



Chonburi Concrete Product  
Public Company Limited



Annual Report 2011



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## Financial Highlights

### Financial Highlights

(Unit : Million Baht)

	2010	2010	2009
Total Assets	2,197.39	2,238.39	2,542.09
Total Liabilities	1,361.21	1,971.94	2,277.05
Authorized share capital	465.00	310.00	310.00
Issued and fully paid	310.00	310.00	310.00
Equity attributable to company's shareholders	282.19	266.45	265.04
	2011	2010	2009
Sales or service income	2,246.23	2,127.98	1,777.34
Total revenue	2,264.99	2,164.69	1,802.29
Cost of sales and services	1,934.92	1,886.15	1,623.23
Selling and administrator expenses	197.83	203.58	197.31
Earning before interest expenses and income tax	132.24	74.87	(19.45)
Net Earning	39.41	8.91	(126.68)
Book value per share (Baht)	0.91	0.86	0.85
Earning per share (Baht)	0.11	0.03	(0.41)

### Key Financial Ratio

		Consolidated		The Company Only	
		2011	2010	2011	2010
Profitability Ratios					
Gross profit margin	(%)	14.57	11.36	11.36	8.86
Net profit margin	(%)	1.74	0.42	0.42	0.28
Return on equity	(%)	13.93	3.35	3.35	0.73
Efficiency Ratios					
Return on assets	(%)	1.79	-0.05	2.15	0.23
Total assets turnover	(times)	1.02	0.89	0.96	0.80
Financial Ratios					
Liquidity assets to total assets	(%)	12.90	15.94	13.92	17.08
Debt to equity ratio	(times)	6.77	8.25	1.90	2.19

## General Information

Name of Listed Company	: Chonburi Concrete Product Public Company Limited ("the Company" )
Types of Business	<p>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.</p> <p>Besides, there are 4 subsidiaries in the related business to support operation of the Company and other subsidiaries as follows:</p> <ul style="list-style-type: none"> <li>- Chonburi Kanyong Co., Ltd. is in modern-trade retail business for distribution of construction materials under the name of "Kanyong Home Store".</li> <li>- Smart Concrete Co., Ltd. is in the business of manufacturing and distribution of light weight concrete block under the name of "Smart Block".</li> <li>- Eastern Transport Co., Ltd. is in the business of leasing of vehicles to the Company and subsidiaries.</li> <li>- Chonpratheap Asset Co., Ltd. is in the business of leasing of assets to the Company and subsidiaries.</li> </ul>
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	: <a href="http://www.ccp.co.th">www.ccp.co.th</a>
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	<p>Thailand Securities Depository Co.,Ltd.</p> <p>: The Stock Exchange of Thailand Building 62 Rajadapisek Road, Klongtoey, Bangkok 10110 Tel 0-2229-2800 Fax 0-2359-1259</p>
Financial Auditor	<p>M.R. &amp; ASSOCIATES CO.,LTD.</p> <p>: 705-706 Chaophya Tower (Shangri-La Hotel) 89 Sou Wat Suan Plu,New Road Bangrak,Bangkok 10500,Thailand <a href="tel:+6626307500">Tel:+66(2)6307500</a> Fax:+66(2)6307506</p>
Internal Auditor	<p>Shiwaphol &amp; associated</p> <p>: 808/60 Moo 10, Soi Nawamin 143, Nawamin Road, Klong Kum, Bung Kum, Bangkok. Tel 0-2948-8631</p>

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 29 manufacturing facilities are located in the Eastern region, Bangkok and Metropolitan Areas with production capacity of 2,569,460 Cubic meters per year that were deliver to customers throughout the country.

The Company is the turn-key manufacturer and distributor of ready-mixed concrete and precast concrete products. 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, Precast wall and paral, Via duct
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 produces special made-to-order concrete products by customer demand. Currently the Company has 29 Ready-mixed Concrete Plant located in Central and Eastern region such as Nong-kang-kok, Angsila, Nong-phaikeaw, Segment, Sriracha, Pattaya, Panthong, Nongkham, Bow-win, Maptaphut, Mabyongporn, Chiangrak, Ladkrabang, ThanamNon, Praramkao, Kiga-Ampur-Bang-Sao-Thong, Rattanathibet, kong-thub-reow and also oversea such as Republic of Maldives. The Company also has 3 Precast Concrete factories in Baan-Buang Distric, Chonburi Province.

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".
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.
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.

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” .

#### The Revenue Structure

Products	Operator	% of share by the Company	Year 2010		Year 2009		Year 2009	
			Million Baht	%	Million Baht	%	Million Baht	%
1. Revenues from concrete products business	The Company	-	1,138.49	50.26	961.45	44.42	821.00	45.58
- Ready-mixed concrete			793.19	35.02	607.00	28.04	547.28	66.8
- Precast concrete			336.30	14.85	342.00	15.80	244.28	29.8
- Other products*			9.00	0.40	12.45	0.57	28.39	3.52
2. Revenues form construction equipment and home decoration equipment business	Chonburi Kanyong Co.,Ltd	99.99 ***	737.47	32.56	865.55	40.00	748.10	41.53
3. Revenues form Light weight concrete block	Smart Concrete Co., Ltd.	95.00****	369.10	16.30	330.00	15.00	215.10	11.94
4. Other revenues**	The Company	-	19.93	0.88	7.14	0.32	16.81	0.93
<b>Total</b>			<b>2,264.99</b>	<b>100</b>	<b>2,164.00</b>	<b>100</b>	<b>1,801.02</b>	<b>100</b>

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.

## Annual Operation's Report

The year 2011 was the year that the company, Chonburi Concrete Product Co., Ltd. and subsidiaries are successfully in improving the situation. There are events that affect the construction business such as the floods in 65 provinces over a period of 7 months even in Bangkok which is the highest cement consumption area in the country. The incident resulted in the second half of the construction industry suffered greatly due to the inability to deliver. There is also a raw material source for the hoard of a flood barrier, which causes a shortage of sand and rocks resulted in the significantly shortage of building materials and the prices move up several times. However, the management is dealing with the cost problems urgently and as one of the largest manufacturer located in Chonburi area makes the company could be able to deliver goods even though there is a shortage of raw materials. This enables the company to show its potential to its partners.

Although raw material cost substantially increase because of shortage at the source or the cost of transportation due to road shut down by the flood, the company can adjust the price accordingly. Although the cost increasing, the company can still boost its profit margin from 11.545% to 14.572% and EBITDA increased from 222 million baht to 285 million baht, which moved up by 28.38% and the performance improvement was the highest record from the last 4 years from the loss of 1.297 million in the year 2010 to be a profit of 39.408 million in 2011. With the company's intention to reduce the debt, this result in total liabilities decrease. The total liability decrease from combine with 2,113 million baht, down to 1,914 million baht or decreased by more than 199 million baht. This make the debt to equity ratio decreased from 8.25 times to 6.76 times. The ratio also tends to decline continuously. Although in the past year is the year that the construction sector got affect but the company's day average AR decrease from 63.37 day to 51.40 day, which reduces the risk of bad debts.

In the near future, because the country experience flood, combine with ASEAN free trade, causes the shortage in labor market and more difficult in evaluation of the working time on the construction site. That changes the pattern of concrete consumption which will shift to be more on precast concrete. The company is planning to changes to adapt with such a change for better returns for shareholders and, the better performance in the year 2012.

## Market and Competition

- Concrete industry

The year 2011 was a year of adjustment in the field of construction products, many product have increase the price continuously according to market conditions cause by the recovery of high demand such as of the condos. However, in the second half of the year, the country faces serious flood problems which cover over 65 provinces and the depth reach four meters dept in some area, even in metropolitan areas. That result in the slow down construction sector and construction material product. The construction materials prices have increased due to growing demand from the raw material such as sand and stone dust, which can be used as a temporary dam. At the end of the year, the management needs to be adapted with the situation in order to maintain performance while avoid raising the price to consumers who are already suffered with the flood problem. However, since the company always be prepared, the results are satisfying.

In addition, even flooding create a negative impact, but It also boost the positive image of business in the east. This resulted in a continuous relocation to the eastern region. The event start from the 4th quarter of 2011 and trend is still higher. In 2011, since in daily minimum wage of 300 baht policy had been declared in the year 2012, the labor market volatile since. Moreover, the prices of agricultural commodities have been rising continuously cause the labour to move from construction sector to agricultural sector. Thus, it resulted in the shortage of labor in the construction sector. The shortage of labour create a change of business model by making the customer who use the cement bag, to turned to ready-mixed concrete, and from ready-mixed concrete to precast concrete, we believed that such the change will still continue. The company is required to modify the form of goods and investment style to meet with the future.

- Decorative building materials and home repair industry

In 2011, the competitive in building materials is still high. Although the late 2011, East area gain benefit from the flood but the many plant material brands are also effected caused the shortage of supply in the market. Thus, the sales of several products did not meet the goal and just recover to normal later in the year ago. With an expert in marketing strategy, product knowledge, as was done previously, it will enable us to gain and retain the competitiveness despite a decrease in sales. This year, the company will maintain its strategy and will add more products which the expected profitability will continue to rise.

- Smart block concrete industry

In 2011, there is the greater demand of product according to the labor shortage and higher wages. A smart block concrete is the solution for every project. This is because it could be constructed quickly. With an increase in demand and ability to get into the brick market including the increasing of smart block concrete price, lead to the greater results of the company.



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 The risk of raw material management

The price and the amount of cement in the market is a key factor in the production of the company, so the volatility of the price and a shortage of cement, may have on the cost of production for the company. In order to cope with such risks, the company has entered into agreements with suppliers on prices in the long run (if sales project). In addition, the risk of oil price fluctuations may affect the company. Since oil is the primary cost of shipping. In order to hedge the Company's policy is to compare the cost of shipping all the time and the cost of transporting the oil price changes affect the cost of the company. The increasing of risk which. Related to the business, is the risk of natural disasters that affect the supply of raw materials has been the ongoing; including flood or a drought and the second is the supply of sand, resulted in more fluctuations of the raw material price.

#### 1.3 The risk of default

The company's natural business risk is the risk of the trade credit. The company's average duration of debt collection in 2011 was 50 days, down from 60 days from the last year. In 2011, as an improvement in demand for concrete in the east area of the country, that makes the company has the better power to negotiate. At present, the account receivables decreased from 366 million baht to 263 million baht, representing a drop of 97 million baht in account receivable, while sales grew from 2,107 million baht to 2,230 million baht, or 5.89% up. Thus, the risk of credit default is reduced.

#### 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 2011, the Company had total short-term loans from financial institutions and related parties 1,361 million baht and net long-term loans 553 million baht, with total liabilities decreased by 119 million overall. This is because the company has continued throughout the payment. The intention is to reduce the overall debt of the company's results of operations back to profitability. The debt to equity ratio of the company decreased to 6.78 times.

## 3. Risk of major shareholding by the Theepakornsukkasame Family

The Company's major shareholder is the Theepakornsukkasame Family, which holds 56.85%. 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, 2011 are as follows:

No.	Major Shareholders	No. of Shares	% of Shareholding
1.	Theepakorn Holding Co., Ltd.	155,000,000	50.00
2.	Mr. Chakrit Theepakornsukkasame	10,222,100	3.297
3.	Mr. Anutin Charnveerakul	8,415,000	2.715
4.	Mr. Pratheep Theepakornsukkasem	6,902,300	2.227
5.	Mr. Rangsee Theepakornsukkasam	4,116,100	1.328
6.	DBS VICKERS SECURITIES(SINGAPORE)PTE LTD	3,395,300	1.269
7.	Thai NVDR Co., Ltd.	3,620,000	1.168
8.	Mr. wiset Uewarn	3,100,000	1.000
9.	Mr. Korawit Suputipong	2,500,000	0.806
10.	Mr. Kreittinun Denpisan	2,486,800	0.802
11.	Mrs. Nipa Pakwisal	2,030,000	0.655
12.	Mrs. Rudee Kankaew	2,000,000	0.645
13.	Mrs.Poranee Jiarawutisarn	1,609,700	0.519
14.	Mrs.Khanjai Yencham	1,560,000	0.503

Source: THAILAND SECURITIES DEPOSITORY COMPANY LIMITED

As of 31 December, 2011, 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. Chakrit Theepakornsukkasame *	10,222,100	3.297
3.	Mr. Pratheep Theepakornsukkasem *	6,902,300	2.227
4.	Mr. Rangsee Theepakornsukkasam *	4,116,100	1,328
<b>Total</b>		<b>176,240,500</b>	<b>56.852</b>

\* 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 Theepakornsukasam	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 2011, the Company was holding Board Meeting at 6 occasions. The directors of the Company consist of 9 persons as follows

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

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 2011, 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
Mr. Surapon Sukamongkol	Chairman of the Audit Committee
Mr. Prasert Phatraprasit	Audit Committee
Mr. Preecha Ratthayanon	Audit Committee
Mr. Anupong Natpisarnwanit	Audit Committee

### 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 Director, 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, 2011, 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	Senior Vice President of Ready – Mixed Concrete Sale
Mr. Samarn Chuajeen	Vice President of Logistic System
Ms. Jeerapaporn senuchai	Accounting Manager
Mr. Sittichai Vinichsorn	Senior Vice President of Production and Quality Control
Mr.Chawinroj Terapachalaphon	Credit and Financial Manager
Mr. Nibondh Jirsuwankul	Ready - Mixed Concrete Product Sale Manager

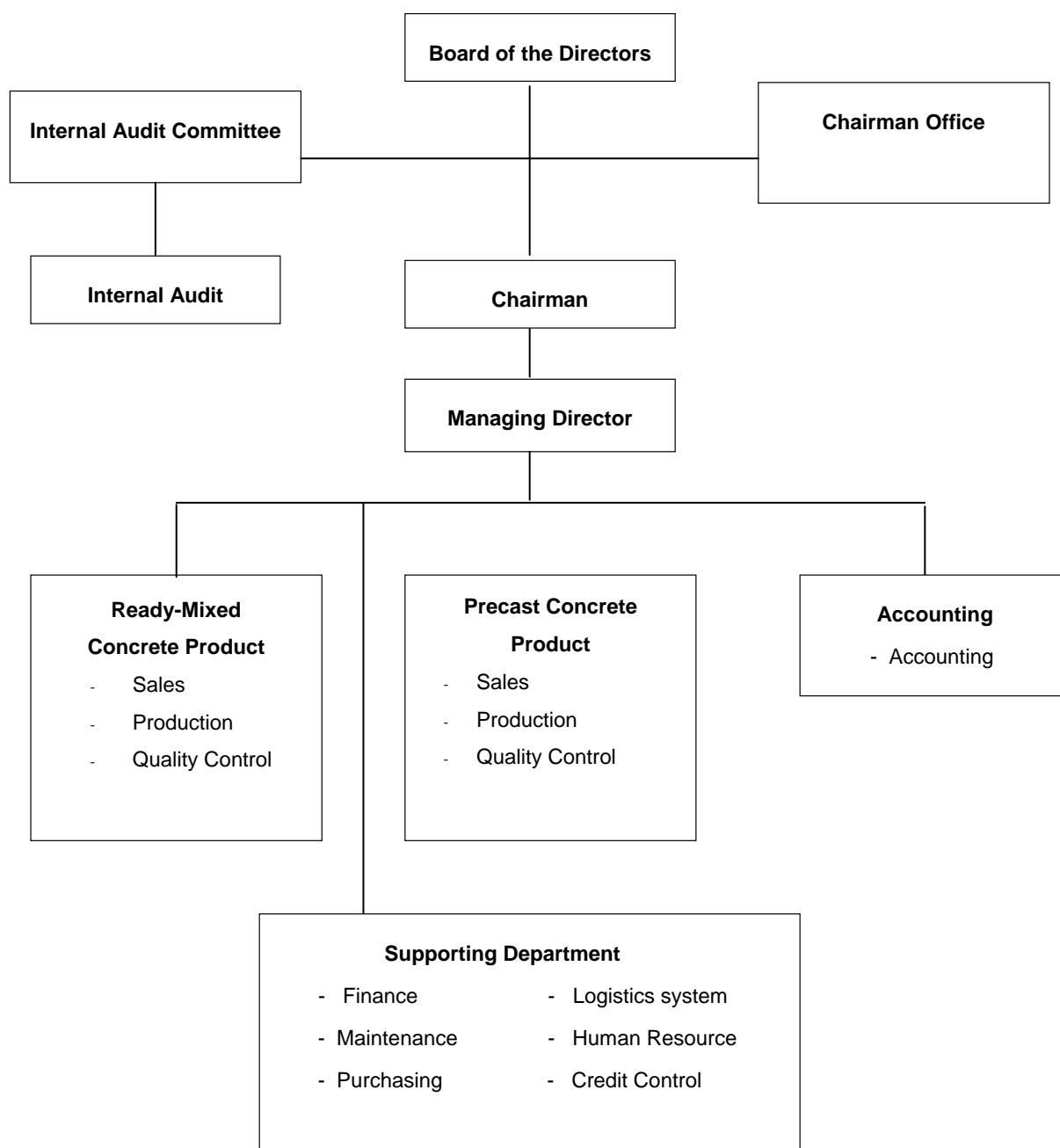
### Authorities and duties of the Managing Director

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.



## The Management's Remuneration

### 1.) Monetary Remuneration

Table of total remuneration to the director in 2011 and estimated in 2012

	Year 2011 (Baht)	Year 2012 (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	30,000	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	40,000	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	40,000	40,000
4. Mr. Preecha Ratthayanon Audit Committee	40,000	40,000
Total	168,000	168,000

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

Table of total remuneration to the management in 2011 and estimated in 2012

	Year 2011 (Baht)	Year 2012 (estimated) (Baht)
<b>10 Directors of the Management:</b> 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. Samarn Chuajeen Vice President of Logistic System 6. Ms. Jurirat Wongsathien Vice President of Accounting 7. Mr.Sittichai Vinichsorn Senior Vice President of Production and Concrete Quality 8. Mr.Chawinroj Terapachalaphon Manager of Credit and Financial 9. Mr. Nibondh Jirsuwankul Manager of Ready - Mixed Concrete Product Sale	14,102,246.36	14,102,246.36

**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 66,000 baht to the 9 Managements for the year 2011. Amounting to 66,000 baht is estimated to offer to the 9 Managements in year 2012 as well.

**Remuneration of the Auditor**

The Company has appointed Mr. Methee Ratanasrimetha and/or Mr. Pisit Chiwaruangroch of the M.R. & ASSOCIATES Company Limited as the Company's Auditor effective from January 2010. 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 2011 of 2,300,000 baht. The Company expects that in 2012 the total auditing expense will be 2,300,000 baht since the company had appointed MR& Associate to be the current auditor.

## Connected transactions

### Connected transactions

The Company's policy of related person transaction is account on fair basis like doing with other parties. In case of not normal business transaction, it must be presented and got approval from the board of directors as well as got an opinion of the audit committee. The related person shall not be involved in approval process.

During the year of 2011, the Company has not had any connected transactions with the person who may incur the conflict of interest. More details of related person transaction see on note to the financial statements

## Connected transactions

### Connected transactions

During the year of 2011, 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 an 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 2010, the Company held the 8 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 2011, 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, M.R. & ASSOCIATES 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](mailto:vathusiri@ccp.co.th)

### Total revenues and Gross profit

In 2010, gross profit of the company improved from 11.545% to 14.572% as a result of the two factors. First, due to economies of scale caused by the growth of sales of the CCP (parent company) and the growing demand of lightweight concrete block. This made the margins increased from the customer 15.60% to 19%. Also, from reallocation of Kanyong Home Store, the gross margin improved from 13.77% to 18.25%. In the event of a rise of raw materials and the company intends to maintain the margin of selling prices and raw material prices, thus, when the raw material prices and sales increased, all fixed costs are lower in comparison.

### Selling and administrative expenses

Selling and administrative expenses were reduced by an overall of the company, down from 202.28 million to 197.83 million due to more effective management. By using modern computer systems into the work, instead of using personnel in many parts and managed to via customer selection make the cost lower.

### Cost of fund

The Company's financial costs increased as a result of recording the carrying cost of land sold of Kanyong Home Store at Pattaya back to the financial cost. The direct costs increase by 12 million from the total of 25 million baht. In addition, the financial costs increase due to the rising of the interest rates, the company has a bank overdraft and, short-term loans from financial institutions increased from 319 million to 359 million baht.

### Net Profit

The growth in revenues of 2,104 million to 2,230 million baht and adjustments to improve the gross margin of 11.545% to 14.572% and the cost of selling and administrative expenses decreased from 202.28 million baht to 197.83 million baht with a reduction of the loss on asset impairment of 131 million baht causes the net profit to improve from the loss of 1.297 million baht to be profit of 39.408 million baht.

### Total assets

Total assets of the company, down from 1,687 million baht to 1,599 million baht as a result of the trade credit had dropped by 103 million baht, from 365 million to 262 million baht. With the tighter management of the inventory, the inventory decreased from 266 million baht to 237 million baht. Moreover, property, plant and equipment is decreased according to the amortization.

### Total liabilities

Total liabilities decreased by 196 million baht from 2,113 million baht to 1,917 million baht due to significantly lower in the current liabilities from 1,533 million baht to 1,361 million baht by declining in the account payable of 687 million baht to 544 million. The company has long-term solvency of financial institutions continued which allows non-current liabilities decreased 27 million baht from 580 million baht to 553 million baht.

### Shareholders' equity

Shareholders' equity increased by 10% from 256 million baht to 282 million baht as a result of the performance improvements of up to 40.705 million baht.

### Liquidity

The company's liquidity improved due to improvement in days average account receivable which is drop from 63.37 day to 51.40 day because of the better execution. However, if you look at the company's liquidity ratio, it is still in the same level as the year 2010 which is 0.44 times.

### Factors that may influence The business in the future

Factors that may influence is the future business the continue expansion of the government project. However, things that changed dramatically are the relocation of the industrial investment from the west side of Bangkok to the east of Bangkok ,this trend will still continue with high expansion rates. In addition, changes in consumer behavior of the county due to natural disasters and lack of labor, this make the consumer increasingly precast concrete.

## Independent Auditor's Report

To the Shareholders and the Board of Directors of Chonburi Concrete Product Public Company Limited

I have audited the accompanying consolidated statements of financial position as at December 31, 2011 and 2010, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the years then ended of Chonburi Concrete Product Public Company Limited and its subsidiaries. I have also audited the statements of financial position as at December 31, 2011 and 2010, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the years then ended of Chonburi Concrete Product Public Company Limited. The accompanying consolidated financial statements for the year ended December 31, 2010, present herein for comparative purpose, have been restated as fully explained by the Company in Note 3 to the financial statements. The Company's management is responsible for the correctness and completeness of the information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits. The financial statements of a subsidiary, Smart Concrete Company Limited for the year ended December 31, 2010, as included in the consolidated financial statements, were audited by other auditor, whose report has been furnished to me. My opinion on the consolidated financial statements, insofar as it relates to the amounts included for this subsidiary, is based solely on the report of the other auditor. The financial statements of the subsidiary reflect total assets as at December 31, 2010 of approximately Baht 638.7 million, constituting 26.9 percent of consolidated total assets, total revenues for the year then ended of approximately Baht 411.7 million, constituting 18.0 percent of consolidated total revenues, and net profit for the year then ended amounted to approximately Baht 117.9 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 statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, based on my audits and the report of other auditor, the consolidated and the separate's financial statements referred to above present fairly, in all material respects, the financial positions of Chonburi Concrete Product Public Company Limited and its subsidiaries and of Chonburi Concrete Product Public Company Limited as at December 31, 2011 and 2010, the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles.

Without qualifying my opinion, I draw attention to Note 2 to the financial statements, certain conditions indicate the existence of a material uncertainty which may cast substantial doubt about the Company may be unable to continue as a going concern.

As explained by the Company in Note 2 to the financial statements, starting from January 1, 2011, the Company and its subsidiary have adopted the new and revised accounting standards and financial reporting standards, issued by the Federation of Accounting Professions, in the preparation and presentation of the accompanying financial statements.



Mr. Methee Ratanasrimetha)

Certified Public Accountant

Registration No. 3425

M.R. & ASSOCIATES CO., LTD.

Bangkok

February 29, 2012



**CHONBURI CONCRETE PRODUCT PUBLIC COMPANY LIMITED****AND ITS SUBSIDIARIES****STATEMENTS OF FINANCIAL POSITION****AS AT DECEMBER 31, 2011 AND 2010****ASSETS**

		In Thousand Baht			
		Consolidated		Separate	
		financial statements		financial statements	
		2011	2010	2011	2010
	Note		"Restated"		
<b>CURRENT ASSETS</b>					
Cash and cash equivalents		20,609	11,970	12,045	3,593
Trade accounts receivable					
- Related parties	5	26	114	17,811	25,285
- Others - net	6, 15	262,791	365,671	151,201	205,731
Short-term loans to and interest receivable					
from related parties	5	-	-	30,168	218,021
Inventories - net	7	237,281	266,236	89,324	96,209
Other current assets	5	77,082	38,315	65,709	26,710
<b>Total current assets</b>		<b>597,789</b>	<b>682,306</b>	<b>366,258</b>	<b>575,549</b>
<b>NON-CURRENT ASSETS</b>					
Deposits at financial institutions under pledged		8,463	9,174	6,266	6,195
Investments in subsidiaries - net	8	-	-	584,193	391,639
Investments in associate	9	55,870	56,250	-	-
Property for lease - net	12	330,421	338,508	-	-
Property, plant and equipment - net	10	1,182,926	1,257,663	341,742	394,970
Assets not used in operation - net		4,900	4,900	-	-
Other non-current assets					
- Computer software - net	11	10,514	15,082	751	3,443
- Others		6,504	6,165	1,592	1,550
<b>Total non-current assets</b>		<b>1,599,598</b>	<b>1,687,742</b>	<b>934,544</b>	<b>797,797</b>
<b>TOTAL ASSETS</b>		<b>2,197,387</b>	<b>2,370,048</b>	<b>1,300,802</b>	<b>1,373,346</b>

**CHONBURI CONCRETE PRODUCT PUBLIC COMPANY LIMITED**  
**AND ITS SUBSIDIARIES**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2011 AND 2010**

**LIABILITIES AND SHAREHOLDERS' EQUITY**

		In Thousand Baht			
		Consolidated		Separate	
		financial statements		financial statements	
		2011	2010	2011	2010
	Note		"Restated"		
<b>CURRENT LIABILITIES</b>					
Bank overdrafts and short-term loans					
from financial institutions	13, 14	359,438	319,387	138,672	125,831
Trade accounts payable					
- Related parties	5	-	53	8,045	8,715
- Others		544,838	687,028	394,730	493,888
Other payables to related parties	5	2,343	255	2,717	542
Current portion of unearned leasehold					
rights income	18	3,194	3,194	-	-
Current portion of restructured debts	16	18,500	11,750	9,250	6,000
Current portion of finance lease liabilities		-	269	-	269
Current portion of long-term loans from					
financial institutions	17	34,185	37,242	2,185	4,585
Short-term loans from and interest payable to					
related parties	5	315,851	359,676	177,532	164,267
Short-term loans from other party	15	13,780	41,963	13,780	41,963
Accrued expenses and other current liabilities	19	69,084	72,271	42,183	34,445
<b>Total Current Liabilities</b>		<b>1,361,213</b>	<b>1,533,088</b>	<b>789,094</b>	<b>880,505</b>

**CHONBURI CONCRETE PRODUCT PUBLIC COMPANY LIMITED  
AND ITS SUBSIDIARIES  
STATEMENTS OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2011 AND 2010**

**LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)**

		In Thousand Baht			
		Consolidated		Separate	
		financial statements		financial statements	
		2011	2010	2011	2010
	Note		"Restated"		
<b>NON-CURRENT LIABILITIES</b>					
Unearned leasehold rights income - net	18	79,151	82,345	-	-
Restructured debts - net	16	66,636	84,136	33,318	42,068
Long-term loans from financial institutions - net	17	218,792	252,733	17,867	20,052
Long-term loan and interest payable to other party	3	173,500	161,500	-	-
Liability for post-employment benefits	2	15,186	-	12,508	-
<b>Total Non-Current Liabilities</b>		<b>553,265</b>	<b>580,714</b>	<b>63,693</b>	<b>62,120</b>
<b>Total liabilities</b>		<b>1,914,478</b>	<b>2,113,802</b>	<b>852,787</b>	<b>942,625</b>
<b>SHAREHOLDERS' EQUITY</b>					
Share capital					
Authorized share capital	20	465,000	310,000	465,000	310,000
Issued and paid-up share capital		310,000	310,000	310,000	310,000
Share premium	21	274,137	274,137	274,137	274,137
Share discount		(13,570)	(6,858)	-	-
Retained earnings (Deficit)					
Appropriated for legal reserve	22	13,533	13,533	13,533	13,533
Unappropriated (Deficit)	3	(332,214)	(354,842)	(149,655)	(166,949)
<b>Total equity attributable to equity holders of the parent</b>		<b>251,886</b>	<b>235,970</b>	<b>448,015</b>	<b>430,721</b>
Non-controlling interests	3	31,023	20,276	-	-
<b>Total shareholders' equity</b>		<b>282,909</b>	<b>256,246</b>	<b>448,015</b>	<b>430,721</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>2,197,387</b>	<b>2,370,048</b>	<b>1,300,802</b>	<b>1,373,346</b>

**CHONBURI CONCRETE PRODUCT PUBLIC COMPANY LIMITED**  
**AND ITS SUBSIDIARIES**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

		In Thousand Baht			
		Consolidated		Separate	
		financial statements		financial statements	
		2011	2010	2011	2010
	Note		"Restated"		
<b>REVENUES</b>	5				
Revenue from sale of goods		2,230,244	2,107,700	1,252,487	1,099,065
Rental and service income		15,990	20,282	9,599	12,457
Gain on debt restructuring - net	16	-	153,116	-	18,968
Other income	10	18,757	7,149	23,304	24,317
<b>Total Revenues</b>		<u>2,264,991</u>	<u>2,288,247</u>	<u>1,285,390</u>	<u>1,154,807</u>
<b>EXPENSES</b>					
Costs of sales of goods and rendering of services	5	1,934,917	1,888,627	1,139,841	1,037,577
Selling expenses		37,515	38,525	12,868	11,576
Administrative expenses	5	160,310	163,761	72,698	74,676
Impairment loss of asset		-	131,081	-	-
Finance costs	5	92,383	67,427	32,016	27,843
<b>Total Expenses</b>		<u>2,225,125</u>	<u>2,289,421</u>	<u>1,257,423</u>	<u>1,151,672</u>
<b>Profit (Loss) before Share of Profit from</b>					
<b>Investments in Associate and Income Tax Expense</b>		39,866	(1,174)	27,967	3,135
Share of Profit (Loss) from Investments					
in Associate		(380)	(97)	-	-
<b>Profit (Loss) before Income Tax Expense</b>		<u>39,486</u>	<u>(1,271)</u>	<u>27,967</u>	<u>3,135</u>
Income Tax Expense		78	26	-	-
<b>PROFIT (LOSS) FOR THE YEAR</b>		<u>39,408</u>	<u>(1,297)</u>	<u>27,967</u>	<u>3,135</u>
<b>OTHER COMPREHENSIVE INCOME</b>					
<b>FOR THE YEAR</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME</b>					
<b>FOR THE YEAR</b>		<u>39,408</u>	<u>(1,297)</u>	<u>27,967</u>	<u>3,135</u>
Profit (Loss) and Comprehensive Income attributable to:					
Equity holders of the parent		35,291	(12,007)	27,967	3,135
Non-controlling interests		4,117	10,710	-	-
		<u>39,408</u>	<u>(1,297)</u>	<u>27,967</u>	<u>3,135</u>
<b>Basic Earnings (Loss) per Share (Baht)</b>					
<b>attributable to equity holders of the parent</b>		<u>0.114</u>	<u>(0.039)</u>	<u>0.090</u>	<u>0.010</u>
<b>Weighted Average Number of Shares</b>					
<b>(Thousand shares)</b>		<u>310,000</u>	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>

**CHONBURI CONCRETE PRODUCT PUBLIC COMPANY LIMITED**  
**AND ITS SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
		"Restated"		
<b>Cash flows from operating activities</b>				
Profit (loss) for the year	39,408	(1,297)	27,967	3,135
Adjustments for				
Increase (decrease) in allowance for doubtful accounts	10,227	10,498	(171)	10,918
Increase (decrease) in allowance for obsolete and and slow-moving of inventories	3,426	(1,414)	3,248	-
Decrease in allowance for impairment loss on investment	-	-	(12,554)	-
Increase (decrease) in allowance for impairment loss of asset	(11,570)	131,081	-	-
Depreciation and amortization	153,910	172,353	99,302	103,802
Gain on debt restructuring - net	-	(153,116)	-	(18,968)
Loss (gain) on sale and written-off fixed assets	(1,343)	167	(574)	170
Share of loss (profit) from investments in associate	380	97	-	-
Amortization of unearned leasehold rights income	(3,194)	(3,194)	-	-
Loss on written-off withholding tax deducted at source	682	-	-	-
Unrealized loss (gain) on exchange rate	(211)	3	(211)	-
Expenses for post-employment benefits	2,441	-	1,835	-
Interest income	(888)	(501)	(3,372)	(15,835)
Interest expense	92,383	67,427	32,016	27,843
Income tax expense	78	26	-	-
	285,729	222,130	147,486	111,065

**CHONBURI CONCRETE PRODUCT PUBLIC COMPANY LIMITED**  
**AND ITS SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS (Continued)**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
		"Restated"		
<b>Decrease (increase) in operating assets:</b>				
Trade accounts receivable	93,060	(77,698)	62,494	(22,754)
Inventories	25,529	(16,339)	3,637	(6,614)
Other current assets	(39,449)	(3,477)	(38,999)	(4,301)
Deposits at financial institutions under pledge	711	12,297	(71)	(3,768)
Other non-current assets	(339)	(1,056)	(42)	(989)
<b>Increase (decrease) in operating liabilities:</b>				
Trade accounts payable	(142,244)	32,240	(99,829)	(7,283)
Other payables to related parties	2,088	(2,762)	2,175	(872)
Accrued expenses and other current liabilities	(3,631)	15,372	7,892	8,401
Cash receipt from operation	221,454	180,707	84,743	72,885
Income tax paid	(78)	(26)	-	-
<b>Net cash provided by operating activities</b>	<b>221,376</b>	<b>180,681</b>	<b>84,743</b>	<b>72,885</b>
<b>Cash flows from investing activities</b>				
Interest received	888	501	9,807	6,422
Decrease in short-term loans to related parties	-	-	1,418	17,252
Additions to investment in subsidiary	-	(7,500)	-	-
Proceeds from sale of fixed assets	1,489	91	576	88
Decrease in Property for lease - net	(45)	-	-	-
Additions to fixed assets	(54,505)	(75,172)	(42,911)	(70,496)
Additions to computer software	(543)	-	(473)	-
<b>Net cash used in investing activities</b>	<b>(52,716)</b>	<b>(82,080)</b>	<b>(31,583)</b>	<b>(46,734)</b>

**CHONBURI CONCRETE PRODUCT PUBLIC COMPANY LIMITED**  
**AND ITS SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS (Continued)**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
		"Restated"		
<b>Cash flows from financing activities</b>				
Interest paid	(75,985)	(67,045)	(32,316)	(29,548)
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	40,051	(28,384)	12,841	(8,398)
Increase (decrease) in short-term loans from related parties	(47,780)	203,338	13,410	72,293
Increase in short-term loans from other party	(28,183)	41,963	(28,183)	41,963
Increase in long-term loans from other party	-	160,000	-	-
Payment of restructured debts	(10,750)	(607,430)	(5,499)	(73,512)
Increase in long-term loan from financial institution	-	230,000	-	-
Payment of long-term loans from financial institutions	(36,998)	(11,060)	(4,585)	(7,563)
Payment of finance lease liabilities	(269)	(20,963)	(269)	(20,963)
<b>Net cash used in financing activities</b>	<b>(159,914)</b>	<b>(99,581)</b>	<b>(44,601)</b>	<b>(25,728)</b>
<b>Effect from Foreign Exchange in Cash and Cash Equivalents</b>	<b>(107)</b>	<b>-</b>	<b>(107)</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>8,639</b>	<b>(980)</b>	<b>8,452</b>	<b>423</b>
Cash and cash equivalents at beginning of year	11,970	12,950	3,593	3,170
<b>Cash and cash equivalents at end of year</b>	<b>20,609</b>	<b>11,970</b>	<b>12,045</b>	<b>3,593</b>

**CHONBURI CONCRETE PRODUCT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

In Thousand Baht (Restated)								
Note	Issued and paid-up share capital	Share premium	Share discount	Retained earnings (Deficit)		Total equity attributable to equity holders of the parent	Non- controlling interests	Total shareholders' equity
				Appropriated for legal reserve	Unappropriated (Deficit)			
<b>Balance at January 1, 2010</b>	310,000	274,137	-	13,533	(342,835)	254,835	10,208	265,043
Addition investment in subsidiary by purchasing shares from non-controlling interest	2	-	-	-	-	-	(7,500)	(7,500)
Dilution in non-controlling interest	2	-	-	(6,858)	-	(6,858)	6,858	-
Total comprehensive income for the year	-	-	-	-	(12,007)	(12,007)	10,710	(1,297)
<b>Balance as at December 31, 2010</b>								
- As restated	3	310,000	274,137	(6,858)	13,533	(354,842)	235,970	256,246
- Adjustment	2	-	-	-	(12,663)	(12,663)	(82)	(12,745)
- As adjusted		310,000	274,137	(6,858)	13,533	(367,505)	223,307	243,501
Acquisition of non-controlling interests without a change in control		-	-	(6,712)	-	(6,712)	6,712	-
Total comprehensive income for the year		-	-	-	35,291	35,291	4,117	39,408
<b>Balance as at December 31, 2011</b>		<u>310,000</u>	<u>274,137</u>	<u>(13,570)</u>	<u>13,533</u>	<u>(332,214)</u>	<u>31,023</u>	<u>282,909</u>



**CHONBURI CONCRETE PRODUCT PUBLIC COMPANY LIMITED**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

In Thousand Baht					
Note	Issued and paid-up share capital	Share premium	Retained earnings (Deficit)		Total shareholders' equity
			Appropriated for legal reserve	Unappropriated (Deficit)	
<b>Balance at January 1, 2010</b>	310,000	274,137	13,533	(170,084)	427,586
Total comprehensive income for the year	-	-	-	3,135	3,135
<b>Balance as at December 31, 2010</b>					
- As previously reported	310,000	274,137	13,533	(166,949)	430,721
- Adjustment	-	-	-	(10,673)	(10,673)
- As adjusted	310,000	274,137	13,533	(177,622)	420,048
Total comprehensive income for the year	-	-	-	27,967	27,967
<b>Balance as at December 31, 2011</b>	310,000	274,137	13,533	(149,655)	448,015

1. GENERAL

Chonburi Concrete Product Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 39/1 Moo 1 Sukhumvit Road, Tambol Huaykapi, Amphur Muang, Chonburi.

The Company was listed on the Stock Exchange of Thailand on December 16, 2003.

The Company is engaged in manufacturing and distribution of concrete products.

2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The accompanying financial statements are prepared in Thai Baht in the Thai language in conformity with generally accepted accounting principles in Thailand. Accordingly, the accompanying financial statements are intended solely to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in Thailand.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (together referred to as the “Group”). Details of the Company’s subsidiaries are as follows:

Subsidiaries	Type of Business	Country of incorporation	Percentage of Holding (%)	
			2011	2010
Eastern Transportation Co., Ltd.	Transport vehicle rental	Thailand	99.79	99.79
Chonpratheep Property Co., Ltd.	Property leasing	Thailand	95.71	95.71
Chonburi Kanyong Company Limited (held by Eastern Transportation Co., Ltd.)	Distribution of construction materials	Thailand	99.78	99.78
Smart Concrete Co., Ltd. (held direct and indirect by Chonpratheep Property Co., Ltd.)	Manufacturing and distribution of autoclaved aerated concrete block	Thailand	94.01	90.92

At the board of directors meeting of Chonpratheep Property Co., Ltd., held on July 23, 2010, the board of directors approved to purchase investments in Smart Concrete Company Limited from the existing shareholder of 1,000,000 shares at Baht 7.5 per share, totaling Baht 7,500,000. Resulting in an increase of the ownership interest of the Company in Smart Concrete Company Limited from 88.19% to 90.92%.

On December 29, 2010, the Company purchased 1 share at Baht 10 per share of Smart Concrete Company Limited from the existing shareholder

At the board of directors meeting of the Company held on January 17, 2011, the board of directors approved to purchase additional share capital in Smart Concrete Co., Ltd. of 18,000,000 shares at Baht 10 per share, totaling Baht 180,000,000. Resulting in an increase of direct and indirect ownership interest of the Company in Smart Concrete Co., Ltd. from 90.92% to 94.01%.

Significant intra-group transactions between the Company and its subsidiaries are eliminated on consolidation.

Except as disclosed in the accounting policies, the accompanying financial statements have been prepared under the historical cost convention.

For convenience of the readers, an English translation of the financial statements has been prepared from the Thai language statutory financial statements that are issued for domestic financial reporting purposes.

In 2010 and 2011, the Federation of Accounting Professions (FAP) has issued the following new and revised Thai Accounting Standards (TAS), Thai Financial Reporting Standards (TFRS) and Thai Financial Reporting Interpretation (TFRI) relevant to the Company's operation that have been effective as follows:

Effective for year beginning on or after January 1, 2011.

TAS 1 (Revised 2009)	Presentation of Financial Statements
TAS 2 (Revised 2009)	Inventories
TAS 7 (Revised 2009)	Statement of Cash Flows
TAS 8 (Revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2009)	Events after the Reporting Period
TAS 16 (Revised 2009)	Property, Plant and Equipment
TAS 17 (Revised 2009)	Leases
TAS 18 (Revised 2009)	Revenue

TAS 19	Employee Benefits
TAS 23 (Revised 2009)	Borrowing Costs
TAS 24 (Revised 2009)	Related Party Disclosures
TAS 27 (Revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (Revised 2009)	Investments in Associates
TAS 33 (Revised 2009)	Earnings per Share
TAS 34 (Revised 2009)	Interim Financial Reporting
TAS 36 (Revised 2009)	Impairment of Assets
TAS 37 (Revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2009)	Intangible Assets
TAS 40 (Revised 2009)	Investment Property

Effective for the period beginning on or after January 1, 2013

TAS 12	Income tax
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rates

Starting from January 1, 2011, the Group has adopted the new and revised accounting standards and financial reporting standards, issued by the Federation of Accounting Professions, in the preparation and presentation of the accompanying financial statements which include TAS 1 (revised 2009) "Presentation of Financial Statements", TAS 16 "Property, Plant and Equipment, TAS 19 "Employee Benefits", TAS 27 (revised 2009) "Consolidated and Separate Financial Statements" and TAS 40 (revised 2009) "Investment Property". The effects of adoption of the aforementioned revised and new TAS are as follows:

**a) TAS 1 (revised 2009) "Presentation of Financial Statements"**

Under this revised accounting standard, a set of financial statements consists of:

- Statement of financial position;
- Statement of comprehensive income;
- Statement of changes in shareholders' equity;
- Statement of cash flows; and
- Notes to the financial statements.

The Group presents all owner changes in shareholders' equity in the statement of changes in shareholders' equity and all non-owner changes in shareholders' equity in the statement of comprehensive income. Previously, all such

changes were presented in the statement of changes in shareholders' equity.

Comparative information has been re-presented in order to be in conformity with the revised accounting standard. Such changes in comparative information and related accounting policies only impact the presentation of financial statements without effect to the previously reported loss or loss per share.

**b) TAS 16 (revised 2009) "Property, Plant and Equipment"**

Costs of asset dismantlement, removal, and restoration are included as part of asset cost and subject to depreciation. Depreciation is determined separately for each significant part of an item of asset. In determining the depreciable amount, residual value of particular asset is measured at amount estimated receivable currently for the asset if the asset is already of the age and in the condition expected at the end of its useful life. Residual value and useful life of the asset are reviewed at year-end. The changes have been applied prospectively in accordance with the transitional provisions of such TAS, except that consideration of costs of asset dismantlement, removal, and restoration have been applied retrospectively.

**c) TAS 19 "Employee Benefits"**

Under this new accounting standard, the Group's obligation in respect of post-employment benefits, which are compensations under Labor Protection Acts, is recognized as liability and expense in the financial statements based on the amount calculated annually, using the projected unit credit method by a qualified actuary. Previously, this obligation was recognized upon payments. Expenses from the estimated liability for post-employment benefits are recognized in the statement of comprehensive income and comprise of current service cost, interest cost, past service cost, and actuarial gains and losses. This employee benefit plan is unfunded and has no any incurred plan asset.

Such liability for post-employment benefits, as at January 1, 2011 for consolidated and separate financial statements amounted to approximately Baht 12.7 million and Baht 10.7 million, respectively. The Group has used an option to recognize the entire amount of such liability by adjusting the beginning deficit as at January 1, 2011 which is in accordance with the transitional provisions of this accounting standard.

Movements of liability for post-employment benefits for the year ended December 31, 2011 are as follows:

	In Thousand Baht	
	Consolidated financial statements	Separate financial statements
Liability for post-employment benefits		
- as at January 1, 2011	12,745	10,673
Current service cost	1,899	1,493
Interest cost	573	480
Actuarial gains	(31)	(138)
Expense recognized in statement of comprehensive income	2,441	1,835
Employee benefits paid during the period	-	-
Liability for post-employment benefits		
- as at December 31, 2011	15,186	12,508

Significant assumptions used in calculation of liability for post-employment benefits are as follows:

- Discount rate 4.5% per annum
- Salary increase rates 3% and 5% per year
- Employee turnover rate 4% and 5% per year
- Mortality rates Based on Thai Mortality Table (year 2008)
- Disability rates 15% of Thai Mortality Table (year 2008)

d) TAS 27 (revised 2009) "Consolidated and Separate Financial Statements"

Accounting for acquisitions of non-controlling interests (previously termed "minority interests")

From January 1, 2011, the Group has applied TAS 27 (revised 2009) Consolidated and Separate Financial Statements for all acquisitions of non-controlling interests in subsidiaries. The new policy has been applied prospectively from January 1, 2011 in accordance with the transitional provisions of the revised standard.

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity. When an entity loses control of a subsidiary, any gain or loss is recognized in profit or loss. Any investment retained in the former subsidiary is measured at its fair value at the date when control is lost.

**e) TAS 40 (revised 2009) "Investment Property"**

Under the revised TAS, investment property is defined as property owned to earn rentals; capital appreciation; or both. The Group has selected the cost model for accounting for its investment properties under the revised TAS and disclosed investment properties in the financial statements separately from other property, plant and equipment. The change in accounting policy has been applied to reclassify the comparative financial statements as described in Note 12.

**The Group's operation**

The Company and its subsidiaries had suffered recurring deficit in several years. Financial information are as follows:

	In Million Baht	
	2011	2010
Deficit - as restated (Note 3)	332	355
Excess of current liabilities over current assets	763	851

The above conditions indicate the existence of a material uncertainty which may cast substantial doubt about the Company and its subsidiaries may be unable to continue as a going concern. The Company and subsidiaries had restructured their debt obligations in 2010 and have plans to improve their operations and they believe that they will be able to resolve these problems. From these reasons, the accompanying financial statements have been prepared on a going concern basis.

**3. ADJUSTMENTS**

On November 15, 2010, Chonburi Kanyong Company Limited (Subsidiary) had settled its restructured debt with a local financial institution amounting to Baht 213 million through the sale and transferral of its Pattaya branch's land and structure at a consideration of Baht 160 million and cash for the remaining amount of Baht 53 million. The subsidiary recognized losses from the disposal of the land and structure amounting to Baht 136.7 million net of interest payable forgave by the financial institution amounting to Baht 27.6 million, as "Loss on restructured debts – net" amounting to Baht 109.1 million in the statement of comprehensive income.

On November 15, 2010 (the same date) the subsidiary had entered into a land lease agreement with the first right of refusal with a non-related person. Under the agreement, the subsidiary has a right to purchase the land back at the price of Baht 160 million plus carrying cost of Baht 1 million per month from the date the subsidiary transferred the title deed to the date of buy back. Fee and duty on the buy back transaction will be absorbed by the subsidiary. During the period of the agreement, the subsidiary is committed to pay a rental fee as follows:

No rental fee for the first year, Baht 1 million each for the second and third years.

The subsidiary has restated its financial statements for the year ended December 31, 2010 in accordance with the instruction letter No. 17/2555, dated February 21, 2012, of the Securities and Exchange Commission (SEC) stating its opinion that the economic substance of the sale and transferral of land and structure of Pattaya branch of the subsidiary at the total consideration of Baht 160 million and lease them back with the first refusal right at Baht 160 million within 3 years plus carrying cost of Baht 1 million from the date of transferral of title deed to the date of buy back was a lending transaction with the pledge of property, not a sale transaction. This is because the subsidiary has the first right of refusal to buy back the property at the price equal to its selling price plus the carrying cost at Baht 1 million (equivalent to interest imputed at 7.5% Per annum) compute from the transferral date to the buy back date, therefore, the subsidiary has not transferred the significant risk and rewards of ownership to purchaser.

As a result of the above restatement as instructed by the SEC, the subsidiary has reviewed assets impairment of the Pattaya branch (land and structure) and recorded an allowance for impairment loss of the assets amounting to approximately Baht 131.1 million because net realizable value of the assets was lower than its book value.



The effects of the restatement of the 2010 consolidated financial statements are as follows:

	2010 (In Thousand Baht)		
	Before restated	Adjustment	As restated
<b>Asset</b>			
Property, plant and equipment – net (See Note 31)	1,106,374	151,288	1,257,662
<b>Liability</b>			
Long-term loan from and interest payable to third party	-	161,500	161,500
<b>Deficit</b>	(344,624)	(10,218)	(354,842)
<b>Non-controlling interests</b>	20,270	6	20,276
<b>Revenues and expenses</b>			
Gain on debt restructuring	29,566	123,550	153,116
Administration expenses (including depreciation of adjusted assets)	162,580	1,181	163,761
Finance cost (including carrying cost)	65,927	1,500	67,427
Impairment loss	-	131,081	131,081
<b>Loss per share (Baht)</b>	(0.006)		(0.039)

#### 4. SIGNIFICANT ACCOUNTING POLICIES

##### Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”).

Significant intra-group transactions between the Company and its subsidiaries are eliminated on consolidation.

## Subsidiaries

Subsidiaries are the companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

### 2..1.1.1

#### 2..1.1.2 Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments.

Cash at banks which have restrictions in use are presented separately as “Deposits at financial institutions under pledged” under non-current assets in the balance sheet.

### 2..1.1.3

#### 2..1.1.4 Trade Accounts Receivable and Allowance for Doubtful Accounts

Trade accounts receivable is stated at their invoice value less allowance for doubtful accounts.

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

## Inventories

Inventories are stated at the lower of cost (after deduction of allowance for obsolete and slow-moving of inventories) and net realizable value.

The Group values their inventories at the following cost:

Merchandises, raw materials and spare parts and factory supplies	- at average cost
--	-------------------

Finished goods and semi-finished goods	- at standard cost (which approximates actual average cost)
--	---

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

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

An allowance is made for all deteriorated, damaged, obsolete and slow-moving inventories.

#### 2..1.1.5

#### 2..1.1.6 Investment in subsidiaries

Investments in subsidiary in the separate financial statements are stated at cost net of impairment losses (if any).

Dividend income is recognized when it was declared.

### Property, Plant and Equipment

#### Owned assets

Land is stated at cost less impairment losses. Plant and equipment are stated at cost less accumulated depreciation and impairment losses.

#### Leased assets

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

#### Depreciation

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

	years
Land improvements	20
Building and buildings improvements	3, 5, 6, 7, 10, 20 and 30
Machinery and equipment	3, 5, 7, 10, and 20
Furniture, fixtures and office equipment	3, 5 and 10
Vehicle	3, 5 and 7

No depreciation is provided on land or assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

#### **Computer software**

Computer software is stated at cost less accumulated amortization and impairment losses.

#### **Amortization**

Amortization is charged to the statement of comprehensive income on a straight line basis over the estimated useful life of 3-10 years.

#### **Impairment of Assets**

The carrying amounts of the Group's assets are reviewed at each report date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts (the higher of an asset's net selling price or value in use) are estimated. The review is made for individual assets or for the cash-generating unit.

In case that the carrying value of an asset exceeds its recoverable amount, the Group recognizes the impairment losses by reducing the carrying value of the asset to be at its recoverable amount and recording the devaluation in the statement of comprehensive income. The reversal of impairment losses recognized in prior years is recorded as part of other income when there is an indication that the impairment losses recognized for the assets no longer exist or are decreased.

#### **Unearned leasehold rights income**

This represents land leasehold rights income received in advance from customer under rental agreement. It recognizes as income over the terms of lease agreement of 30 years

## Provisions

A provision is recognized in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability.

### 2..1.1.7

### 2..1.1.8 Revenue Recognition

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

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

Service income is recognized as services are provided.

Rental income under operating leases is recognized in the statement of comprehensive income on a straight line basis over the term of the lease.

Interest and other income are recognized on an accrual basis.

## Expenses

### Operating leases

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

### Finance costs

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

#### **Use of Estimates**

In order to prepare financial statements in conformity with generally accepted accounting standards in Thailand, management needs to make estimates and set assumptions that affect income, expenditure, assets and liabilities in order to disclose information on the valuation of assets, liabilities and contingent liabilities. Actual outcomes may, therefore, differ from the estimates used.

The estimates and underlying assumptions used in the preparation of these financial statements are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### **Foreign Currency Transactions**

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

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

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

#### **Derivative financial instruments**

Derivative financial instruments are used to manage exposure to foreign exchange and interest rate risks arising from operational and financing activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments. Derivative financial instruments are recognized initially at fair value. Subsequent to initial recognition, they are

remeasured at fair value. The gain or loss on remeasurement to fair value is recognized immediately in the statement of comprehensive income.

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price at the report date for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

#### **Income Tax**

The provision for income tax of the Group is based on the amount currently payable according to the Revenue Code.

#### **Basic Earnings (Loss) per Share**

Basic earnings (loss) per share is determined by dividing the profit (loss) for the year by the weighted average number of ordinary shares outstanding during the years (310,000,000 shares in 2011 and 2010).

### **5. RELATED PARTY TRANSACTIONS AND BALANCES**

Related parties are those parties controlled by the Company or have power control over the Company, directly or indirectly, or have significant influence over the financial or operating policies of the Company.

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

Type of Transactions	Pricing Policies
Revenue from sale of goods	Market price or referenced to market price
Rental and service income	Market price
Interest income	At MLR
Other income	Negotiated agreement
Purchase of goods	Referenced to market price
Rental expense	Negotiated agreement
Consulting fee	Negotiated agreement
Interest expense	At MLR or referenced to lenders' cost of fund
Other expenses	Referenced to commercial bank rate / market price
Remuneration of key management	Agreed prices



Significant transactions for the years ended December 31, 2011 and 2010 with related parties were as follows:

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
<b>Subsidiaries</b>				
Revenue from sale of goods	-	-	103,104	133,257
Interest income	-	-	3,209	15,388
Other income	-	-	5,164	5,948
Purchase of goods	-	-	42,182	31,825
Rental expense	-	-	5,921	5,601
Interest expense	-	-	51	1,351
Other expenses	-	-	1,400	1,483
<b>Associate and related parties</b>				
Revenue from sale of goods	267	563	-	-
Rental and service income	129	120	-	-
Rental expense	1,768	1,768	1,768	1,768
Consulting fee	2,130	1,400	1,050	1,400
Interest expense	23,363	13,940	11,661	7,047
Other expenses	404	258	236	251
Remuneration of key management				
- Short-term employee benefits	31,166	31,494	16,200	16,573
- Past-employment benefits	309	-	124	-
Total	31,475	31,494	16,324	16,573

Balances as at December 31, 2011 and 2010 with related parties were as follows:

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
<b>Trade accounts receivable</b>				
Subsidiaries				
Chonburi Kanyong Company Limited	-	-	13,136	20,883
Smart Concrete Co., Ltd.	-	-	4,403	4,287
Eastern Transportation Co., Ltd.	-	-	267	107
Chonpratheap Property Co., Ltd.	-	-	5	8
	-	-	17,811	25,285
Associate				
Chonburi Inter Co., Ltd.	17	84	-	-
Director	9	30	-	-
<b>Total</b>	<b>26</b>	<b>114</b>	<b>17,811</b>	<b>25,285</b>

The trade accounts receivable are aged as follows:

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Current	48	84	14,711	23,511
Overdue:				
- Not over 3 months	8	30	2,988	1,767
- Over 3 months to 6 months	-	-	107	-
- Over 6 months to 12 months	-	-	5	7
Total	56	114	17,811	25,285

**Short-term loans to and interest  
receivable from related parties**

Subsidiaries

Short-term loans

Chonpratheep Property Co., Ltd.	-	-	27,300	28,718
Smart Concrete Co., Ltd.	-	-	-	151,850
	-	-	27,300	180,568

Interest receivables

Chonpratheep Property Co., Ltd.	-	-	2,868	945
Smart Concrete Co., Ltd.	-	-	-	36,508
	-	-	2,868	37,453
Total	-	-	30,168	218,021

**Trade accounts payable**

Subsidiaries

Chonburi Kanyong Company Limited	-	-	7,288	8,187
Smart Concrete Co., Ltd.	-	-	757	528
	-	-	8,045	8,715

Associate

Chonburi Inter Co., Ltd.	-	53	-	-
Total	-	53	8,045	8,715

## Other payables

### Subsidiaries

Eastern Transportation Co., Ltd.	-	-	915	366
Chonpratheap Property Co., Ltd.	-	-	80	85
Chonburi Kanyong Company Limited	-	-	-	78
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	995	529

### Associate

Chonburi Inter Co., Ltd.	137	15	76	13
Theepakorn Holding Co., Ltd. *	1,341	-	1,341	-
Directors	865	240	305	-
	<hr/>	<hr/>	<hr/>	<hr/>
	2,343	255	1,722	13
	<hr/>	<hr/>	<hr/>	<hr/>
Total	2,343	255	2,717	542
	<hr/>	<hr/>	<hr/>	<hr/>



	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Short-term loans from and interest payable to related parties				
Short-term loans				
Subsidiaries				
Chonburi Kanyong Company Limited	-	-	-	-
Associate				
Chonburi Inter Co., Ltd.	36,400	36,400	4,000	4,000
Related parties				
Theepakorn Holding Co., Ltd. *	53,844	53,844	53,844	53,844
Directors	217,521	265,301	118,680	105,270
	<u>307,765</u>	<u>355,545</u>	<u>176,524</u>	<u>163,114</u>
Interest payables				
Subsidiaries				
Chonburi Kanyong Company Limited	-	-	-	53
Eastern Transportation Co., Ltd.	-	-	-	3
Associate				
Chonburi Inter Co., Ltd.	2,105	326	18	27
Related parties				
Theepakorn Holding Co., Ltd.	137	324	137	324
Directors	5,844	3,481	853	746
	<u>8,086</u>	<u>4,131</u>	<u>1,008</u>	<u>1,153</u>
Total	<u>315,851</u>	<u>359,676</u>	<u>177,532</u>	<u>164,267</u>

\*Relationships : Co-shareholders and directors

Movements during the years ended December 31, 2011 and 2010 of short-term loans to and short-term loans from related parties were as follows:

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
<b>Short-term loans to</b>				
Balance as at January 1	-	-	180,568	197,820
Increase	-	-	-	120
Decrease	-	-	(153,268)	(17,372)
Balance as at December 31	-	-	27,300	180,568
<b>Short-term loans from</b>				
Balance as at January 1	355,545	152,207	163,114	90,821
Increase	122,885	431,684	78,495	300,334
Decrease	(170,665)	(228,346)	(65,085)	(228,041)
Balance as at December 31	307,765	355,545	176,524	163,114

#### Guarantee

The Group paid no guarantee fee to certain directors and a related party for their guarantees as described in Note 16.

#### Significant agreements with related parties

The Company entered into five long-term agreements with a director to lease land for commercial purposes for periods of 3 years and 15 years. The Company is committed to pay a yearly rental approximately Baht 1.7 million.

## 6. TRADE ACCOUNTS RECEIVABLE - OTHERS - NET

As at December 31, 2011 and 2010, the Group had outstanding balance of trade accounts receivable - others, aged as follows:

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Current	204,848	260,904	132,496	165,312
Overdue:				
- Not over 3 months	46,282	86,325	17,233	32,025
- Over 3 months to 6 months	2,129	12,080	1,356	6,013
- Over 6 months to 12 months	9,977	6,030	116	2,748
- Over 12 months	126,925	117,874	69,364	69,219
Total	390,161	483,213	220,565	275,317
Less allowance for doubtful accounts	(127,370)	(117,542)	(69,364)	(69,586)
Net	262,791	365,671	151,201	205,731

## 7. INVENTORIES - NET

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Merchandises and finished goods	180,221	215,395	45,452	47,528
Semi-finished goods	6,893	3,235	3,378	3,106
Raw materials	42,190	38,866	33,991	35,406
Spare parts and supplies	17,661	17,845	16,128	16,546
Inventories in transit	2,847	-	-	-
Total	249,812	275,341	98,949	102,586
Less allowance for obsolete and slow-moving of inventories	(12,531)	(9,105)	(9,625)	(6,377)
Net	237,281	266,236	89,324	96,209



## 8. INVESTMENTS IN SUBSIDIARIES - NET

As at December 31, 2011 and 2010, the details of investments in the separate financial statements were as follows:

	In Thousand Baht		(%)		In Thousand Baht			
	Paid-up capital		Ownership interest		Cost method		Dividend income	
	2011	2010	2011	2010	2011	2010	2011	2010
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	-	-
Smart Concrete Co., Ltd.	530,000	350,000	33.96	-	180,000	-	-	-
Total					614,790	434,790	-	-
Less allowance for decline in investments					(30,597)	(43,151)	-	-
Net					584,193	391,639	-	-

## 9. INVESTMENTS IN ASSOCIATE

As at December 31, 2011 and 2010, the details of investments in the consolidated financial statements were as follows:

	In Thousand Baht		(%)		In Thousand Baht					
	Paid-up capital		Ownership interest		Cost method		Equity method		Dividend income	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Chonburi Inter Co., Ltd.										
(Hotel business)	431,974	431,974	45.50	45.50	55,704	55,704	55,870	56,250	-	-

# 10. PROPERTY, PLANT AND EQUIPMENT – NET

Consolidated financial statements (In Thousand Baht) (Restated)

	Land and land improvements	Building and building improvements	Machinery and equipment	Furniture, fixtures and office equipment	Vehicle	Construction in progress	Total
Cost							
Balance as at January 1, 2010	188,358	1,012,982	1,055,841	98,418	456,159	9,505	2,821,263
Additions	-	9,664	15,838	2,941	22,234	24,495	75,172
Transfers - net	-	14,520	(22,205)	29	10,565	(2,909)	-
Disposals and written-off	-	-	(41)	(11)	(737)	(238)	(1,027)
Balance as at December 31, 2010	188,358	1,037,166	1,049,433	101,377	488,221	30,853	2,895,408
Additions	15,000	4,090	16,649	2,000	27,827	7,263	72,829
Transfers - net	-	4,812	15,518	183	417	(24,198)	(3,268)
Disposals and written-off	-	(25,423)	(13,322)	(188)	(64,794)	-	(103,727)
Balance as at December 31, 2011	203,358	1,020,645	1,068,278	103,372	451,671	13,918	2,861,242

Accumulated depreciation

Balance as at January 1, 2010	2,863	244,197	621,951	87,916	386,219	-	1,343,146
Depreciation charge for the year	570	44,098	65,632	9,543	39,213	-	159,056
Transfers - net	-	1,917	(10,979)	-	9,062	-	-
Disposals and written-off	-	-	(27)	(3)	(738)	-	(768)
Balance as at December 31, 2010	3,433	290,212	676,577	97,456	433,756	-	1,501,434
Depreciation charge for the year	570	33,498	61,606	3,079	41,964	-	140,717
Transfers - net	-	-	-	-	-	-	-
Disposals and written-off	-	(10,422)	(13,321)	(178)	(64,655)	-	(88,576)
Balance as at December 31, 2011	4,003	313,288	724,862	100,357	411,065	-	1,553,575

Consolidated financial statements (In Thousand Baht) (Restated)

	Land and land improvements	Building and building improvements	Machinery and equipment	Furniture, fixtures and office equipment	Vehicle	Construction in progress	Total
Allowance for impairment loss							
Balance as at January 1, 2010	-	-	-	-	-	5,230	5,230
Additions	-	131,081	-	-	-	-	131,081
Balance as at December 31, 2010	-	131,081	-	-	-	5,230	136,311
Decrease	-	(11,570)	-	-	-	-	(11,570)
Balance as at December 31, 2011	-	119,511	-	-	-	5,230	124,741
Net book value							
at December 31, 2010	184,925	615,873	372,856	3,921	54,465	25,623	1,257,663
at December 31, 2011	199,355	587,846	343,416	3,015	40,606	8,688	1,182,926

Separate financial statements (In Thousand Baht)							
		Building and building improvements	Machinery and equipment	Furniture, fixtures and office equipment	Vehicle	Construction in progress	Total
Cost	Land						
Balance as at January 1, 2010	48,804	324,269	628,068	16,293	390,400	4,275	1,412,109
Additions	-	9,010	15,457	357	21,177	24,495	70,496
Transfers - net	-	1,458	1,036	29	386	(2,909)	-
Disposals and written-off	-	-	(41)	(7)	(737)	(238)	(1,023)
Balance as at December 31, 2010	48,804	334,737	644,520	16,672	411,226	25,623	1,481,582
Additions	15,000	3,674	15,557	1,365	25,635	-	61,231
Transfers - net	-	4,812	15,518	183	417	(24,198)	(3,268)
Disposals and written-off	-	(25,423)	(13,322)	(63)	(62,070)	-	(100,878)
Balance as at December 31, 2011	63,804	317,800	662,273	18,157	375,208	1,425	1,438,667

Accumulated depreciation

Balance as at January 1, 2010	-	129,686	517,613	13,722	325,786	-	986,807
Depreciation charge for the year	-	18,736	44,888	682	36,265	-	100,571
Disposals and written-off	-	-	(27)	(1)	(738)	-	(766)
Balance as at December 31, 2010	-	148,422	562,474	14,403	361,313	-	1,086,612
Depreciation charge for the year	-	14,267	40,834	1,149	39,938	-	96,188
Disposals and written-off	-	(10,422)	(13,321)	(63)	(62,069)	-	(85,875)
Balance as at December 31, 2011	-	152,267	589,987	15,489	339,182	-	1,096,925

Net book value

at December 31, 2010	48,804	186,315	82,046	2,269	49,913	25,623	394,970
at December 31, 2011	63,804	165,533	72,286	2,668	36,026	1,425	341,742

The gross carrying amounts of fully depreciated fixed assets of the Group that are still in use as at December 31, 2011 and 2010 are as follows:

	In Million Baht	
	2011	2010
Consolidated	836	724
Separate	678	619

A subsidiary recorded allowance for impairment loss approximately Baht 5 million on the assets under construction which are located on the land which the subsidiary paid an advance to purchase amounted to Baht 35 million and recorded full provision for impairment of the advance, since the management believe it will not be possible to reach agreement on the transfer of ownership of the land under the agreement in the near future.

As at December 31, 2011, the Group reversed impairment loss amounted to approximately Baht 11.6 million for the assets as described in Note 3 because the impairment decreased.

As at December 31, 2011, the Group's land and structures are mortgage as collateral for the credit facilities granted from certain local financial institutions as described in Note 13.



## 11. COMPUTER SOFTWARE - NET

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Cost				
Balance as at January 1	39,806	39,806	16,911	16,911
Additions	544	-	473	-
Disposals	(40)	-	(40)	-
Balance as at December 31	40,310	39,806	17,344	16,911
Accumulated amortization				
Balance as at January 1	24,724	19,558	13,468	10,237
Amortization charge for the year	5,112	5,166	3,165	3,231
Disposals and written-off	(40)	-	(40)	-
Balance as at December 31	29,796	24,724	16,593	13,468
Net book value				
At December 31	10,514	15,082	751	3,443

## 12. PROPERTY FOR LEASE - NET

Property for lease is land, buildings and improvements of a subsidiary held to earn rents from rental agreement for the periods of 1 - 30 years. The subsidiary received leasehold right income from a lessee amounted to Baht 99 million in advance and annual rental over the term of the leases.

The subsidiary recorded rental income from property for lease in profit or loss for the years ended December 30, 2011 and 2010 each of amounted to Baht 3.2 million

	Consolidated financial statements (In Thousand Baht)		
	Land and land improvements	Building and building improvements	Total
Cost			
Balance as at January 1, 2010	252,346	150,887	403,233
Additions	-	-	-
Balance as at December 31, 2010	252,346	150,887	403,233
Additions	-	45	45
Balance as at December 31, 2011	252,346	150,932	403,278
Accumulated depreciation			
Balance as at January 1, 2010	3,918	52,677	56,595
Depreciation charge for the year	560	7,570	8,130
Balance as at December 31, 2010	4,478	60,247	64,725
Depreciation charge for the year	559	7,573	8,132
Balance as at December 31, 2011	5,037	67,820	72,857
Net book value			
At December 31, 2010	247,868	90,640	338,508
At December 31, 2011	247,309	83,112	330,421

### 13. CREDIT FACILITIES

As at December 31, 2011 and 2010 the Group has agreements with local financial institutions for the following credit facilities:

	In Million Baht	
	2011	2010
Long-term loan	370,000	320,000
Short-term loan	439,510	343,350
Bank overdraft	81,000	76,000
Letter of guarantee and aval	256,430	244,230
Total	1,146,940	983,580

The credit facilities are secured by:

- a) Mortgage of major part of the Group's land and structures as described in Note 10,
- b) Guarantee by directors and a related party,
- c) Mortgage of the land and structures of certain related parties and certain directors, and
- d) Pledge of the subsidiary's machinery and shares of the Company held by a related party.

The above credit facilities contain certain restrictions on maintenance of financial ratios etc.

**14. BANK OVERDRAFTS AND SHORT-TERM LOANS  
FROM FINANCIAL INSTITUTIONS**

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Bank overdrafts	71,068	69,787	33,152	30,081
Short-term loans from financial institutions	288,370	249,600	105,520	95,750
Total	359,438	319,387	138,672	125,831

Short-term loans from financial institutions comprise of promissory notes from various local banks and bear interest at the rates ranging from Minimum Overdraft Rate (MOR) minus 1 to Minimum Loan Rate (MLR) per annum in 2011 and 2010.

Above bank overdrafts and short-term loans from financial institutions are secured by assets as described in Note 13.

**15. SHORT-TERM LOANS FROM THIRD PARTY**

Short-term loans from third party are loans from a local company under the credit facility agreement of Baht 75 million relating to the receipt and the transfer of right to receive money. This short-term loans bear interest at the rate 9.5% per annum and are guarantee by a director.

Under the agreement, the Company has to transfer the right to receive money from an account receivable to the lender as collateral and must comply with certain conditions specified in the agreement.

## 16. RESTRUCTURED DEBTS

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Principal	67,800	78,550	33,900	39,400
Accrued interest	17,336	17,336	8,668	8,668
Total	85,136	95,886	42,568	48,068
Less Current portion	(18,500)	(11,750)	(9,250)	(6,000)
Net	66,636	84,136	33,318	42,068

During the year 2010, the Company and Chonburi Kanyong Company Limited entered into the “Debt Restructuring Agreement” and “Compromise Agreement” with two local financial institutions and Smart Concrete Company Limited entered into the “Fourth Amendment of Restructuring Agreement” with another financial institution (hereinafter called “lender”) covering loans and the related accrued interest. The restructured conditions are as follows:

The Company

- a) The Company has to pay discounted principal debts of Baht 64.0 million and interest at the rate of Minimum Loan Rate (MLR) calculated on outstanding debts of Baht 81.3 million within September 30, 2010 or pay discounted principal debts of Baht 72.0 million and interest at the rate of MLR calculated on outstanding debts of Baht 81.3 million within December 30, 2010.

On November 15, 2010, the Company repaid loan under the debt restructuring agreement amounted to Baht 71.0 million. The lender had waived for payment of principal debts and accrued interest expense amounted to Baht 19.0 million which was recorded as part of “Gain on debt restructuring - net” in the statement of comprehensive income.

- b) The principal debts of Baht 41.9 million will be repaid in sixty (60) monthly installments at varying amounts as specified in the agreement, ending January 2015 with interest at the rate of MLR commencing from February 2010. The accrual interest outstanding after discounted amounting to Baht 3.7 million shall be repaid with the last principal payment in January 2015.

#### Subsidiary - Chonburi Kanyong Company Limited

- a) The subsidiary has to pay discounted principal debts of Baht 213.0 million and interest of such principal debts at the rate of MLR within December 30, 2010.

On November 15, 2010, the subsidiary repaid loan under the debt restructuring agreement amounting to Baht 213.0 million by sales of land and structures of Pattaya branch at Baht 160 million (Note 3) and cash payment of Baht 53 million for the remaining amount. The lender had waived for payment of accrued interest expense amounted to Baht 27.6 million which was presented as part of "Gain on debt restructuring - net" in the statement of comprehensive income.

- b) The principal debts of Baht 41.9 million will be repaid in sixty (60) monthly installments at varying amounts as specified in the agreement, ending January 2015 with interest at the rate of MLR commencing from February 2010. The accrual interest outstanding after discounted amounting to Baht 3.8 million shall be repaid with the last principal payment in January 2015.

#### Subsidiary - Smart Concrete Company Limited

- a) The principal debts of Baht 282.68 million will be repaid in four (4) installments at varying amounts as specified in the agreement ended September 30, 2010.

On December 29, 2010, the subsidiary has refinanced the restructured debts amounted to Baht 213.0 million from another local financial institution (as described in Note 17). The lender had waived for payment of principal debts and accrued interest expense amounted to Baht 106.5 million which was recorded as part of "Gain on debt restructuring - net" in the statement of comprehensive income.

The above restructured debts are secured by:

- a) Mortgage of the land and structures of a related party,
- b) Pledge of shares of the Company held by a related party, and
- c) Guarantee by certain directors.

The above restructured debts contain certain restrictions on mergers, disposal of assets etc.

## 17. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS

As at December 31, 2011 and 2010, the periods to maturity of the long-term loans from financial institutions were as follows:

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Within one year	34,185	37,242	2,185	4,585
After one year but				
- within five years	163,557	163,707	10,429	9,724
- over five years	55,235	89,026	7,438	10,328
	218,792	252,733	17,867	20,052
Total	252,977	289,975	20,052	24,637

Details of long-term loans are as follows:

In	In Thousand Baht						Periods of repayment	
Million	Consolidated				Separate			
	Percenta	Monthly repayment	financial statements		financial statements		From	To
Baht	ge		2011	2010	2011	2010		
Credit line	Interest rate							
60	MLR	550	31,164	35,338	-	-	Decembe r 2002	December 2017
230	MLR+0.5	3,528 (Include interest)	201,761	230,000	-	-	January 2011	December 2018
28	MLR	400	-	2,400	-	2,400	October 2005	August 2011
30	MLR	As stipulate in agreement	20,052	22,237	20,052	22,237	October 2007	October 2018
Total long-term loans			252,977	289,975	20,052	24,637		
Less current portion			(34,185)	(37,242)	(2,185)	(4,585)		
Net			218,792	252,733	17,867	20,052		

In December 2010, a subsidiary has entered into a long-term loan agreement with a local financial institution to repay restructured debts as described in Note 16.

The above loans are secured by assets as described in Note 13.



## 18. 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 will receive rental income totalling 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 settle of a long-term loan of the Company.

## 19. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Deposits received in advance	24,966	26,567	17,029	15,721
Other accounts payable	12,155	22,863	7,630	5,483
Accrued expenses	8,030	7,667	3,261	594
Accrued interest expense	1,322	880	380	535
Others	22,611	14,294	13,883	12,112
Total	69,084	72,271	42,183	34,445

## 20. SHARE CAPITAL AND WARRANTS

At the extra-ordinary meeting of the shareholders of the Company, held on September 16, 2011, had resolved the following :

- a) Approved issuance and allocation of warrants to purchase Ordinary share of the Company No.1 (CCP-W1), specify warrant holders and transferable, 155 million units to the existing shareholders who subscribe for the rights offering at an offering ratio of 2 existing ordinary shares per 1 unit of the warrant for free. 1 unit of CCP-W1 has the right to purchase 1 ordinary share of the Company at the exercise price of Baht 1 per share. The paid-up cash will be use as working capital cash inflow for its business. The term of warrants is 3 years from the warrant issuance date (September 30, 2011) to September 29, 2014. The warrant holders can exercise right after 1 year from issuing date (December 28, 2012) on the last working day of each quarter totally 8 times through the maturity date,

- b) Approved the increase of the Company's registered capital amount 155 million shares at par value Baht 1 per share and allocation the increasing shares to reserve for the exercising rights of CCP-W1, and
- c) Approved the amendment of Memorandum of Association regarding the increase of the Company's registered capital.

The Company had changed of authorized share capital of the Company from Baht 310 million to Baht 465 million (divided into 465 million ordinary shares at par value Baht 1 per share) with the Department of Business Development, Ministry of Commerce on September 28, 2011.

## 21. SHARE PREMIUM

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

## 22. LEGAL RESERVE

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

## 23. INCOME TAX REDUCTION

On October 11, 2011, the Ministry of Finance declared the resolution passed in the Cabinet's meeting for tax measure relating to the reduction of corporate income tax rates. Regarding such resolution, the Company, as a company listed in the Stock Exchange of Thailand (SET), and its subsidiaries, as the limited companies, are allowed to use income tax rate of 23% for calculation of corporate income tax on the profit for the 2012 accounting period ending on or after December 31, 2012 and 20% on calculation of corporate income tax on the profit for the accounting period starting on or after January 1, 2013.

## 24. EXPENSES BY NATURE

Significant expenses by nature are as follows:

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Changes in finished goods and semi-finished goods	31,516	(6,486)	1,804	3,304
Raw materials, spare parts and factory supplies usage	889,159	718,796	700,374	547,659
Purchase of merchandises	484,395	653,891	-	-
Salary, wages and other employee benefits	203,525	186,117	129,986	115,902
Depreciation and amortization	153,947	172,353	99,339	103,802
Rental expenses	14,863	18,641	21,256	22,704

## 25. SEGMENT INFORMATION

The operations of the Group mainly in Thailand involve several industry segments, namely the production and sales of construction products, real estate rental and transportation services. During the years ended December 31, 2011 and 2010, 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.

## 26. PROVIDENT FUNDS

The Group has established contributory provident funds for their employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at the rate of 2% of their basic salaries and by the Group at the same rate. The provident funds are registered with the Ministry of Finance as juristic entities under the Provident Fund Act B.E. 2530 and are managed by licensed Fund Managers.

## 27. FINANCIAL INSTRUMENTS

### Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange

rates and from non-performance of contractual obligations by counterparties. The Group does not issue derivative financial instruments for trading purposes.

#### Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies.

As at December 31, 2011 and 2010, the Group has no outstanding balance of forward purchase and sale contract. The outstanding unhedge foreign currency assets and liabilities due within one year were as follows:

	In Thousand			
	2011		2010	
	Assets	Liabilities	Assets	Liabilities
US Dollar	148	94	139	329
Euro	5	10	-	-
Rufiyaa	65	1,575	-	-

Management believes that such foreign currency risk is minimal.

#### Credit risk

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

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the report date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

#### Liquidity risk

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

### **Fair values**

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. In determining the fair value of its financial assets and liabilities, the Group takes into account its current circumstances and the costs that would be incurred to exchange or settle the underlying financial instrument.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents, trade accounts receivable and other receivables - the carrying values approximate their fair values due to the relatively short-term maturity of these financial instruments.

Investments in subsidiaries and associate, for which there are no quoted market prices - fair value cannot be properly calculated.

Short-term loans, trade accounts payable and other payables - the carrying amounts of these financial liabilities approximate their fair values due to the relatively short-term maturity of these financial instruments.

Long-term loans mainly bear interest at floating rate, reference to the market rate - the carrying value approximates their fair value.

## **28. CAPITAL MANAGEMENT**

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

As at December 31, 2011 and 2010, the Group's debt-to-equity ratio was 6.8 : 1 and 8.2 : 1 and the Company's was 1.9 : 1 and 2.2 : 1, respectively.

## 29. COMMITMENTS

As at December 31, 2011,

- a) the Group entered into land and vehicle rental agreements for various periods up to January 2027. The Group is committed to pay rental fee under the agreements as follows:

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Within 1 year	2,959	11,576	1,929	13,951
After 1 year but within 5 years	4,073	6,419	1,965	3,681
After 5 years	6,450	7,318	1,689	2,158
Total	13,482	25,313	5,583	19,790

- b) Chonburi Kanyong Company Limited had commitment to purchase land from third party totaling Baht 82.4 million and
- c) Smart Concrete Company Limited had commitment under plant construction and purchase machinery contracts totaling Baht 4.3 million.

## 30. CONTINGENT LIABILITIES

As at December 31, 2011, the Group had contingent liability for letters of guarantee issued by several local banks in favor of state enterprises and local companies totaling Baht 125.5 million.

### 31. RECLASSIFICATION OF ACCOUNTS

Certain accounts in the 2010 financial statements have been reclassified to conform with the presentation in the 2011 financial statements as follows:

	In Thousand Baht		
	Consolidated financial statements		
	Before Reclassify	Reclassify	After Reclassify (Before restated)
<b>Statement of financial position</b>			
Advance for purchase of goods	21,237	(21,237)	-
Other current assets	36,717	1,598	38,315
Property for lease - net	-	338,508	338,508
Property, plant and equipment – net (Note 3)	1,444,882	(338,508)	1,106,374
Trade accounts payable - others	706,667	(19,639)	687,028
		-	

	In Thousand Baht		
	Consolidated financial statements		
	Before Reclassify	Reclassify	After Reclassify
<b>Statement of comprehensive income</b>			
Costs of sales of goods and rendering of services	1,886,150	2,477	1,888,627
Selling expenses	33,562	4,963	38,525
Administrative expenses	139,865	22,715	162,580
Management remuneration	30,155	(30,155)	-
		-	

	In Thousand Baht		
	Separate financial statements		
	Before Reclassify	Reclassify	After Reclassify
<b>Statement of financial position</b>			
Advance for purchase of goods	20,050	(20,050)	-
Other current assets	26,299	411	26,710
Trade accounts payable - others	513,527	(19,639)	493,888
		-	
<b>Statement of comprehensive income</b>			
Costs of sales of goods and rendering of services	1,035,100	2,477	1,037,577
Selling expenses	7,811	3,765	11,576
Administrative expenses	64,345	10,331	74,676
Management remuneration	16,573	(16,573)	-
		-	

## 32. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements have been approved for dissemination by the Company's directors on February 29, 2012.





บริษัท ผลิตภัณฑ์คอนกรีตชลบุรี จำกัด (มหาชน)

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