audit Committee	4

Scope of duties of the Audit Committee

In order to increase the efficiency of the Audit Committee to perform duties as assigned by the Board of Directors, the Audit Committee is assigned duties as follows:

1. Monitor and coordinate that the Auditor, the Board of Directors, and the internal auditor have similar and correct understanding.
2. Review and amend the charter of the Audit Committee once a year to update and suit the environment of the organization.
3. Propose the list of auditor to the Board of Directors including the remuneration for annual auditing to be approved by the shareholders' meeting. The Audit Committee is responsible to review and appraise the performance of the Auditor.
4. Comment on the appointment, discharge, transfer or dismissal of the Vice President / internal auditor.
5. Provide confidence and affirm the independence of the internal auditor and the Auditor.

6. Review the service work and other consultations provided by the Auditor and the Auditing Office and appoint the remuneration to the work performed by the Auditor.
7. Review the important risk level including the risk minimization procedure from the management, vice president, internal audit, and the Auditor.
8. Consult and review the scope and plan of auditing from the internal auditor and the Auditor to assure the similarities and support regarding financial auditing.
9. Consult with the management to support the Company regarding other benefits of auditing aside from the only benefit of independence of the Auditor.
10. Review with the Vice President, internal auditor, and the Auditor regarding matters to be audit to reduce redundancy of auditing work to maximize the efficiency of the internal auditor and the Auditor.
11. Review and monitor with the Auditor, Vice President, and internal auditor to affirm the sufficiency of
 - 11.1 internal audit system including the internal audit system by using computer
 - 11.2 important weakness matters as agreed upon by the Auditor, internal auditor, and the management.
12. Review with the management and the Auditor after the annual auditing has finished regarding the following matters:
 - 12.1 Annual financial reports and notes to financial statements
 - 12.2 The Auditor's report
 - 12.3 Additional remarks and recommendations regarding the auditing plan of the Auditor
 - 12.4 Significant complication and objection with the management during auditing
 - 12.5 Other significant matter that the Audit Committee should acknowledge or communicate with the Auditor relating to the auditing standard
13. Review and consider with the management and the internal auditor under the following matters:
 - 13.1 Any significant flaw discovered during the year and the feedback from the management
 - 13.2 Any complication incurred during auditing, which may include the scope of duties or the acquisition of necessary information for auditing
 - 13.3 Amendment of the scope of auditing, which is different from the scope of auditing stated in the auditing plan
 - 13.4 Budget and internal auditor's resource
 - 13.5 Charter of the internal auditor
 - 13.6 Conformity of the internal audit's standard to the standard assigned by the Thailand Internal Audit Association or the Institute of Internal Auditors, U.S.A.
14. Review the information to be sent to the Regulators such as the Securities and Exchange Commission, the Stock Exchange of Thailand, Bank of Thailand, etc. The information should be accurate and conform to the information disclosed in the financial statements.
15. Review the interim financial statements with the Auditor and internal auditor prior to passing the financial statements to the Regulators.
16. Review the strategy and method regarding the withdrawal of money of employees including the use of the Company's assets and review the Auditor's and internal auditor's report.
17. Review with the Vice President, internal auditor, and the Auditor regarding the strategy of the Company's corporate governance for the degree of conformity to the stated Company's Code of Conduct.
18. Review the significant legal aspect and corporate governance to see the affect to the financial statements.

19. Arrange meeting with the Vice President of the Internal Audit, the Auditor, and the specific management committee regarding the matter that the Audit Committee or the meeting has the opinion that specific meeting should take place with the Audit Committee.
20. Prepare the Audit Committee's report for proposal to the Company's Board of Directors.
21. Prepare reports stating the responsibilities and operation of the Audit Committee as part of the Company's Annual Report.
22. The Audit Committee is authorized to audit and interrogate relating parties and relating matters under the scope of authorities and duties. The Audit Committee is authorized to hire or bring the professional to assist in the auditing work or the interrogation as seen appropriate by the Audit Committee.
23. Arrange meeting at least 3 times per year or more under necessary circumstances. The Audit Committee may invite the management or related parties to attend the meeting and provide information in related matters.
24. The Audit Committee is not allowed to perform any duty beyond the duties assigned in this charter except under the code of conduct or law or order of the Board of Directors to perform differently.
25. The Chairman of the Audit Committee should be appointed by the Board of Directors. The Company may also assign the appointed directors to elect the Chairman of the Audit Committee.
26. The Audit Committee must compose of at least 3 directors and must be the non-executive directors.
27. The Board of Directors is not posted for the executive committee. If any person is appointed as director in the Audit Committee, that particular person must perform duties as the Audit Committee aside from the duties as the Board of Directors.

The Management Team

As of 31 December, 2008, the Management Team is as follows:

Name	Position
Mr. Pratheep Theepakornsukkasem	Chairman of the Board of Directors
Mr. Chakrit Theepakornsukkasame	Managing Director
Mr. Narong Banyen	Vice President of Precast Concrete Product Sale
Mr. Sirisak Phutthipateep	Vice President of Production 1
Mr. Surakan Watanachariya	Vice President of Production 3
Mr. Samarn Chuajeen	Vice President of Logistic System
Ms. Jurirat Wongsathien	Vice President of Accounting
Mr. Sittichai Vinichsorn	Senior Vice President of Production and Quality Control
Mr.Chawinroj Terapachalaphon	Manager of Credit and Financial
Mr. Nibondh Jirsuwankul	Manager of Ready - Mixed Concrete Product Sale

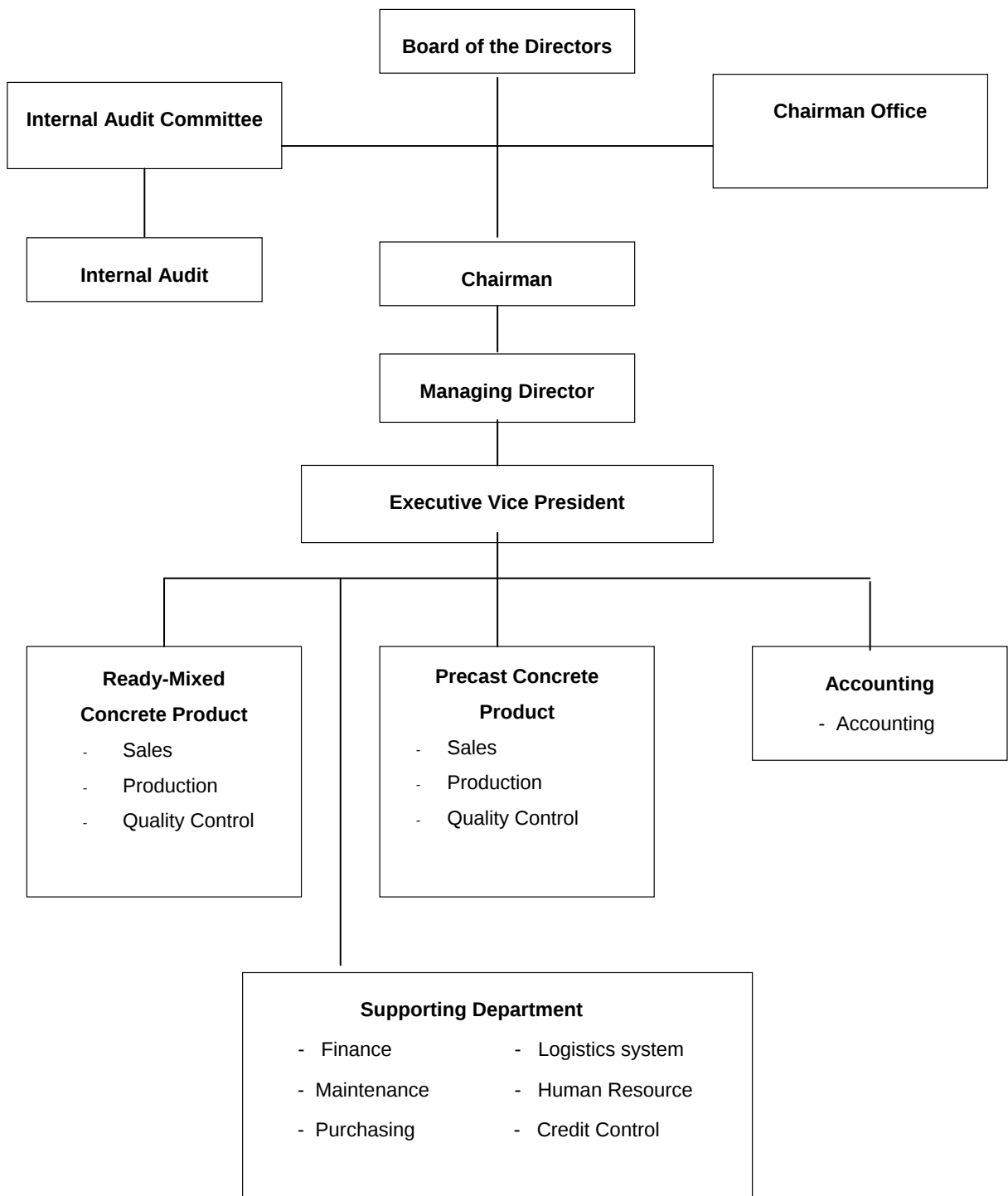
Authorities and duties of the Managing Director

The Company's Board of Directors' meeting No. 1/2003 held on September 8, 2003 has the resolution to assign the scope of authorities of the Managing Director as follows:

1. Appoint and propose the business's strategy and plan to the Board of Directors.
2. Follow the business's strategy and plan as approved by the Board of Directors.
3. Search for the business's opportunity related to the Company's business including the possible new business to increase revenue to the Company and its employees to be further proposed to the Board of Directors for consideration.
4. Perform mission as assigned by the Board of Directors under the approved strategy of the Board of Directors.
5. Order / notify / record the operation to assure that it follows the Company's strategy.
6. Approve and/or assign any legal action that binds the Company for the normal business operation.
7. Coordinate between the management and the employees to assure that the business operation follows the business strategy assigned by the Board of Directors.
8. Monitor the employee's business operation to assure that it follows the strategy and other regulations including the corporate governance.
9. Support the employee's development of skills and potential to increase the potentiality of the organization.
10. Review the performance of the Company including the annual and interim dividend payment and propose to the Board of Directors for approval.
11. Review the action of binding the Company's rights and assets to any person, company, firm, or financial institution to be proposed for approval from the Board of Directors (last amendment as a result of the resolution of the Board of Directors' meeting No. 6/2003 held on October 8th, 2003).

The above delegations of authorities to the Managing Director do not include any transaction in which the Managing Director has conflict of interest, incurred any stake, or may have conflict of interest in any other way with the Company or the Company's subsidiary.

Organization Chart



The Management's Remuneration

1.) Monetary Remuneration

Table of total remuneration to the director in 2008 and estimated in 2009

	Year 2009 (Baht)	Year 2010 (estimated) (Baht)
9 Directors of the Board of the Company :		
1. Mr. Pratheep Theepakornsukkasem Chairman	80,000	80,000
2. Mr. Chakrit Theepakornsukkasame Director	40,000	40,000
3. Mrs. Cholticha Theepakornsookkasem Director	40,000	40,000
4. Ms. Tzu Yuan Wang Director	40,000	40,000
5. Mr. Narong Banyen Director	40,000	40,000
6. Mr. Surapon Sukamongkol Independent Director	40,000	40,000
7. Mr. Prasert Phatraprasit Independent Director	40,000	40,000
8. Mr. Anupong Natpisarnwanit Independent Director	40,000	40,000
9. Mr. Preecha Ratthayanon Independent Director	30,000	40,000
Total	390,000	400,000
4 Directors of the Audit Committee :		
1. Mr. Surapon Sukamongkol Chairman	48,000	48,000
2. Mr. Prasert Phatraprasit Audit Committee	40,000	40,000
3. Mr. Anupong Natpisarnwanit Audit Committee	30,000	40,000
4. Mr. Preecha Ratthayanon Audit Committee	40,000	40,000
Total	158,000	168,000

Remark: Remuneration is paid in forms of salary and bonus.

Table of total remuneration to the management in 2009 and estimated in 2010

	Year 2009 (Baht)	Year 2010 (estimated) (Baht)
10 Directors of the Management: 1. Mr. Pratheep Theepakornsukkasem Chairman 2. Mr. Chakrit Theepakornsukkasame Managing Director 3. Mr. Narong Banyen Vice President of Precast Concrete Product Sale 4. Mr. Sirisak Phutthipateep Vice President of Production 1 5. Mr. Surakan Watanachariya Vice President of Production 3 6. Mr. Samarn Chuajeen Vice President of Logistic System 7. Ms. Jurirat Wongsathien Vice President of Accounting 8. Mr.Sittichai Vinichsorn Senior Vice President of Production and Concrete Quality 9. Mr.Chawinroj Terapachalaphon Manager of Credit and Financial 10. Mr. Nibondh Jirsuwankul Manager of Ready - Mixed Concrete Product Sale	13,133,340	13,133,340

Remark: Remuneration is paid in forms of salary and bonus.

2) Other type of remuneration for the Managements

In addition, the Company offers the same type of other remuneration as every staff in the Company in form of a Social Insurance amounting to 72,000 baht to the 10 Managements for the year 2008. Amounting to 72,000 baht is estimated to offer to the 10 Managements in year 2009 as well.

Remuneration of the Auditor

The Company has appointed Ms.Thipawan Nananuwat of the Ernst & Yong Office Company Limited as the Company's Auditor effective from January 2009. The appointed Auditor is responsible to audit the Company, the Company's 4 subsidiaries and the joint Company with the total remuneration for annual audit of 2008 of 2,440,000 baht. The Company expects that in 2010 the total auditing expense will be 2,300,000 baht since the company had appointed MR& Associate to be the current auditor .

Dividend Policy

1. Dividend Policy of Chonburi Concrete Product Plc.

In 2009, The Company had the policy for paying the dividend to the shareholders at the rate of 40 % of net profit after related fee (if any) and the dividend payment shall be approved by the shareholders 'meeting.

2. Dividend Policy of Subsidiaries

In 2009, The Board of the subsidiaries, the Chonburi Kanyong Co.,Ltd, the Eastern Transportation Co.,Ltd, the Chonpratheap Property Co.,Ltd. And the Smart Concrete Co., Ltd. will consider a policy for paying the dividend in accordance with suitability of each company.

Connected transactions

Connected transactions

During the year of 2009, however, the Company has not had any connected transactions with the person who may incur the conflict of interest.

Approval measures or procedures to conduct connected transactions with related companies or persons with possible conflict of interest

The Company's Board of Directors have considered and consented that the connected transactions between the Company and persons who possibly have conflict of interest must be presented an approval from the Board of Directors as well as got an opinion of the Audit Committee. The approval procedures of connected transactions have to take into consideration the maximum benefit of the Company, fairness and reasonableness of such that transactions and the appropriateness of price fixing in order to be accordance with the general market price. In addition, for the consideration of the connected transactions which the persons who possibly have conflict of interest are a shareholder or the management of the Company, those shareholder and management shall not take part in the approval process. Moreover, the Company shall comply with the regulations, announcement, orders, and requirements of the Stock Exchange of Thailand concerning the disclosure of and the approval measure to conduct connected transactions.

Policy and trend of connected transaction in the future

The Company's policy on entering into connected transactions in the future is to be executed in accordance with general price fixing and normal course of business operations in order that it ultimately presents the maximum benefit for the Company. For the consideration of connected transactions in the future, the Audit Committee is appointed to express an opinion on the necessity and the appropriateness of such that transactions. However, if the Audit Committee does not have adequate expertise to do so, the Audit Committee may assign the Company's auditor or an independent expert or auditor to review the matter and express an opinion towards such that connected transactions to support a decision of the Board of Director or shareholders, as the case may be.

Throughout the past several years, the Company realize about its responsibility towards all stakeholders. The Executive Board and all officers have strictly complied to the rules and regulations of the Stock Exchange of Thailand and the Stock Exchange Commission. Besides, the Board of Directors have established policy on the Code of Best Practice according to the guideline of the Stock Exchange of Thailand as the framework for management and administration of the Company which is another necessary factor leading to the management with transparency and accountability of the Board of Directors. This will assure to all stakeholders that the Company's missions shall continue with efficiency to achieve objectives in the lawful way and in the way that is approved by the shareholders as per the following details:

1. Policy on Corporate Governance

The Board of Directors has set the policy on corporate governance to ensure transparency and create confidentiality among shareholders. The Company will consistently disclose information to the public and shareholders. The Company also places the emphasis on the internal control system and internal audit. The Company also monitors the risk management policy closely and within the purview of the Code of business ethics, fairness to business partners, shareholders, and every group of stakeholders.

2. Rights and Equitable of Shareholders

The Company places emphasis on rights and equitable treatment of every shareholder. An example includes a consistent inform to shareholders regarding the progress of operation, which may be in the form of direct contact or via the media of the Stock Exchange of Thailand. Regarding the shareholders' meeting, the Company also sets as policy to deliver an invitation letter together with agendas to the shareholders 7 days prior to the meeting, which is in line with the Company's articles of association. The Company will also provide the resolutions of the Board of Directors for the shareholders' review. After the independent directors have been appointed, the Company will propose in the next invitation letter to shareholders' meeting to appoint the independent director and at least 1 member of the Audit Committee as the shareholders' proxy. Normally, the Company arranges 1 ordinary shareholders' meeting once every year. However, if there is any important agenda that requires the resolution from the shareholders' meeting, the Company will call for an extraordinary shareholder's meeting for further approval.

3. Rights of Stakeholders

The Company places emphasis on the rights of every stakeholder as follows:

- Treat employees equally, fairly, and provide appropriate remuneration.
- Strictly follow the business partners' contracts regarding the purchase of products or services from the business partners.
- Follow the loan contracts as agreed upon.
- Pay attention and responsible to the customers both in term of product manufacturing procedures, after sales service, customers' profile, and provide customer complaint desk.
- Perform duties under good ethics and avoid dishonesty to destroy the competitors.
- Be responsible for the environment, community, and society.

4. Shareholders' Meeting

The Company's policy is to encourage every director to attend the shareholders' meeting and the Chairman of the meeting will definitely allocate appropriate time and provide equal opportunities for the shareholders to express their opinions and raise any question during the meeting. The Company has also prepared the letter of authorization for shareholders who are unable to attend the meeting. The Company will also choose the easy access location. In 2008, the Company held one ordinary shareholders' meeting.

5. Leadership and Vision

The Board of Directors is responsible for the leadership and vision of the Company in order to conform with the good corporate governance policies as follows:

- Appoint vision, mission, strategy, objectives, business plans, and budget of the Company.
- Monitor closely and consistently to ascertain that the management's operation conform to the Company's objectives.
- Establish and monitor closely the Company's internal control system. The Company has also hired Shiwaphol & Associated to audit and set up the internal control system and Ernst & Young to audit its financial statement.
- Monitor with the risk management control system for the most benefits to the Company.

6. Conflict of Interests

The Board of Directors consistently monitors closely regarding the conflict of interest upon the transaction with likelihood of conflict of interest. The Company has set the policy to prevent the management and related individuals to utilize the internal information for personal benefits as follows:

- Transactions with likelihood of conflict of interest

These connected transactions have to be approved by the Board of Directors and the Audit Committee. The approval of the connected transactions must rely upon the sole benefit of the Company, the justice, the reasonableness, and must be fairly deal. The individual who attains benefits or may incur conflict of interest in connected transactions will not be allowed to approve such transactions for fairness and utmost benefits of the shareholders. Regarding the connected transactions under the regulations of the notification or laws of the Stock Exchange of Thailand, the Company will perform as stated by the Stock Exchange of Thailand.

- Use of internal information

The Company has set the policy regarding the use of internal information and strictly follows the policy in performing duties. The internal information is disclosed only to related individuals. The duty of reporting or publication of information can be carried through only by authorized person. The directors and management of the Company are well-informed regarding their duties and responsibilities towards the internal information and will not utilize this information for personal benefits or for purchase and sales of securities. The Company has set the policy on disciplinary penalty should there be any violation. The management must report any change in securities holding to the Office of the Securities and Exchange Commission according to Section 59 of the Securities and Exchange Act B.E. 2535.

7. Business Ethics

The Company is under the process of issuing the Code of Business Ethics for directors, managements, and employees to follow in performing duties as assigned by the Company with honesty, fairness, and responsibility to shareholders and other related parties. The Code of Business Ethics will include disciplinary penalties.

8. Balance of Powers for Non-Executive Directors

The Company's Audit Committee comprises of 4 independent directors for the total directors of 9 persons, which is considered more than one third of the Board of Directors.

9. Aggregation or Segregation of Position

The structure of the Board of Directors is comprised with the Audit Committee, which is an independent director of more than one third of the Board of Directors by which the check and balance policy can be applied for monitor and review. The Company has also clearly appointed the scope of authorities and duties of the Board of Directors and the Managing Director which prevent the Board of Directors and the Managing Director from assuming absolutely authorities. However, an important agenda has to be approved by the Board of Directors or the shareholders' meeting. The authority assigned to the Managing Director or the Board of Directors does not include transactions of conflict of interest either with themselves or with the Company or its subsidiaries.

10. The Director's and Management's Remuneration

Regarding the Executives and the management, the Company has provided remuneration upon the policy assigned by the Board of Directors with reference to the company's performance and the management's performance. Currently, the Company has not had a Remuneration Committee. To arrange for an appropriate remuneration, the Company considers the remuneration offered by similar business with similar size in the same industry including a consideration of the Company's operating results. The objective of the Company is to provide fair remuneration and attractive enough to hold qualified personnel to work productively in and acceptable standard of the assigned duties and responsibilities.

Remark : The remuneration to the directors and management will be disclosed in the annual report form (Form 56-1) filled to the Office of the Securities and Exchange Commission within 3 months from the end of the fiscal period including in the annual report (Form 56-2) filled to every shareholder together with an invitation letter to the ordinary shareholders' meeting within 110 days from the end of the fiscal period.

11. The Board of Directors' Meetings

In 2009, the Company held the 4 Board of Directors meetings from the policy to arrange the Board of Directors at least once every 3 months. An extra meeting may be arranged upon request. To prepare for the meeting, an agenda is assigned, which must include an agenda to monitor the operating performance. An invitation letter including an agenda will be delivered together with documentation 7 days prior to the meeting to provide the directors sufficient period to review the documents before attending the meeting.

12. Supporting Committee

The Board of Directors appointed the Audit Committee, which comprises of 4 members on August 27, 2003 with an assigned term of 2 years to oversee the corporate governance area as well. The Authorities and duties of the Audit Committee are as detailed in No. 9.1 of the organization structure. The Audit Committee will arrange a meeting at least once every quarter. However, a special meeting can be arranged upon request. And in 2009, the Company held 4 Audit Committee's meetings. Currently, the Committee has no remuneration committee. However, the Company has a procedure in considering an appropriate remuneration by relying on the Company's operation performance and information from the Company with similar size in the same industry. The shareholders' meeting will make final decision.

13. Internal Control System

The Company has placed an emphasis on the internal control system both in the management level and the operating level. Therefore, the Company has created the duties of the operating employees, the management and the monitoring of the use of the Company's assets. The duties are clearly defined among operators, supervisors and the appraisers in order to create appropriate balance of power and investigation system. Besides, there is also the financial internal control system in which the Company has set the policy that each department must file the financial reports to the immediate management. The Company has also hired the Shiwaphol & Associated to investigate the internal control system and to set up the internal control system for important operation and financial activities to ascertain that these activities conform to the Company's Code of Ethics. Besides, Ernst & Young has also investigated the Company's financial statement which did not find any material deficiency in them.

14. Disclosure and Transparency of Information

The Company's Board of Directors is responsible for business operations, good corporate governance, financial statements of the Company and its subsidiaries, and public disclosure of financial information in the annual report. The Company's financial statements must conform to the general accepted accounting principles in Thailand and must be prepared with careful judgment and highly relevant estimation. The selected accounting method must be appropriate and practiced regularly. The disclosure of important information must also be sufficient and correctly revealed in the notes to financial statements.

The Company's Board of Directors emphasizes on the quality of the internal control system to reasonably ascertain that the accounting ledgers are correct and sufficient in order to sustain the Company's assets and to acknowledge the areas in need of improvement to dishonesty and materially abnormal business operation.

The Company's Board of Directors has appointed the Audit Committee comprising of adequate number of non-executive and independent directors to be responsible for the preciseness of financial statements and internal control system.

The Company's Board of Directors agreed that the Company's internal control system is at a satisfactory level and creates confidence in the reliability of Company's financial statements.

15. Relationship with investors

The Board of Directors realizes that disclosure of information, both financial and non-financial information, affects investment decision of investors and stakeholders. Regarding the investor relation, the Company set up an investor relation unit for communicating with investors, shareholders, analysts, and related parties. The possible contact is via the telephone at 0-3826-5400 ext.440 or e-mail : vathusiri@ccp.co.th

Changes in Accounting Policies

The Company has changed accounting policy for recording investments in subsidiaries and associates, in the separate financial statements from the equity method to the cost method in compliance with Accounting Standard No. 44 (revised 2007) "Consolidated and Separate Financial Statements", under which investment in subsidiaries, jointly control entities and associates are to be present in the separate financial statement under the cost method.

Total Assets

As at December 31, 2009, the Company and subsidiaries' total assets equaled Baht 2,537.7 million, decrease by Baht 231.20 million or 8.3% comparing to that of the year ended 2008. This was mainly due to the decline in some current assets items, especially in cash and cash equivalent, account receivable and other current assets. A decrease in account receivable resulted from an implementation of tighten credit policy and sale declining. Also, the company was trying to reduce inventory to the level that satisfy both financial purpose and service purpose. For the fix asset reduction was mainly from abandoning non-operating asset and heavy depreciation.

Most part of total assets comprised of property plant and equipment of Baht 1,819.50 million, represent 71.7 percent of total assets. Other items included account receivable of Baht 294.20 million and inventory of Baht 248.40 million, represent 11.6 percent and 9.8 percent of total assets, respectively.

Total liabilities

At the end of 2009, the Company and subsidiaries' total liabilities decreased by Baht 87.4 million or 3.7% percent comparing to that at the end of 2008. However, during the year, account payable and other payable decreased while short term loan, loan from related party and interest payable increased.

In 2009, Bank Overdraft and Short-term loans from financial institutions increase by 424.9 million. The reason is that one of the company subsidiary had a financial restructuring. It has to pay its long term debt in whole amount with in the year 2010 to be success in the plan. As the result, it had to re-categorized its long term loan of 390 million to current liability (the detail was shown in the notes to financial statement page 14-15). This number is also include other current debt from bank and other financial institution.

Total equity

As at December 31, 2009, the Company and subsidiaries' shareholder equity decrease by 143.8 million, or 36.7 percent comparing to one as at previous year. This resulted from the Company and subsidiaries incurred operating loss during the year.

Liquidity

Overall liquidity performance of the Company and subsidiaries was slightly decrease. This has been expressed in current ratio based on consolidated financial statements of 0.29 last year comparing to 0.28 this year. Beside, quick ratio calculated based on consolidated financial statement was at the same level which 0.17 at the end of 2009. This was constituted to an increase in current liabilities which resulted from the classification of long-term loan as a current liabilities item as mentioned earlier.

Total revenue and gross profit

For the year ended 2009, total revenue of the Company and subsidiaries was Baht 1,801 million, decrease by Baht 370.70 million or 17.10 percent comparing to the same period last year. This was due to global and domestic economic contraction which has been directly distorting domestic demand for consumption and investment decision as well as numbers of new project launched of private and public sector. However, the subsidiary that produce AAC had a big Improvement in the revenue.

The Company and subsidiaries' gross profit margin equaled to 9.87 percent of total revenue, deceased from 11.06 percent for the same period last year. Whilst, gross profit margin before depreciation of the Company from consolidated financial statement equaled to 20.8 percent of total revenue compare to 20.7 percent of total revenue in the last year.

Selling and administrative expenses (SG&A)

SG&A of the Company and subsidiaries for the year ended 2009 was Baht 198.70 million, decreased by Baht 21.70 million or 9.8 percent comparing to the same period last year. The selling expense was down follow the down trend of the revenue. This resulted from cost control policy of the Company.

Financial cost

The Company and subsidiaries incurred financial cost of Baht 121.70 million, increased by Baht 16 million or 15.10 percent comparing to the same period last year. The main reason for such an increase was the Company and subsidiaries has received more financial support from its financial institutions.

Net profit

Operating performance for the year ended 2009, the Company and subsidiaries incurred net losses of Baht 139.90 million, increase in losses by Baht 26.4 million, as a result of decreasing in total revenue mentioned earlier.

Influential Factors on Business in the Future

The company and its subsidiaries' operations were impacted by the overall economic situations and construction investment. However, the Company believed that the economy and construction investment would be at least stable as to the Government's economic stimulation policy and the progress of government's mega projects.

Independent Auditor's Report

To the Shareholders of Chonburi Concrete Product Public Company Limited

I have audited the accompanying consolidated balance sheets of Chonburi Concrete Product Public Company Limited and its subsidiaries as at 31 December 2008 and 2007, the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended, and the separate financial statements of Chonburi Concrete Product Public Company Limited for the same periods. These financial statements are the responsibility of the management of the Company and its subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits. The financial statements of a subsidiary company, Smart Concrete Company Limited, for the year ended 31 December 2008, as included in the consolidated financial statements, were audited by another auditor, whose report has been furnished to me. My opinion on the consolidated and the Company's financial statements, insofar as it relates to the amounts included for this subsidiary company, is based solely on the report of this other auditor. The financial statements of the subsidiary reflect total assets as at 31 December 2008 of approximately Baht 672.8 million, constituting 24.3 percent of consolidated total assets, total revenues for the year then ended of approximately Baht 181.0 million, constituting 8.3 percent of consolidated total revenues, and net loss for the year then ended of approximately Baht 84.2 Million.

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

As described in Note 1.3 to the financial statements, the Company and its subsidiaries have suffered recurring operating losses over several years, with a net loss of Baht 104 million for the year ended 31 December 2008, and as at 31 December 2008, their current liabilities exceeded current assets by Baht 1,592 million and had a deficit of Baht 217 million. In addition, as described in Note 16 to the financial statements, the Company and two subsidiaries defaulted on repayments of loans with 3 financial institutions. The Company and its subsidiaries are negotiating to defer the repayment of loans. The Company and its subsidiaries are currently in the process of proposing their operation plans in order to restructure their financial structures with these 3 financial institutions. Consequently, the ability of the Company and its subsidiaries to continue their businesses as going concerns, including their recoverability of asset values and ability to discharge liabilities, depends on their future operating results and their success in restructuring of their financial structures with these financial institutions. However, there are significant uncertainties with respect to the above circumstances, which give rise to significant doubt as to the ability of the Company and its subsidiaries to continue as going concerns.

Because the uncertainties discussed in the preceding paragraph could have a material adverse effect on the financial statements of Chonburi Concrete Product Public Company Limited and its subsidiaries and of Chonburi Concrete Product Public Company Limited for the year 2008. Accompanying with the economic crisis which remains uncertain and the effect cannot be estimated in the current circumstances. I was unable to express an opinion on the aforementioned financial statements.

Under my audit report dated 27 February 2008 and based on the reports of other auditors, I expressed an unqualified opinion on the financial statements for the year ended 31 December 2007 of Chonburi Concrete Product Public Company Limited and its subsidiaries and of Chonburi Concrete Product Public Company Limited, but drew attention to the issue of control over a subsidiary company and the change in accounting policy for recording investments in subsidiaries and associates in the separate financial statements from the equity method to the cost method.

In addition, I draw attention to the matter as discussed in Note 11 to the financial statements, there was a dispute among the shareholders of a subsidiary relating to management control, and this may affect the control that the Company has over that subsidiary company.

Thipawan Nananuwat

Certified Public Accountant (Thailand) No. 3459

Ernst & Young Office Limited

Bangkok: 1 March 2009

Financial Statement

Chonburi Concrete Product Public Company Limited and its subsidiaries

Balance sheets

As at 31 December 2009 and 2008

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2009	2008	2009	2008
Assets					
Current assets					
Cash and cash equivalents		12,950,435	3,890,547	3,169,681	1,733,401
Trade accounts receivable					
Related parties	6	38,790	12,920	25,032,193	17,410,747
Unrelated parties		401,229,835	419,525,708	252,816,245	287,314,996
Less: Allowance for doubtful accounts		(107,044,226)	(105,603,271)	(58,668,021)	(59,124,395)
Total trade accounts receivable - net	7	294,224,399	313,935,357	219,180,417	245,601,348
Amounts due from related party	6	-	-	-	2,294,231
Short-term loans to and interest receivable					
from related parties	6	-	-	225,860,941	241,301,580
Inventories - net	8	248,483,068	276,776,451	89,595,745	115,319,177
Other current assets					
Advance for purchase of goods		30,468,145	35,561,764	26,740,457	30,978,193
Withholding tax deducted at source		3,532,733	5,612,881	1,532,968	4,277,783
Others		20,474,948	26,665,728	13,773,466	18,778,135
Total other current assets		54,475,826	67,840,373	42,046,891	54,034,111
Total current assets		610,133,728	662,442,728	579,853,675	660,283,848
Non-current assets					
Restricted bank deposits	9	21,471,481	24,036,640	2,427,055	3,386,485
Investments in subsidiaries - net	10	-	-	391,639,081	391,639,081
Investments in associate	11	56,347,267	57,538,482	-	-
Property, plant and equipment - net	12	1,819,524,618	1,984,525,071	425,301,733	518,074,842
Non-operating assets - net		4,900,000	10,300,000	-	-
Intangible assets - net	13	20,247,642	25,224,879	6,673,758	9,901,501
Other non-current assets		5,109,461	4,851,307	561,834	484,847
Total non-current assets		1,927,600,469	2,106,476,379	826,603,461	923,486,756
Total assets		2,537,734,197	2,768,919,107	1,406,457,136	1,583,770,604

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

Chonburi Concrete Product Public Company Limited and its subsidiaries

Balance sheets (continued)

As at 31 December 2009 and 2008

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	14	947,149,837	522,229,154	204,342,411	164,907,173
Trade accounts payable					
Related parties	6	17,456	2,410	6,055,023	3,880,803
Unrelated parties		644,395,852	793,452,600	493,407,178	594,117,807
Total trade accounts payable		644,413,308	793,455,010	499,462,201	597,998,610
Amounts due to related persons and parties	6	3,017,159	2,160,143	1,414,075	6,835,874
Other accounts payable		45,322,872	51,429,124	2,222,201	6,589,774
Current portion of unearned leasehold rights income	16	3,193,548	3,193,548	-	-
Current portion of hire purchase payable and liabilities under					
finance lease agreements	17	21,169,894	49,299,049	21,169,894	48,190,149
Current portion of long-term loans	15	180,362,017	652,642,747	60,807,862	64,553,400
Short-term loans from and interest payable to					
related persons and parties	6	156,628,221	77,458,469	129,769,035	133,302,368
Other current liabilities					
Accrued expenses		12,030,312	10,458,130	6,677,960	7,275,009
Accrued interest expenses		104,503,204	24,050,890	18,550,560	1,515,593
Advance from customers		18,261,939	48,621,484	7,785,253	26,092,110
Corporate income tax payable		-	1,161,551	-	-
Others		8,372,247	18,693,627	2,085,191	5,439,206
Total other current liabilities		143,167,702	102,985,682	35,098,964	40,321,918
Total current liabilities		2,144,424,558	2,254,852,926	954,286,643	1,062,699,266
Non-current liabilities					
Unearned leasehold rights income - net of current portion	16	85,538,684	88,732,232	-	-
Hire purchase payable and liabilities under finance lease					
agreement - net of current portion	17	62,947	1,714,372	62,947	1,714,372
Long-term loans - net of current portion	15	59,426,264	31,521,726	24,521,896	31,521,725
Total non-current liabilities		145,027,895	121,968,330	24,584,843	33,236,097
Total liabilities		2,289,452,453	2,376,821,256	978,871,486	1,095,935,363

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

Chonburi Concrete Product Public Company Limited and its subsidiaries

Balance sheets (continued)

As at 31 December 2009 and 2008

(Unit: Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Shareholders' equity					
Share capital					
Registered					
310,000,000 ordinary shares of Baht 1 each		<u>310,000,000</u>	<u>310,000,000</u>	<u>310,000,000</u>	<u>310,000,000</u>
Issued and fully paid - up					
310,000,000 ordinary shares of Baht 1 each		310,000,000	310,000,000	310,000,000	310,000,000
Share premium		274,136,937	274,136,937	274,136,937	274,136,937
Retained earnings					
Appropriated - statutory reserve	18	13,532,877	13,532,877	13,532,877	13,532,877
Unappropriated (deficit)		<u>(357,702,151)</u>	<u>(217,732,427)</u>	<u>(170,084,164)</u>	<u>(109,834,573)</u>
Equity attributable to the company's shareholders		239,967,663	379,937,387	427,585,650	487,835,241
Minority interest - equity attributable to					
minority shareholders of subsidiaries		<u>8,314,081</u>	<u>12,160,464</u>	<u>-</u>	<u>-</u>
Total shareholders' equity		<u>248,281,744</u>	<u>392,097,851</u>	<u>427,585,650</u>	<u>487,835,241</u>
Total liabilities and shareholders' equity		<u>2,537,734,197</u>	<u>2,768,919,107</u>	<u>1,406,457,136</u>	<u>1,583,770,604</u>

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

Chonburi Concrete Product Public Company Limited and its subsidiaries

Income statements

For the years ended 31 December 2009 and 2008

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenues					
Sales		1,753,029,297	2,091,233,536	917,878,710	1,082,359,012
Rental and services income		23,042,003	33,448,577	15,983,272	26,229,545
Other income					
Interest income		470,338	410,462	17,288,898	17,896,309
Gain on sale of fixed assets		3,800,487	2,629,851	2,078,260	1,790,560
Doubtful debt recovery		792,022	1,952,692	456,375	1,952,693
Gain on transferred of assets in settlement of debt	12	-	18,527,800	-	6,527,800
Others		19,887,333	23,546,716	14,314,327	17,574,099
Total other income		24,950,180	47,067,521	34,137,860	45,741,461
Total revenues		1,801,021,480	2,171,749,634	967,999,842	1,154,330,018
Expenses					
Cost of sales and services		1,623,235,954	1,931,565,095	916,986,201	1,056,697,419
Selling expenses		36,143,926	44,240,264	6,749,074	7,443,209
Administrative expenses		128,573,040	144,391,051	48,688,685	55,390,181
Management benefit expenses		31,480,956	36,056,655	17,772,176	18,737,889
Doubtful accounts		2,421,977	11,908,755	-	256,931
Loss from assets write-offs		54,404	619,681	26,454	619,681
Total expenses		1,821,910,257	2,168,781,501	990,222,590	1,139,145,310
Income (loss) before share of income (loss) from investments in associated company, finance cost and corporate income tax					
		(20,888,777)	2,968,133	(22,222,748)	15,184,708
Share of income (loss) from investments in associated company	11.2	(1,191,215)	98,283	-	-
Income (loss) before finance cost and corporate income tax		(22,079,992)	3,066,416	(22,222,748)	15,184,708
Finance cost		(121,736,115)	(105,784,809)	(38,026,843)	(35,351,242)
Loss before corporate income tax		(143,816,107)	(102,718,393)	(60,249,591)	(20,166,534)
Corporate income tax		-	(1,866,015)	-	-
Net loss for the year		(143,816,107)	(104,584,408)	(60,249,591)	(20,166,534)
Net loss attributable to:					
Equity holders of the parent		(139,969,724)	(113,508,321)	(60,249,591)	(20,166,534)
Minority interests of the subsidiaries		(3,846,383)	8,923,913	-	-
		<u>(143,816,107)</u>	<u>(104,584,408)</u>		
Basic loss per share					
	20				
Net loss attributable to equity holders of the parent		(0.45)	(0.37)	(0.19)	(0.07)

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

Chonburi Concrete Product Public Company Limited and its subsidiaries

Cash flow statements

For the years ended 31 December 2009 and 2008

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Cash flows from operating activities				
Net loss before tax	(143,816,107)	(102,718,393)	(60,249,591)	(20,166,534)
Adjustments to reconcile net loss before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	196,813,739	209,648,872	120,782,400	135,793,377
Allowance (reversal of allowance) for doubtful accounts	1,629,955	9,956,063	(456,375)	(1,695,762)
Bad debt write-off	-	719,222	-	719,222
Allowance for diminution in value of inventory	28,305	1,746,995	-	1,797,633
Share of (income) loss from investments in associated company	1,191,215	(98,283)	-	-
Write-off withholding tax deducted at source	2,269	618,901	-	-
Amortisation of unearned leasehold rights income	(3,193,548)	(3,193,548)	-	-
Gain on sales of fixed assets	(6,799,518)	(2,629,851)	(2,077,292)	(1,790,560)
Gain from transfer of assets in settlement of debt	-	(18,527,800)	-	(6,527,800)
Loss on sales of non-operating assets	3,000,000	-	-	-
Gain on sales of intangible assets	(969)	-	(969)	-
Loss from assets write-offs	54,404	619,681	26,454	619,681
Reversal of allowance for impairment	(2,600,000)	-	-	-
Interest expenses	121,736,115	105,784,809	38,026,843	35,351,242
Income from operating activities before changes in operating assets and liabilities	168,045,860	201,926,668	96,051,470	144,100,499
Operating assets (increase) decrease				
Trade accounts receivable	18,270,003	258,466,544	26,877,306	222,489,115
Accounts receivable under debt restructuring	-	2,865,191	-	-
Amounts due from related party	-	-	2,294,231	(2,240,731)
Inventories	28,265,078	15,233,675	25,723,432	(14,515,275)
Other current assets	11,095,399	32,588,444	9,242,405	(9,467,227)
Other non-current assets	(258,154)	1,407,802	(76,987)	800,831
Operating liabilities increase (decrease)				
Trade accounts payable	(149,041,702)	(99,205,350)	(98,536,408)	(102,894,964)
Amounts due to related persons and parties	857,016	1,972,161	(5,421,799)	6,747,892
Other accounts payable	(6,106,252)	(6,991,109)	(4,367,574)	(3,443,349)
Other current liabilities	(39,108,743)	2,142,935	(22,257,921)	23,511,698
Cash flows from operating activities	32,018,505	410,406,961	29,528,155	265,088,489
Cash paid for interest expenses	(38,716,378)	(87,911,768)	(20,265,209)	(35,372,408)
Cash paid for corporate income tax	(2,902,067)	(2,239,745)	(704,648)	(828,033)
Cash refunded from refundable corporate income tax	3,818,395	6,456,712	3,449,463	-
Net cash flows from (used in) operating activities	(5,781,545)	326,712,160	12,007,761	228,888,048

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

Chonburi Concrete Product Public Company Limited and its subsidiaries

Cash flow statements (continued)

For the years ended 31 December 2009 and 2008

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Cash flows from investing activities				
Decrease (increase) in restricted bank deposits	2,565,159	(1,615,592)	959,430	(54,293)
Decrease in short-term loans to and interest receivable from related parties	-	51,278	15,440,639	207,783
Proceeds from sales of property, plant and equipment	10,131,548	3,070,904	4,000,000	1,868,100
Proceeds from sales of non-operating assets	5,000,000	-	-	-
Proceeds from sales of intangible assets	23,432	-	23,432	-
Acquisition of property, plant and equipment	(29,920,436)	(96,948,814)	(26,606,575)	(50,029,794)
Increase in intangible assets	<u>(324,510)</u>	<u>(943,744)</u>	<u>(146,598)</u>	<u>(693,744)</u>
Net cash flows used in investing activities	<u>(12,524,807)</u>	<u>(96,385,968)</u>	<u>(6,329,672)</u>	<u>(48,701,948)</u>
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	14,920,683	(132,685,927)	39,435,238	(136,162,933)
Increase (decrease) in short-term loans from related persons and parties	76,602,329	9,190,191	(4,260,000)	37,880,999
Repayment of liabilities under hire purchase payable and finance lease agreement	(29,780,580)	(45,778,622)	(28,671,680)	(41,390,282)
Repayment of long-term loans	<u>(34,376,192)</u>	<u>(74,277,569)</u>	<u>(10,745,367)</u>	<u>(45,200,915)</u>
Net cash flows from (used in) financing activities	<u>27,366,240</u>	<u>(243,551,927)</u>	<u>(4,241,809)</u>	<u>(184,873,131)</u>
Net increase (decrease) in cash and cash equivalents	9,059,888	(13,225,735)	1,436,280	(4,687,031)
Cash and cash equivalents at beginning of year	<u>3,890,547</u>	<u>17,116,282</u>	<u>1,733,401</u>	<u>6,420,432</u>
Cash and cash equivalents at end of year	<u>12,950,435</u>	<u>3,890,547</u>	<u>3,169,681</u>	<u>1,733,401</u>
	-	-	-	-
Supplemental cash flows information:				
Non-cash transactions				
Increase in long-term loan from refinancing of short-term loan	-	70,000,000	-	-
Transferred land to pay account payable	-	45,000,000	-	20,000,000
Increase in vehicle from hire purchase payable	-	555,000	-	555,000
Transferred property, plant and equipment to non-operating assets	-	10,300,000	-	-
Increase in short-term loan from the debt restructuring	410,000,000	-	-	-

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

Chonburi Concrete Product Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the years ended 31 December 2009 and 2008

(Unit: Baht)

	Consolidated financial statements						
	Equity attributable to the parent's shareholders				Minority interest -		
	Issued and fully paid-up share capital	Share premium	Retained earnings		Total equity attributable to the parent's shareholders	equity attributable to minority shareholders	
			Appropriated	Unappropriated (deficit)		of subsidiaries	Total
Balance as at 31 December 2007	310,000,000	274,136,937	13,532,877	(104,224,106)	493,445,708	3,236,551	496,682,259
Net loss for the year	-	-	-	(113,508,321)	(113,508,321)	8,923,913	(104,584,408)
Balance as at 31 December 2008	310,000,000	274,136,937	13,532,877	(217,732,427)	379,937,387	12,160,464	392,097,851
Balance as at 31 December 2008	310,000,000	274,136,937	13,532,877	(217,732,427)	379,937,387	12,160,464	392,097,851
Net loss for the year	-	-	-	(139,969,724)	(139,969,724)	(3,846,383)	(143,816,107)
Balance as at 31 December 2009	310,000,000	274,136,937	13,532,877	(357,702,151)	239,967,663	8,314,081	248,281,744

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

Chonburi Concrete Product Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the years ended 31 December 2009 and 2008

(Unit: Baht)

	Separate financial statements				
	Issued and fully paid-up share capital	Share premium	Retained earnings		Total
			Appropriated	Unappropriated	
				(deficit)	
Balance as at 31 December 2007	310,000,000	274,136,937	13,532,877	(89,668,039)	508,001,775
Net loss for the year	-	-	-	(20,166,534)	(20,166,534)
Balance as at 31 December 2008	310,000,000	274,136,937	13,532,877	(109,834,573)	487,835,241
Balance as at 31 December 2008	310,000,000	274,136,937	13,532,877	(109,834,573)	487,835,241
Net loss for the year	-	-	-	(60,249,591)	(60,249,591)
Balance as at 31 December 2009	310,000,000	274,136,937	13,532,877	(170,084,164)	427,585,650

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

**Chonburi Concrete Product Public Company Limited
and its subsidiaries**

Notes to consolidated financial statements

For the years ended 31 December 2009 and 2008

1. General information

1.1 Corporate information

Chonburi Concrete Product Public Company Limited (“The Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of concrete products and its registered address is 39/1 Moo 1 Sukhumvit Road, Huaykapi, Muang, Chonburi.

1.2 Fundamental accounting assumptions

The Company and its subsidiaries had suffered recurring operating losses over several years, had a net loss of Baht 143.8 million for the year ended 31 December 2009, had a deficit approximately Baht 357.7 million as at 31 December 2009 and had current liabilities approximately Baht 1,534.3 million in excess of current assets. The Company and its subsidiaries’ management plan improvements to their operations and they believe that they will be able to resolve these problems. For this reason, the financial statements have been prepared on a going concern basis and hence do not include any of the adjustments that might result should the Company and its subsidiaries be unable to continue as a going concern.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547. The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 30 January 2009, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of the Company (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Percentage of shareholding		Country of incorporation
		2009 Percent	2008 Percent	
Eastern Transportation Company Limited	Transport vehicle rental	99.79	99.79	Thailand
Chonpratheap Property Company Limited	Property leasing	95.71	95.71	Thailand
Chonburi Kanyong Company Limited (held by Eastern Transportation Co., Ltd.)	Distribution of construction materials	99.78	99.78	Thailand
Smart Concrete Company Limited (held by Chonpratheap Property Co., Ltd.)	Manufacture and distribution of autoclaved aerated concrete block	88.20	88.20	Thailand

Company's name	Assets as a percentage to the consolidated total assets as at 31 December		Revenues as a percentage to the consolidated total revenues for the year ended 31 December	
	2009 Percent	2008 Percent	2009 Percent	2008 Percent
Eastern Transportation Company Limited	0.46	0.48	-	0.04
Chonpratheap Property Company Limited	16.11	15.29	0.15	0.78
Chonburi Kanyong Company Limited	27.21	26.33	41.40	43.97
Smart Concrete Company Limited	26.09	24.30	11.94	8.33

- b) Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent significant accounting policies.
- d) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- e) Minority interests represent the portion of net income or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.

- 2.3 The separate financial statements, which present investments in subsidiaries and associates presented under the cost method, have been prepared solely for the benefit of the public.

3. Adoption of new accounting standards

In June 2009, the Federation of Accounting Professions issued Notification No. 12/2552, assigning new numbers to Thai Accounting Standards that match the corresponding International Accounting Standards. The numbers of Thai Accounting Standards as referred to in these financial statements reflect such change.

The Federation of Accounting Professions has issued Notification No. 86/2551 and 16/2552, mandating the use of new accounting standards, financial reporting standard and accounting treatment guidance as follows.

3.1 Accounting standards, financial reporting standard and accounting treatment guidance which are effective for the current year

Framework for the Preparation and Presentation of Financial Statements
(revised 2007)

TAS 36 (revised 2007) Impairment of Assets

TFRS 5 (revised 2007) Non-current Assets Held for Sale and Discontinued Operations

Accounting Treatment Guidance for Leasehold Right

Accounting Treatment Guidance for Business Combination under Common Control

These accounting standards, financial reporting standard and accounting treatment guidance became effective for the financial statements for fiscal years beginning on or after 1 January 2009. The management has assessed the effect of these standards and believes that TFRS 5 (revised 2007) and Accounting Treatment Guidance for Business Combination under Common Control are not relevant to the business of the Company, while Framework for Preparation and Presentation of Financial Statements (revised 2007), TAS 36 (revised 2007) and Accounting Treatment Guidance for leasehold right do not have any significant impact on the financial statements for the current year.

3.2 Accounting standards which are not effective for the current year

		Effective date
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2012
TAS 24 (revised 2007)	Related Party Disclosures	1 January 2011
TAS 40	Investment Property	1 January 2011

However, TAS 24 (revised 2007) and TAS 40 allow early adoption by the entity before the effective date.

The management of the Company has assessed the effect of these standards and believes that TAS 20 and TAS 40 are not relevant to the business of the Company, while TAS 24 (revised 2007) will not have any significant impact on the financial statements for the year in which it is initially applied.

4. Significant accounting policies

4.1 revenue recognition

Sales of goods

Sales of goods are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Rendering of rental and services

Service revenue is recognized when services have been rendered. Rental income is recognised on a time proportion basis.

Interest income

Interest income is recognized as interest accrues based on the effective rate method.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade accounts receivable

Trade accounts receivable are stated at the net realizable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

4.4 Inventories

Finished goods and work in process are valued at the lower of standard cost (which approximates actual cost) and net realizable value. Standard cost includes all production costs and attributable factory overheads.

Merchandise goods are valued at the lower of average cost and net realizable value.

Raw materials and supplies are valued at the lower of average cost and net realizable value and are charged to production costs whenever consumed.

4.5 Investments

- a) Investment in associates is accounted for in the consolidated financial statements using the equity method.
- b) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method.

4.6 Property, plant and equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Land improvements	-20 years
Buildings and improvements	- 5, 10, 20, 30 years
Machinery and equipment	- 5, 7, 20 years
Furniture and office equipment	- 5, 10 years
Motor vehicles	- 5 years

Depreciation is included in determining income.

No depreciation is provided on land and construction in progress.

4.7 Intangible assets and amortisation

Intangible assets represent computer software and are stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated by reference to cost on a straight-line basis over the expected future periods of economic benefit, which are approximately 5 years.

Amortisation is included in determining income.

4.8 Unearned leasehold rights income

This represents land leasehold rights income received in advance from customer under rental agreement. It is recognized as income over the terms of the agreement, which are 30 years.

4.9 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

4.10 Long-term leases

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to the income statements over the lease period. The property, plant or equipment acquired under finance leases is depreciated over the useful life of the asset.

4.11 Impairment of assets

At each reporting date, the Company performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognized when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognized in the income statement.

4.12 Employee benefits

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

4.13 Income tax

Income tax is provided for in the accounts based on the taxable profits determined in accordance with tax legislation.

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. Significant judgments and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Property plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives of the Company's plant and equipment and to review estimate useful lives when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

Litigation

The Company has contingent liabilities as a result of litigation. The Company's management has used judgment to assess of the results of the litigation and believes that the contingent loss will not differ from the provisional loss from contingent liabilities recorded as at the balance sheet date.

6. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarized below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Thousand Baht)					
	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	2009	2008	2009	2008	
Transactions with subsidiary companies					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	112,823	118,479	Market price or with reference to market price
Purchases of goods	-	-	30,756	32,516	With reference to market price
Rental and services income	-	-	600	68	Market price
Interest income	-	-	17,023	17,608	At MLR
Rental expenses	-	-	5,601	5,643	Lease agreement
Interest expenses	-	-	1,553	1,036	At MLR
Other expenses - Aval fee	-	-	798	749	With reference to commercial bank rate
Transactions with associated and related companies					
Sales of goods	141	170	-	-	Market price or with reference to market price
Purchases of goods	268	139	207	139	With reference to market price
Interest expenses	5,364	3,923	4,465	3,305	At MLR
Transactions with management and directors					
Rental income	120	120	-	-	Lease agreement
Consulting fee expenses	3,200	4,997	1,540	2,657	Contract price
Rental expenses	1,759	1,680	1,759	1,680	Lease agreement
Interest expenses	2,677	-	1,178	-	At MLR

As at 31 December 2009 and 2008, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Thousand Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	2009	2008	2009	2008
Trade accounts receivable - related person and parties				
Subsidiaries				
Chonburi Kanyong Co., Ltd.	-	-	20,945	17,047
Smart Concrete Co., Ltd.	-	-	3,820	-
Eastern Transportation Co., Ltd.	-	-	267	364
Total trade accounts receivable - subsidiaries	-	-	25,032	17,411
Associated company				
Chonburi Inter Co., Ltd.	9	13	-	-
Director	30	-	-	-
Total trade accounts receivable - related person and parties	39	13	25,032	17,411
Amounts due from related party				
Subsidiary company				
Chonburi Kanyong Co., Ltd.	-	-	-	2,294
Total amounts due from related party	-	-	-	2,294
Short-term loans to and interest receivable from related parties				
Short-term loans				
Subsidiaries				
Chonburi Kanyong Co., Ltd.	-	-	-	11,820
Chonpratheep Property Co., Ltd.	-	-	45,970	61,780
Smart Concrete Co., Ltd.	-	-	151,850	151,850
Total short-term loans to subsidiaries	-	-	197,820	225,450
Interest receivable				
Subsidiaries				
Chonpratheep Property Co., Ltd.	-	-	3,548	4,266
Smart Concrete Co., Ltd.	-	-	24,493	11,586
Total interest receivable - subsidiaries	-	-	28,041	15,852
Total short-term loans to and interest receivable from related parties	-	-	225,861	241,302

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2009	2008	2009	2008
Trade accounts payable - related parties				
Subsidiaries				
Smart Concrete Co., Ltd.	-	-	234	995
Eastern Transportation Co., Ltd.	-	-	899	549
Chonburi Kanyong Co., Ltd.	-	-	4,626	1,746
Chonpratheep Property Co., Ltd.	-	-	296	591
Total trade account payable - subsidiaries	-	-	6,055	3,881
Associated company				
Chonburi Inter Co., Ltd.	17	2	-	-
Total trade accounts payable - related parties	17	2	6,055	3,881
Amounts due to related persons and parties				
Subsidiaries				
Chonburi Kangyong Co., Ltd.	-	-	-	200
Smart Concrete Co., Ltd	-	-	-	5,328
Total amounts due to subsidiaries	-	-	-	5,528
Associated company				
Chonburi Inter Co., Ltd.	13	5	13	5
Directors	3,004	2,155	1,401	1,303
Total amounts due to related persons and parties	3,017	2,160	1,414	6,836
Short-term loans from and interest payable to related persons and parties				
Short-term loans				
Subsidiaries				
Chonburi Kanyong Co., Ltd.	-	-	36,800	78,005
Eastern Transportation Co., Ltd.	-	-	545	-
Total short-term loans - subsidiary	-	-	37,345	78,005
Associated company				
Chonburi Inter Co., Ltd.	21,400	21,400	4,000	4,000
Related company				
Theepakorn Holding Co., Ltd.	53,976	49,876	53,976	49,876
Director	76,831	4,314	32,300	-

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2009	2008	2009	2008
Interest payable				
Subsidiary company				
Eastern Transportation Co., Ltd.	-	-	15	-
Associated company				
Chonburi Inter Co., Ltd.	595	369	26	-
Related company				
Theepakorn Holding Co., Ltd.	930	1,421	930	1,421
Director	2,896	78	1,177	-
Total short-term loans from and interest payable to related persons and parties	156,628	77,458	129,769	133,302

During 2009, movements of loans to/from related parties were as follow:

(Unit: Thousand Baht)

	Consolidated financial statements			
	Balance			Balance
	as at	During the year		as at
	1 January 2009	Increase	Decrease	31 December 2009
Loans from related persons and parties				
Associated company				
Chonburi Inter Co., Ltd.	21,400	-	-	21,400
Related company				
Theepakorn Holding Co., Ltd.	49,876	4,100	-	53,976
Director	4,314	156,420	(83,903)	76,831

(Unit: Thousand Baht)

	Separate financial statements			
	Balance			Balance
	as at	During the year		as at
	1 January 2009	Increase	Decrease	31 December 2009
Loans to related parties				
Subsidiaries				
Chonburi Kanyong Co., Ltd.	11,820	6,390	(18,210)	-
Chonpratheep Property Co., Ltd.	61,780	3,500	(19,310)	45,970
Smart Concrete Co., Ltd.	151,850	-	-	151,850
Loans from related parties				
Subsidiaries				
Chonburi Kanyong Co., Ltd.	78,005	197,380	(238,585)	36,800
Eastern Transportation Co., Ltd.	-	750	(205)	545
Smart Concrete Co., Ltd.	-	1,900	(1,900)	-
Associated company				
Chonburi Inter Co., Ltd.	4,000	-	-	4,000
Related company				
Theepakorn Holding Co., Ltd.	49,876	4,100	-	53,976
Director	-	87,150	(54,850)	32,300

Directors and management's remuneration

In 2009, the Company and its subsidiaries paid salaries, bonus, meeting allowances and gratuities to their directors and management totaling Baht 31.5 million (Separate financial statements: 17.8 Baht) (2008: Baht 36.1 million, Separate financial statements: Baht 18.7 million).

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 23.3 to the financial statements.

On 4 September 2004, the Extraordinary General Meeting No. 7/2547 of the shareholders of Chonburi Kanyong Co., Ltd. (a subsidiary) passed a resolution approving the acquisition of 13 rai 3 ngan and 25 square wah of land from Billion Building Co., Ltd., which shares one common director with the Company, at the market value of Baht 117.4 million (the subsidiary company compared this price with those of other transactions in the same area), for use in the expansion of the subsidiary's business. The subsidiary company paid an advance of Baht 35.0 million for the purchase of this land.

For conservative reasons, the subsidiary recorded full provision for impairment of the advance during 2006, since the subsidiary's management believe it will not be possible to reach agreement on the transfer of ownership of the land in the near future.

7. Trade accounts receivable

The balances of trade accounts receivable as at 31 December 2009 and 2008, aged on the basis of due date, are summarized below:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2009	2008	2009	2008
Age of receivables				
Not yet due	191,564	191,016	140,805	151,564
Past due				
Up to 3 months	82,711	81,530	61,315	61,012
3 - 6 months	3,230	30,837	1,413	28,179
6 - 12 months	5,622	12,847	5,657	5,186
Over 12 months	118,141	103,308	68,658	58,784
Total	401,268	419,538	277,848	304,725
Less: Allowance for doubtful debts	(107,044)	(105,603)	(58,668)	(59,124)
Trade accounts receivable - net	294,224	313,935	219,180	245,601

8. Inventories

(Unit: Thousand Baht)

Consolidated financial statements								
Allowance for diminution in value of inventory								
Reduction cost to net								
	Cost		realization value		Stock obsolescence		Inventory-net	
	2009	2008	2009	2008	2009	2008	2009	2008
Finished goods	212,096	232,241	(955)	(495)	(9,564)	(9,996)	201,577	221,750
Raw materials	43,936	52,704	-	-	-	-	43,936	52,704
Supplies	2,970	2,322	-	-	-	-	2,970	2,322
Total	259,002	287,267	(955)	(495)	(9,564)	(9,996)	248,483	276,776

(Unit: Thousand Baht)

Separate financial statements						
Allowance for diminution in value of inventory for						
	Cost		stock obsolescence		Inventory-net	
	2009	2008	2009	2008	2009	2008
Finished goods	53,609	72,992	(6,377)	(6,378)	47,232	66,614
Raw materials	40,613	47,340	-	-	40,613	47,340
Supplies	1,751	1,365	-	-	1,751	1,365
Total	95,973	121,697	(6,377)	(6,378)	89,596	115,319

9. Restricted bank deposits

These represent bank deposits of the Company and its subsidiaries which have been pledged with banks to secure credit facilities (as described in Note 14 to the financial statements).

10. Investments in subsidiaries

(Unit: Thousand Baht)

Company's name	Separate financial statements					
	Paid-up capital		Shareholding percentage		Cost	
	2009	2008	2009 (%)	2008 (%)	2009	2008
Eastern Transportation Co., Ltd.	100,000	100,000	99.79	99.79	99,790	99,790
Chonpratheap Property Co., Ltd.	350,000	350,000	95.71	95.71	335,000	335,000
					434,790	434,790
Less: Allowance for diminution in value of investments					(43,151)	(43,151)
Total investments in subsidiaries - net					391,639	391,639

During the first quarter of 2005, there was a dispute among the shareholders of Smart Concrete Co., Ltd. (a subsidiary company which held by Chonpratheap Property Co., Ltd.) relating to management control, and this may affect the control that the Company has over that subsidiary company. However, the Company's management believes that these will not be any material affect from these events.

On 1 October 2007, the extraordinary general meeting of shareholders of Smart Concrete Co., Ltd. approved the increase of its registered capital from its existing level of Baht 350 million (35 million ordinary shares of Baht 10 each) to Baht 450 million (45 million ordinary shares of Baht 10 each). The subsidiary company is in the process of implementing the share capital increase.

11. Investments in associate

11.1 Details of associate:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding		Carrying amounts based on equity			
			percentage		Cost		method	
			2009	2008	2009	2008	2009	2008
			(%)	(%)				
Chonburi Inter Company Limited	Hotel	Thailand	45.50	45.50	55,704	55,704	56,347	57,538
					<u>55,704</u>	<u>55,704</u>	<u>56,347</u>	<u>57,538</u>

11.2 Share of income (loss)

During the year, the Company and its subsidiaries have recognized its share of net income (loss) from investments in an associate company in the consolidated financial statements as follows:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements	
	Share of income (loss) from investments in associate during the year	
	2009	2008
Chonburi Inter Company Limited	(1,191)	98
Total	<u>(1,191)</u>	<u>98</u>

11.3 Summarized financial information of associate

(Unit: Million Baht)

Company's name	Paid-up capital		Total assets as		Total liabilities		Total revenues		Net income	
	as at 31		at 31		as at 31		for the year		(loss) for	
	December		December		December		ended		the year ended	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Chonburi Inter Company Limited	431.9	431.97	134.42	136.64	8.08	7.62	65.82	79.45	(2.62)	0.22

12. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						Total
	Land and improvements	Buildings and improvements	Machinery and equipment	Furniture and office equipment	Motor vehicles	Construction in progress	
Cost:							
31 December 2008	443,004	1,156,080	1,042,579	97,626	446,299	23,822	3,209,410
Additions	-	436	2,163	689	1,413	25,219	29,920
Disposals/write-offs	-	(2,541)	(4,916)	(49)	(2,600)	(28)	(10,134)
Transferred in (out)	(2,300)	9,894	16,015	152	11,047	(39,508)	(4,700)
31 December 2009	440,704	1,163,869	1,055,841	98,418	456,159	9,505	3,224,496
Accumulated depreciation:							
31 December 2008	5,652	245,567	555,293	72,513	335,930	-	1,214,955
Depreciation for the year	1,129	52,612	69,643	15,431	52,719	-	191,534
Depreciation on disposals/write-offs	-	(1,305)	(2,985)	(28)	(2,430)	-	(6,748)
31 December 2009	6,781	296,874	621,951	87,916	386,219	-	1,399,741
Allowance for impairment loss:							
31 December 2008	3,850	850	-	-	-	5,230	9,930
Transferred out	(3,850)	(850)	-	-	-	-	(4,700)
31 December 2009	-	-	-	-	-	5,230	5,230
Net book value:							
31 December 2008	433,502	909,663	487,286	25,113	110,369	18,592	1,984,525
31 December 2009	433,923	866,995	433,890	10,502	69,940	4,275	1,819,525
Depreciation for the year							
2008 (Baht 153.0 million included in manufacturing costs, and the balance in selling, servicing and administrative expenses)							203,445
2009 (Baht 150.1 million included in manufacturing costs, and the balance in selling, servicing and administrative expenses)							191,534

(Unit: Thousand Baht)

	Separate financial statements						
		Buildings and	Machinery	Furniture			
	Land	improvements	and equipment	and office equipment	Motor vehicles	Construction in progress	Total
Cost:							
31 December 2008	48,804	312,043	616,323	15,918	378,968	18,495	1,390,551
Additions	-	-	646	229	512	25,220	26,607
Disposals/write-offs	-	-	(4,916)	(6)	(127)	-	(5,049)
Transferred in (out)	-	12,226	16,015	152	11,047	(39,440)	-
As at 31 December 2009	48,804	324,269	628,068	16,293	390,400	4,275	1,412,109
Accumulated depreciation:							
31 December 2008	-	109,373	473,894	11,453	277,756	-	872,476
Depreciation for the year	-	20,313	46,704	2,275	48,138	-	117,430
Depreciation on disposals/write-offs	-	-	(2,985)	(6)	(108)	-	(3,099)
31 December 2009	-	129,686	517,613	13,722	325,786	-	986,807
Net book value:							
31 December 2008	48,804	202,670	142,429	4,465	101,212	18,495	518,075
31 December 2009	48,804	194,583	110,455	2,571	64,614	4,275	425,302
Depreciation for the year							
2008 (Baht 122.9 million included in manufacturing costs, and the balance in selling, servicing and administrative exp							132,437
2009 (Baht 110.1 million included in manufacturing costs, and the balance in selling, servicing and administrative exp							117,430

During the year 2008, the Company and a subsidiary transferred their land with the book value of approximately Baht 26.4 million (Separate financial statements: Baht 13.5 million) for settlement of the Company's debt from purchase of inventories of approximately Baht 45 million in accordance with the memorandum to transfer assets in settlement of debt between the Company, its subsidiary and the Company's creditors. The Company and a subsidiary realized gain on transfer of assets in settlement of debt of approximately Baht 18.5 million (Separate financial statements: Baht 6.5 million) in the income statements.

As at 31 December 2009, the Company had machinery, vehicles and equipment under finance lease agreements with net book values amounting to Baht 10.2 million.

The Company and its subsidiaries mortgaged the machinery and most of their land and buildings thereon as collateral for bank overdrafts, short-term and long-term loans from financial institutions (as described in Notes 14 and 15 to the financial statements).

13. Intangible assets

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2009	2008	2009	2008
Computer software	25,225	30,485	9,902	12,565
Additions	325	944	147	694
Disposals	(23)	-	(23)	-
Amortisations	(5,279)	(6,204)	(3,352)	(3,357)
Net	<u>20,248</u>	<u>25,225</u>	<u>6,674</u>	<u>9,902</u>
Amortisation expenses included in the				
income statements for the year	<u>5,279</u>	<u>6,204</u>	<u>3,352</u>	<u>3,357</u>

14. Bank overdrafts and short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate percent per annum	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Bank overdrafts	MOR	125,150	122,142	48,592	44,820
Short-term loans from financial institutions	At fixed rates, MOR - 1 and MLR	432,000	400,087	155,750	120,087
Loan under restructuring agreement	With reference to MLR	390,000	-	-	-
Total		<u>947,150</u>	<u>522,229</u>	<u>204,342</u>	<u>164,907</u>

During the second quarter of the current year, a subsidiary entered into a debt restructuring agreement with a financial institution and had reclassified the loan as discussed in Note 15 to the financial statements.

These bank overdrafts and short-term loans from financial institutions were secured by the mortgage of the land of the Company, subsidiaries and a related company, the land of a director, the pledge of deposit accounts of the Company and a subsidiary and are guaranteed by the Company and the director.

15. Long-term loans

			(Unit: Thousand Baht)			
Loan	Interest rate (%)	Repayment schedule	Consolidated financial statements		Separate financial statements	
			2009	2008	2009	2008
1	With reference to MLR	Monthly from December 2002 to December 2017	38,835	43,072	-	-
2	With reference to MLR	Monthly from October 2005 to August 2011	7,200	12,000	7,200	12,000
3	With reference to MLR	Annually from October 2007 to 2019	24,422	26,322	24,422	26,322
4	15.50 (2008: With reference to MLR)	Quarterly from April 2006 to February 2011	31,230	34,000	31,230	34,000
5	4.36 to 5.07	Quarterly from August 2006 to April 2009	578	1,853	578	1,853
6	With reference to MLR	Monthly from January 2010 to November 2017	-	420,000	-	-
7	15.50 (2008: With reference to MLR)	Monthly from June 2006 to December 2012	93,723	101,760	-	-
8	4.91 to 5.09	Monthly from November 2005 to April 2009	-	1,358	-	-
9	19.00 (2008: With reference to MLR)	Monthly from November 2007 to December 2009	43,800	43,800	21,900	21,900
Total			239,788	684,165	85,330	96,075
Less: Current portion			(180,362)	(652,643)	(60,808)	(64,553)
Long-term loans - net of current portion			59,426	31,522	24,522	31,522

During June 2009, Smart Concrete Co., Ltd. (a subsidiary company) entered into a debt restructuring agreement with a lender bank to repay loan principal of Baht 420 million (Loan No. 6) together with the related interest of Baht 34 million. Under the agreement, repayment of Baht 330 million is to be made within one year from June 2009 to March 2010 and the remaining balance of debt is to be extinguished by the bank. Therefore, the subsidiary reclassified this loan to be short-term loans, as presented in the consolidated balance sheet under the “Bank overdrafts and short-term loans from financial institutions” caption. However, the subsidiary was unable to repay its debt in accordance with the agreement. Therefore, in February 2010, the subsidiary restructured its loan again, and need to make payment of Baht 318.2 million within May 2010.

As at 31 December 2009, the Company and a subsidiary defaulted on repayments of loans with 2 financial institutions. The Company and its subsidiary were negotiating to defer the repayment of loans. As a result, its subsidiary has classified the outstanding balance of these long term loans of Baht 169.3 million, as current liabilities under the “current portion of long-term loans” caption.

During 2009, a financial institution creditor of the Company and a subsidiary sued the Company and the subsidiary together with another subsidiary, as guarantors, for repayment of loan and interest of Baht 315.7 million as a result of loan default.

Some loan agreements contain covenants as specified in the agreements that, among other things, require the Company to maintain certain debt to equity and debt service coverage ratios according to the agreement. As at the balance sheet date, the Company was in breach of the loan covenants concerning maintenance of financial ratios, however, the Company did not request a waiver letter from the bank due to during negotiation process to restructure their financial structures with the bank as described above.

Subsequent to the balance sheet date, the Company and its subsidiary restructured/compromised with these financial institutions to amend the loan repayment conditions, whereby the Company and its subsidiaries are to pay loan principal of Baht 291 million and related interest within 2010. The Company and its subsidiary are currently in the process of improving their operations and finding sources of funds to make the payment.

Machinery of the Company and land and buildings thereon of the Company, subsidiaries, a related company and directors have been mortgaged, and the shares held by related company in the Company have been pledged, as collateral for loans of the Company and subsidiaries from financial institutions.

16. Unearned leasehold rights income

This represents leasehold rights income which a subsidiary received from its customer in advance under a rental agreement with a term of 30 years, running from October 2007 to October 2037. The subsidiary company is to receive a total of Baht 179.4 million over the period of the lease, with Baht 99 million being received in advance and the remainder to be received over the term of the lease. The subsidiary transferred the right to receive annual rental income under this lease to a bank in settlement of a loan of the Company (loan No. 3 in the table in Note 15 to financial statements).

17. Hire purchase payable and liabilities under finance lease agreements

(Unit: Thousand Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	2009	2008	2009	2008
Hire purchase payable and liabilities				
under finance lease agreements	21,982	53,046	21,982	51,812
Less: Deferred interest expenses	(749)	(2,033)	(749)	(1,908)
Total	21,233	51,013	21,233	49,904
Less: Portion due within one year	(21,170)	(49,299)	(21,170)	(48,190)
Hire purchase payable and liabilities				
under finance lease agreements - net				
of current portion	63	1,714	63	1,714

The Company and its subsidiaries has entered into the finance lease agreements with leasing companies for rental of machinery, motor vehicles and equipment for use in their operation, whereby they are committed to pay rental on a monthly basis. The terms of the agreements are generally between 3 and 4 years.

As at 31 December 2009, Future minimum lease payments required under the hire purchase and the finance lease agreements were as follows:

(Unit: Thousand Baht)			
	Less than		
	1 year	2 - 3 years	Total
Future minimum lease payments	21,911	71	21,982
Deferred interest expenses	(741)	(8)	(749)
Present value of future minimum lease payments	21,170	63	21,233

18. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

19. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Thousand Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	2009	2008	2009	2008
Salary and wages and other employee benefits	169,230	180,484	104,249	103,786
Depreciation	191,534	203,445	117,430	132,437
Amortisation expenses	5,279	6,204	3,352	3,357
Rental expenses	27,433	28,101	22,648	22,796
Raw materials and supplies used	617,307	843,775	496,768	721,878
Purchase of finished goods	645,556	807,504	-	-
Changes in inventories of finished goods	23,155	16,975	19,382	(16,276)

20. Loss per share

Basic loss per share is calculated by dividing net loss for the year by the weighted average number of ordinary shares in issue during the year.

21. Segment information

The operations of the Company and its subsidiary companies in Thailand involve several industry segments, namely the production and sales of construction products, real estate rental and provision of transportation services. During the years ended 31 December 2009 and 2008, there were no material activities pertaining to the real estate rental and transportation service segments. For this reason, financial information has not been presented by either industry segment or geographic area.

22. Provident fund

The Company and employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530, and each contribute to the fund monthly at the rate of 2 percent of basic salary. The fund, which is managed by Ayudhya Fund Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. During the year 2009, the Company contributed Baht 0.7 million (2008: Baht 0.6 million) to the fund.

23. Commitments and contingent liabilities

23.1 Operating lease commitments

The Company has entered into several lease agreements in respect of the lease motor vehicles. The terms of the agreements are generally between 2 and 4 years.

As at 31 December 2009, future minimum lease payments required under these operating leases contracts were as follows.

	Million Baht
Payable within:	
Less than 1 year	10.2
2 years	4.5

23.2 Long-term lease agreements

The Company has entered into four long-term agreements with a director to lease land for commercial purposes for periods of 3 years and 15 years. The Company is to pay rental amounting to Baht 12.5 million in the future.

The Company has entered into long-term agreements with unrelated persons to lease land to be used as the location for factories, for periods of 1.5 years to 12 years. The Company is to pay rental amounting to Baht 6.5 million in the future.

Chonburi Kanyong Company Limited (a subsidiary) entered into a long-term agreement with the Company to lease land to be used as the location for a showroom and office, for a period of 3 years. Chonburi Kanyong Company Limited is to pay rental amounting to Baht 0.3 million in the future.

Chonburi Kanyong Company Limited (a subsidiary) entered into three long-term agreements with

other persons to lease land for use in its operations for a period of 21 years, under which it has future rental payment commitments amounting to Baht 7.6 million.

23.3 Guarantees

- (a) The Company has guaranteed bank credit facilities of its subsidiaries amounting to Baht 927 million.
- (b) As at 31 December 2009, there were outstanding bank guarantees of approximately Baht 138.7 million (Separate financial statements: Baht 126.4 million) issued by banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 128.5 million to guarantee purchases of cement (Separate financial statements: Baht 121.5 million), and Baht 10.2 million to guarantee electricity use, among others (Separate financial statements: Baht 4.9 million).

24. Financial instruments

24.1 Financial risk management

The Company's and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 32 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, other receivables, loans, investments, and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable, lendings and other receivable. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the majority of sales and services of the Company and its subsidiaries are supplied to creditworthy customers. The maximum exposure to credit risk is limited to the carrying amounts of trade accounts receivable, lending, and other receivables as stated in the balance sheet.

Foreign currency risk

The Company and its subsidiaries are not exposed to foreign currency risk because they have no significant financial transactions which are denominated in foreign currencies.

Interest rate risk

The Company's and its subsidiaries' exposure to interest rate risk relates primarily to their cash at banks, lending, bank overdrafts, and borrowings. However, since most of their financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2009 are summarized in the table below classified by type of interest rate, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the reprising date if this occurs before the maturity date.

	Consolidated financial statements						
	Fixed interest rates						
	Within		Over	Floating	Non-interest		
	1 year	1-5 years	5 years	interest rate	bearing	Total	Interest rate
	(Million Baht)						(% p.a.)
Financial assets							
Cash and cash equivalents	-	-	-	10	3	13	0.50 - 0.75
Trade accounts receivable	-	-	-	-	294	294	-
Restricted bank deposits	21	-	-	-	-	21	0.50 - 1.00
	21	-	-	10	297	328	
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	735	-	-	212	-	947	6.00 - 8.00, 15.50, 19.00, MOR - 1 to MOR, MLR
Trade accounts payable	-	-	-	-	644	644	-
Other accounts payable	-	-	-	-	45	45	-
Short-term loans from and interest payable to related persons and parties	152	-	-	-	5	157	8.5
Hire purchase payable and liabilities under finance lease agreements	21	-	-	-	-	21	2.69 - 4.38
Long-term loans	173	35	-	32	-	240	4.36 - 5.07, 15.50, 19.00, MLR - 1, MLR
	1,081	35	-	244	694	2,054	

	Separate financial statements							
	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Interest rate	
	Within		Over					
	1 year	1-5 years	5 years					
								rate
	(Million Baht)							(% p.a.)
Financial assets								
Cash and cash equivalents	-	-	-	2	1	3	0.50 - 0.75	
Trade accounts receivable	-	-	-	-	219	219	-	
Short-term loans to and interest receivable from related parties	-	-	-	198	28	226	8.5	
Restricted bank deposits	2	-	-	-	-	2	0.50 - 1.00	
	2	-	-	200	248	450		
Financial liabilities								
Bank overdrafts and short-term loans from financial institutions	156	-	-	48	-	204	6.50 - 8.00, MOR	
Trade accounts payable	-	-	-	-	499	499	-	
Other accounts payable	-	-	-	-	2	2	-	
Short-term loans from and interest payable to related persons and parties	128	-	-	-	2	130	8.5	
Hire purchase payable and liabilities under finance lease agreements	21	-	-	-	-	21	2.69 - 4.38	
Long-term loans	53	-	-	32	-	85	4.36 - 5.07, 15.50, 19.00, MLR - 1, MLR	
	358	-	-	80	503	941		

24.2 Fair values of financial instruments

Since the majority of the Company's and its subsidiaries' financial instruments (except lending and borrowings) are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the balance sheets.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

25. Capital management

The primary objective of the Company and its subsidiaries' s capital management is to ensure that they has an appropriate financial structure and preserves the ability to continue their business as a going concern.

According to the balance sheet as at 31 December 2009, the Group's debt-to-equity ratio was 9.22:1 (2008: 6.06:1) and the Company's was 2.29:1 (2008: 2.25:1).

26. Approval of financial statements

These financial statements were authorized for issue by the Company's authorized director on 1 March 2010.